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(17th February to 3rd April, 1930.)

EIGHTH SESSION

OF THE

SECOND COUNCIL OF STATE, 1930



CALCUTTA: GOVERNMENT OF INDIA
CENTRAL PUBLICATION BRANCH
1930

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THE

COUNCIL OF STATE DEBATES

(OFFICIAL REPORT OF THE EIGHTH SESSION OF THE SECOND COUNCIL OF STATE.)

VOLUME I—1930.

COUNCIL OF STATE.

Monday, 17th February, 1930.

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 Eighth Session of the Second 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 Khan Bahadur Sir Muhammad Habibullah Sahib Bahadur, K.C.S.I., K.C.I.E., Kt. (Education, Health and Lands Member);

The Honourable Mr. Harry Graham Haig, C.S.I., C.I.E. (Home Secretary);

The Honourable Sir Arthur Cecil McWatters, Kt., C.I.E. (Finance Secretary);

The Honourable Sir Jahangir Coovérjee Coyajee, Kt. (Bengal : Nominated Official);

The Honourable Mr. John Armstrong Shillidy (Industries and Labour Secretary);

The Honourable Mr. Arthur Purling Middleton (Bihar and Orissa : Nominated Official);

The Honourable Mr. Thomas Guthrie Russell (Chief Commissioner, Railways);

The Honourable Diwan Bahadur K. Sundaram Chettiyar Avargal (Madras : Nominated Official);

The Honourable Khan Sahib Khwaja Muhammad Abdul Majid Khan (Punjab : Nominated Official);

The Honourable Mr. Archibald Morven Macmillan, C.I.E. (Bombay : Nominated Official).

MESSAGES FROM HIS EXCELLENCY THE GOVERNOR GENERAL.

THE HONOURABLE THE PRESIDENT : I have a Message for the Council from His Excellency the Governor General :

PANEL OF CHAIRMEN.

" In pursuance of the provisions of sub-section (2) of section 63A of the Government of India Act, I, Edward Frederick Lindley, Baron Irwin, 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 Rai Bahadur Lala Ram Saran Das ; in the second place, the Honourable Sir Sankaran Nair ; in the third place, the Honourable Saiyid Mohamed Padshah Sahib Bahadur ; and lastly, the Hanourable Sir Arthur Froom.

(Sd.) IRWIN,
Viceroy and Governor General."

I have a further Message from His Excellency for the Council :

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, Edward Frederick Lindley, Baron Irwin, hereby appoint Monday, the 17th February, for the presentation to the Council of State, and Thursday, the 20th 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.

(Sd.) IRWIN,
Viceroy and Governor General."

(The Messages were received by the Members of the Council standing.)

THE RAILWAY BUDGET FOR 1930-31.

THE HONOURABLE MR. T. G. RUSSELL (Chief Commissioner, Railways) : Sir, in rising to present a statement of the estimated revenue and expenditure of the Governor General in Council for the year 1930-31 in respect of Railways, I must, first of all, crave the Council's indulgence. It must always, I imagine, be a nervous moment for a new Member when he first catches your eye, Sir, and stands up to make his maiden speech. But I venture to submit that the task is still more intimidating when that speech has necessarily to deal with a complicated mass of figures, and this, of course, cannot be avoided in presenting the Railway Budget. I can only say that I shall do my best to be as little wearisome as possible to the Council, and even if I fail in that endeavour, I trust that Honourable Members will overlook the shortcomings of an inexperienced recruit to their ranks.

2. I do not think I need spend much time on the final results of last year, for they are generally known. Our traffic in February and March fell below our expectations, and chiefly for this reason we were able to carry only 2,58 lakhs to our reserve instead of the 3,45 lakhs we had expected. Even so, the balance in the reserve at the beginning of the present year amounted to the

satisfactory figure of about 18½ crores. We also put 2,40 lakhs net into the depreciation fund raising the balance in that fund to nearly 11½ crores. This was much what we expected when my predecessor presented last year's statement to the Council.

3. I can now turn to the current year, and I must admit that we have not done as well as we had reason to expect. Our traffic has suffered from the prolonged labour troubles in Bombay and from the heavy floods in certain parts of the country, while the general trade depression has counteracted the stimulating effect for which we had hoped from the reductions of rates and fares during the past two years. It is only owing to our purchase of the Southern Punjab Railway in January last and to the pilgrim traffic to the Kumbh Mela at Allahabad which seems to have surpassed all past records, that we are able to estimate our traffic receipts from commercial lines at 1,02 crores 86 lakhs, which is 80 lakhs above last year's figures. But, even so, we shall be 1,81 lakhs below the original budget figure. The Council will realise that these are estimates prepared when the results of two of the heaviest traffic months are still unknown, and as in these months our earnings may easily vary by 20 lakhs from one week to another, a forecast is extremely difficult. Actually last week our earnings showed signs of improvement, and if this is maintained we may do better than we now think it safe to expect. It is the parcels and goods traffic which have been particularly disappointing. Parcels traffic in prevailing conditions has not responded to the reductions in rates which we introduced in January 1929, and, except for coal and cotton, there have been—or had been up to the 25th of January—substantial decreases in the loadings of most of the principal commodities that we carry. Even with coal, I am afraid, the increase is due more to the fact that railways started the current year with depleted stocks which they had to fill up than to any marked increase in the public demand.

Our working expenses have also been higher than we had reason to expect a year ago. I will not go into certain accounts adjustments which affect the comparative figures; such Honourable Members as may be interested in them will find an explanation of them in our budget memorandum. Briefly, we have had to pay about 18 lakhs for the repair of flood damages and our bill for repairing and maintaining rolling stock has also risen substantially. I should like to explain, however, that this is not due to any increase in the actual cost of repairs, which is still falling satisfactorily. Taken as a whole, it can be ascribed to the fact that we have found it necessary to repair more locomotives and other rolling stock in the current year in order to keep the stock in first-rate condition, partly because the strikes in the Bengal Nagpur Railway's workshops at Khargpur and in the South Indian Railway's workshops at Negapatam had caused those railways to fall into arrears in their repair programmes.

The increase in our working expenses over the previous year's figure is also partly due to the efforts we are making to improve the conditions in which our lower paid employees work. Honourable Members will find in the budget memorandum a good deal about what we have achieved in this direction in the current year; it is not as much as we could have wished. We have been delayed to some extent in giving effect to the Washington and Geneva Conventions relating to hours of work and the weekly day of rest by the fact that the Bill which will enable us to deal comprehensively with this matter is still on the legislative anvil. But all our arrangements are ready as soon as that Bill is passed into law for giving effect to its provisions. We are also well advanced with proposals for revising the scales of pay of lower paid staff where on investigation they are found to be too low; and in fact I hope that we shall be

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able to issue orders on this point with regard to one of the State-managed railways in the course of the next week or two. But I am sure Honourable Members will recognise that any comprehensive revision means a great deal of detailed investigation to secure that the money is spent where it is really needed, and that this detailed investigation must necessarily take some time. I can, however, assure the House that this matter is being most actively pursued, for within the limits of our means we are anxious to remove any legitimate cause for complaint on the part of our employees that they are under-paid for the work which they do. What we want is a contented staff, and a staff which, because it is contented, is efficient. At the same time it is our duty to see, and we propose to see, that no concession is given to demands which are unreasonable. It must be realised that it is the railway user who foots the bill and we have his interests also to consider. We feel sure that no one would wish that the railway servant should not receive a fair wage, but it must be a fair wage for a fair day's work.

4. I must return to the figures of our revised estimates. We have had to pay in the current year instead of in 1928-29, as we had expected, the surplus profits for the last nine months of the Burma Railways contract to the Company, it is this in the main that has led to an excess of over a quarter of a crore over the budget estimate here. We have also got to find 1,09 lakhs more than in the previous year for interest on the capital invested in railways, and, owing to the development of the railway system and its equipment, to provide 58 lakhs more for depreciation. The final result is that we anticipate total receipts from commercial lines of 1,04 crores 88 lakhs, which is 1,28 lakhs higher than last year's figure, and total charges of 97 crores 81 lakhs, which is 3,74 lakhs higher than last year's figure. If these estimates prove accurate we should be left with a surplus on commercial lines of 7,07 lakhs, of which 1,81 lakhs will be required to meet the loss on strategic lines. Chiefly owing to flood damages, that loss is expected to be some 9 lakhs more than last year. There will be a balance of 5,26 lakhs which will go towards our contribution to general revenues. But the present arrangements are that the fixed contribution is calculated on the results of two years back and 1927-28 was a better year for us than the average. We have therefore to find 6,12 lakhs as our fixed contribution this year, and, on our present estimates, have only 5,26 lakhs with which to meet it. We shall consequently have to draw 86 lakhs from our reserve fund, reducing the balance in the fund at the end of the current year to 17 crores 56 lakhs. Our operations against the depreciation fund are expected to result in an increase of 1,10 lakhs in the balance in the fund, leaving the balance at the end of the year just over 12½ crores. To sum up, I think we may say that though for the reasons I have given, 1929-30 has been a poor year for railways, they have not, considering all the vicissitudes of the year, done too badly and at the end of the year their financial position is still quite sound.

5. It is always difficult to make a satisfactory forecast of what the Railways may expect to do in the succeeding year, for we have, under the present arrangements, to frame that forecast at a time when there is very little to go on; so much depends on what the monsoon will be like and also on the general state throughout the year of trade and industry. But it is more than usually difficult, I think, to frame reliable estimates for next year in view of the existing trade depression, and of the other conditions prevailing in India to-day which undoubtedly have their repercussions on our traffic.

We have assumed, as we usually do, that the monsoon will be normal, and that there may be perhaps some slight recovery in trade ; but while we have tried to avoid undue pessimism, we have not thought it wise to be too optimistic. We are therefore only anticipating a moderate growth in our traffic receipts. We put our gross receipts from commercial lines at 1,07 crores 82 lakhs which is just less than 3 crores above our present revised estimate ; but it must be remembered that we shall be getting the whole receipts for a complete year from the Southern Punjab Railway instead of for only 3 months ; and these are estimated at 1,70 lakhs.

Our working expenses we expect to be 68 crores 9 lakhs, which is 1,36 lakhs more than the revised estimate ; but nearly half of this is due to the larger sum which we shall require to put into the depreciation fund. We are providing 25 lakhs for the introduction of further schemes to improve the lot of our lower paid employees in accordance with the policy which I have already explained to the House, and have also to expect a growth of about 12 lakhs in our fuel bill partly because the price of market coal is likely to be higher than it has been the last year or two ; and partly owing to the increased use of electric power on the Great Indian Peninsula Railway. Lastly—I am only attempting to mention some main items in the account, full details of which are in the memorandum—we shall want 65 lakhs more for working expenses of the Southern Punjab Railway, representing the amount which would have been paid by the Company, had it continued in existence. Of the charges other than working expenses I need only mention a further growth of 1,02 lakhs for interest.

To sum up, our budget estimates assume total receipts from commercial lines of 1,07 crores 82 lakhs and total charges of 99 crores 94 lakhs giving us a surplus of 7,88 lakhs. As an indication that our estimates have been prepared on cautious lines I would mention that this figure is lower than the surplus actually obtained in any year since 1923-24, though it is 81 lakhs above our revised estimate for the current year. After paying the loss on strategic lines, which we put at 1,80 lakhs, it will suffice to pay the fixed contribution of 5 crores 74 lakhs to general revenues and will leave a small balance of 34 lakhs for transference to the railway reserve. I shall be dealing in a minute or two with our programme of work which will be financed from capital and the depreciation fund next year ; and will only mention here that the effect of that programme will be to reduce our withdrawals from the fund substantially, so that the balance in the fund at the end of the year will be increased by 4,75 lakhs to 17 crores 26 lakhs.

Before, however, I turn to the programme of works, there are two subjects which I should like to mention to the Council.

6. The subject of improving amenities for passengers, especially third class passengers, continues to receive the special attention of the Railway Board and Railway Administrations. It may interest the Council to detail a few of the measures which have been taken towards this end. The most important question is undoubtedly that of overcrowding in third class carriages. I think the improvement in this respect can best be expressed by a comparison between the number of third class passengers carried six years ago and to-day compared with the accommodation provided in these years. Six years ago the Railways of India transported 545 million third class passengers ; during 1928-29 this number had increased to 592 millions, an increase of 8·6 per cent., whereas the seating capacity of third class carriages had increased from 957,000 to 1,088,000, an increase of 14 per cent. The passenger train miles have

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increased during the same period from 64½ million miles to 83½ million miles, or by about 29 per cent.

It may also be of interest to record that the practice of carrying third class passengers in goods wagons at the time of large melas has practically ceased, at least on all main lines, and even during the Kumbh Mela at Hardwar in 1927 and I believe I am correct in saying at the Kumbh Mela at Allahabad this year, it was found possible to provide passenger stock for all passengers. Since 1st April 1924, 68 additional Indian Refreshment Rooms have been opened, 158 tea and refreshment stalls and 112 vendor shops have been provided, 426 waiting halls have been added and water supply improved at 559 stations. Passenger platforms are being raised at busy passenger stations as far as funds permit and in accordance with a regular programme.

7. The various Standing Committees formed to advise the Railway Board on questions relating to standardization of equipment employed on Indian Railways have continued to meet regularly and do useful work throughout the year. The Locomotive Committee has completed detailed drawings for 13 standard types of broad, metre and 2' 6" gauge locomotives and the drawings for three further standard types are nearing completion. Approximately 745 locomotives, to be built to the drawings of the 13 standard types referred to, have already been ordered, of these approximately 340 engines are now in service. The performance of these locomotives is being carefully watched and reports received from all sources regarding their behaviour are considered by the Committee. Such modifications in design as the Committee recommends and which have the Railway Board's approval are embodied in the standard drawings and are thus automatically given effect to on all future locomotives ordered. Generally speaking the new standard types are giving excellent results. When compared with previous types, they show increased speed and hauling capacity, combined with a reduced fuel consumption. The introduction of standard locomotives for use on all State Railways and the inclusion of the locomotive requirements of all railways in one combined call for tenders has resulted in a very large reduction in the number of different types of locomotives ordered each year, with a corresponding increase in the number of engines of each standard type. This policy must ultimately result in a considerable reduction in the first cost of our locomotives. The Locomotive Committee has not confined its attention entirely to the design of new locomotives; it has devoted considerable time to the improvement of existing types, and as a result of its efforts it has been possible to modernise a large number of existing locomotives, by converting them from saturated to superheated steam, with a resultant increase in hauling capacity and reduction in fuel consumption. The Carriage and Wagon Standards Committee has also not been idle; detailed drawings of 39 standard types of broad, metre and 2' 6" gauge carriage underframes and wagons have now been completed and the drawings for 14 further types are nearing completion. To the drawings of the 39 standard types referred to some 6,700 vehicles have been ordered to date, of which approximately 6,400 have either been or will be manufactured in this country. My remarks regarding the standardization of locomotives reducing their first cost apply equally to carriage underframes and wagons. The position is, however, different inasmuch as there are no locomotive builders established in this country, whereas there are several wagon building firms. If we consider the position of the Indian wagon building firms in relation to firms in other parts of the world, it will at once be seen that as a result of standardization the Indian

firms will be called upon to build only a limited number of standard types, and should therefore be in a position to introduce mass production methods and so successfully meet foreign competition from firms that normally receive orders for vehicles of every conceivable type from all parts of the world.

The Standing Committee on Standards and Specifications has continued its work of framing specifications and standards for all class of stores in general use on Railways, but owing to shortage of staff, it has only recently been possible to commence the work of drafting and publishing specifications in accordance with the Committee's recommendations. As the purchase of stores in this country is extended the need for the issue of standard specifications for the guidance of local manufacturers and merchants grows more urgent and it is hoped that this work will be well advanced before the close of the next financial year when the New Stores Purchase Rules will be given effect to. Generally the effect of standardization must be to confine our business more and more to the Indian market.

8. The Council will remember that the approved programme for 1929-30 provided for a capital expenditure of 37 crores of rupees, of which 26½ crores was new capital and the balance of 10½ crores was to be drawn from the Depreciation Fund. We now anticipate that we shall spend a total of 35,65 lakhs of which 24,15 lakhs will be new capital. The main cause for the difference between our budget and anticipated expenditure is that we expect to spend 1,42 lakhs less than we anticipated under new construction. This to a great extent is due to the policy we announced last year of concentrating on completing the schemes already in hand before we undertook new schemes, so that we might obtain an early return on the money expended. The most important lines opened during the year were the Trichinopoly-Pudukkottai section of the Trichinopoly-Manamadura Chord, the Raipur-Jhonk section of the Raipur-Vizianagram Railway, the Guntur-Macherla Railway, Myingyan-Myotha section of the Myingyan-Paleik Railway, Natmauk Nyaungdo section of Taungdwingyi Kyaukpodaung Railway and Chandpur Bijnor Muzzampur Narain Railway. In all until the end of January, 21 new lines or sections of new lines had been opened to traffic, and it is anticipated that 5 more will be opened before the end of the present financial year.

As regards open line works, the most important were the opening of the new alignment on the Bhore Ghat on the Great Indian Peninsula Railway, which eliminates the reversing station and thereby increases the loads of goods trains, and the opening of the electric service to Poona on the same line. This when it comes into full operation will give a handsome return on the capital cost through reductions in working expenses.

In framing our capital programme for 1930-31 we have followed the same principles as we did last year, *viz.*, to press on with the completion of works already in hand and so reduce our future commitments. Our budget estimate for this year is a very modest one, and only allows for an expenditure of 25¼ crores, after allowing for a reduction in our stores balances of ¾ of a crore. Of this amount 16¾ crores will be new capital and the remainder will be found from the Depreciation Fund. But although our programme is a modest one there is one direction in which we have decided not to call a halt. We are making a special provision of 25 lakhs during 1930-31 for expenditure on the construction of quarters, which will be required for the additional staff necessitated by the adoption of the Hours of Work and Rest Rules based on the Washington

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and Geneva Conventions. This is in addition to the provision made on all the railways, to the extent of 61 lakhs for additions to and improvements in staff quarters for our subordinate staff.

Five crores of rupees will be devoted to the construction of new lines, to be spent, with the exception of 2 lakhs for certain sidings on the East Indian Railway, on lines on which work is already proceeding. Though our programme of new construction has been very much curtailed I do not think there is any need for despondency in this respect. It must be remembered that during the past five years about 2,300 miles of new lines have been opened to traffic, and even if there had been no shortage of funds next year it might have been necessary to call a halt in the rate at which new lines could be constructed. The construction of lines in fresh country may be compared to an advancing army. Just as an army can only advance a certain distance before it becomes necessary to consolidate behind the line, so with railways the construction of branch lines must be limited to the carrying capacity of the main trunk lines, and I feel that the most urgent necessity at the present time is to increase the capacity of our main trunk lines, so that they may keep pace with the traffic offering from branch lines already constructed and which will be constructed as soon as the money market becomes easier. The capacity of a line may be increased in various ways—by electrification, by doubling, by increasing the strength of the track and bridges so that more powerful locomotives hauling heavier trains may run, by increasing the number of crossing stations, by the installation of up-to-date interlocking at wayside stations so that trains may pass through at speed, and in various other directions. Practically all these methods of increasing capacity are reflected in our works programme for next year; we have provided for the completion of the electrification of the Great Indian Peninsula Railway between Bombay and Poona and Bombay and Igatpuri; a start will be made on the doubling of the Cawnpore-Tundla section of the East Indian Railway—this section to a very large extent controls the traffic between Calcutta and the North, and in the view of the Railway Board is one of the most urgent works in the programme; extensive rail renewals are proposed on the main line of the North Western Railway between Delhi and Bhatinda, and on the Great Indian Peninsula Railway between Itarsi and Agra and between Poona and Sholapur, and on the East Coast Line of the Bengal Nagpur Railway. Heavy bridge renewals are programmed on the Bengal Nagpur Railway, the Great Indian Peninsula Railway and the Bombay, Baroda and Central India Railway. These works, though they may not be as spectacular as the construction of new lines, all tend to improve our property and will give an immediate return through savings in operating expenses.

9. I have done my best, Sir, to place before the Council the principal figures of our revised estimate for this year and those of our budget estimate for the year 1930-31. I have at the same time endeavoured to give brief account of our stewardship, and although I have necessarily had to leave out a great many matters which are of public interest and perhaps of particular interest to this Council, I hope I have said enough to show that our general financial position is sound and that there is no need for depression, even if in certain years our earnings fall below our expectations. In conclusion I would like to take the opportunity of bringing to the notice of the Council the valuable service which the Agents, officers and staff of the various Railway Administrations have rendered to the country, and the assistance they have been to the Railway Board in their endeavours to improve efficiency and introduce economies wherever possible. (Applause.)

SPECIAL MARRIAGE (AMENDMENT) BILL.

THE HONOURABLE MR. H. G. HAIG (Home Secretary): Sir, I beg to move for leave to introduce a Bill further to amend the Special Marriage Act, 1872, for certain purposes.

This is a Bill of a simple character which raises no question of principle. It is merely intended to remedy an administrative defect to which attention has recently been called by a judgment of the Calcutta High Court. Section 2 of the Special Marriage Act prescribes the conditions under which marriages can be celebrated under the Act, and one of those conditions is that each party must, if he or she is under the age of 21, have obtained the consent of his or her father or guardian to the marriage. In the form of declaration to be made there is a clause which says: "The consent of my father or guardian has been given to a marriage between myself and C. D. and has not been revoked". But there is nothing in the form of declaration which makes it obligatory on either of the parties to declare what their exact age is. Consequently there is nothing really to force a person who appears before the Registrar to complete that clause 5 and refer to the consent of the father or guardian having been obtained. The main object of this Bill is to remedy that defect by making it obligatory for each person to state clearly that his or her present age is above or below 21 years, and if it is below 21 years then it clearly becomes necessary for him or her to say that the consent of the father or guardian has been given. Apart from this, which is the main provision of the Bill, there are a few detailed provisions intended to secure more plainly the proper identification of the parties and witnesses.

Sir, I move.

The motion was adopted.

THE HONOURABLE MR. H. G. HAIG: Sir, I introduce the Bill.

REPEALING AND AMENDING BILL.

THE HONOURABLE SIR LANCELOT GRAHAM (Secretary, Legislative Department): Sir, I move for leave to introduce a Bill to amend certain enactments and to repeal certain other enactments.

The object of this Bill is to make some necessary amendments of a formal nature in certain enactments and to repeal certain spent or useless matter in the Statute-book. The reasons in detail for the proposed amendments and repeals are clearly set out in the Statement of Objects and Reasons.

Sir, I move.

The motion was adopted.

THE HONOURABLE SIR LANCELOT GRAHAM: Sir, I introduce the Bill.

PRISONS (AMENDMENT) BILL.

THE HONOURABLE MR. H. G. HAIG (Home Secretary): Sir, I beg to move for leave to introduce a Bill further to amend the Prisons Act, 1894, for a certain purpose.

This is a measure of an administrative character intended to simplify the arrangements for the segregation of adolescents in jails. Briefly, the object of the Bill is to enable the jail authorities to deal satisfactorily with the segregation of adolescents without at the same time being forced, as they are at present, to divide them into an unreasonable number of categories. The measure has the support of all Local Governments. In effect the main object is to eliminate the necessity of forming separate classes between the ages of 18 and 21. It has recently been decided that the age for adolescents should be raised from 18 to 21, and the object of this Bill is to enable the whole of the classes up to 21 to be divided into the prescribed categories.

Sir, I move.

The motion was adopted.

THE HONOURABLE MR. H. G. HAIG: Sir, I introduce the Bill.

ATTEMPT TO WRECK THE VICEREGAL TRAIN.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab: Non-Muhammadan): Sir, I rise to move the motion which stands in my name which is as follows:

"This Council gives expression to its strong feelings of abhorrence and detestation at the dastardly and insensate attempt to wreck the Viceregal train near Delhi on the 23rd December last, and congratulates Their Excellencies Lord and Lady Irwin and their party on their providential escape."

Sir, according to the Indian tradition and sentiment, a certain amount of sanctity attaches to the person of the Sovereign. According to European notions a constitutional monarch can do no wrong; blame always attaches to his ministers. The Viceroy is the representative in India of the Sovereign and shares with him his protective privileges. Apart from this, Lord Irwin has the strongest claims to our gratitude on account of his genial courtesy and his sympathy with Indian aspirations. His Excellency has been fighting our cause in India and at home as best as his person, place and office could permit. Even in the teeth of bitter opposition from the Press at home he has been literally true to his word of honour. India is passing through a critical stage of its history. We are placed under conditions and circumstances unprecedented in the history of our country. Lord Irwin has had to deal with problems which never presented themselves before, and he has given proof of transparent honesty, sincerity and goodwill. Those who select as the victim of their dastardly deed a Viceroy so noble and virtuous, who, like the late Lord Hardinge, has taken the bomb outrage in the proper spirit and has declared his intention to continue to pursue his noble policy of helping India in its political evolution, must have been prompted by a nature the diabolical character of which it is most difficult to fathom. Outrages of this nature were absolutely unknown in India and are repulsive to all true Indian nationalists. The news of this outrage was received throughout India with universal

contempt and condemnation. India owes many good things to her contact with the West, but it seems that she has found it difficult to keep herself entirely aloof from some of the vicious leanings of the West.

This incident is an object lesson of the utter failure of the propaganda of non-violence and proves that when political unrest dribbles down to the masses it is impossible to prevent its manifestation in violent forms.

We heartily congratulate Their Excellencies the Viceroy and Lady Irwin and their party on their miraculous escape from the vicious attempt on their lives.

I am giving expression to the heart-felt feelings of horror and consternation of my constituency, this House, and of the entire people in this country in condemning the dastardly and cowardly attempt to bomb and wreck the Viceregal train, and it is their earnest wish that the miscreants should be speedily brought to book and punished for their insensate and atrocious outrage

With these few words, I commend the motion for the favourable consideration of the House. (Applause.)

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH (Leader of the House): Sir, I wish, on behalf of myself and on behalf of the Government, to associate myself whole-heartedly with the motion that has been made by my Honourable friend, Lala Ram Saran Das, and the sentiments which he has given expression to. It is only fitting, Sir, that this House at its first meeting should have expressed its strong feelings of abhorrence and detestation at the dastardly and insensate attempt to wreck the Viceregal train and to congratulate Their Excellencies on their providential escape. I think I am right in saying that on no previous occasion were the feelings of the country roused to this pitch as on this occasion in giving expression to their sentiments of abhorrence and indignation. The reason is not far to seek. I believe that I am again right in thinking that Their Excellencies have endeared themselves to all classes and communities in India, whether rich or poor, high or low, prince or peasant, and to every unit of the political parties in this country. (Applause.) While we are to-day giving expression to our feelings of abhorrence and indignation at this dastardly and insensate act and while we are also tendering our congratulations to Their Excellencies for the providential escape, let us not at the same time forget to offer our thankfulness to God for having saved such valuable lives. (Applause.) I am reminded of a Persian saying: "*Dushman agar khavist Negahban khavi thar ast*", which means that if your enemy is strong, your protector is supremely strong. (Applause.) It is therefore to that Supreme Protector that we owe the jubilations which we are indulging in to-day for the providential escape, and let us not forget that fact at all.

I have, Sir, very little to add to what has been said by the Honourable Lala Ram Saran Das except to offer him our gratitude for having made it possible for us to discuss this motion to-day and give expression to our feelings, which was, I think, obligatory on the part of this House. (Applause.)

THE HONOURABLE SARDAR CHARANJIT SINGH (Punjab: Nominated Non-Official): Sir, I had myself given notice of a similar motion, but my Honourable friend Rai Bahadur Lala Ram Saran Das seems to have anticipated me. I therefore whole-heartedly support this motion. As to the outrage, I feel sure there can be only one feeling, of indignation and condemnation. It was an outrage wanton and without parallel. And who was the object

[Sardar Charanjit Singh.]

of this outrage ? The man who is not only the representative of the Sovereign in this country, but also the delegate of His Majesty's deep concern and affection for India. Who can fail to recognise the genuineness and the sincerity of our present Viceroy in his efforts to advance India's cause, and who does not realise that Lord Irwin has proved himself a true friend of India in every sense of the word ? Life is held sacred in every religion of the world, and nothing can be more repugnant to Indian civilisation and to Indian culture than a crime of this nature. That an attempt of this kind could be made in India fills us with sorrow and shame. It is a matter for sincere thankfulness that no harm was done and a far-reaching calamity was so mercifully averted. I join in respectfully offering our sincere congratulations to Their Excellencies the Viceroy and Lady Irwin on the providential escape of themselves and their party.

THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI (Punjab : Sikh) : Sir, on behalf of the Sikhs, of whom I have the privilege to be the representative in this House, I heartily associate myself with every word that has fallen from the Honourable the Mover and the Honourable the Leader of the House as regards this motion. Well, this news is a mixture of evil and of good—evil for the most abhorrent and dastardly crime of the man who did it, and good for the providential help which protected the lives of Their Excellencies Lord and Lady Irwin, and all the members of the staff who were in the train. I do not say much about it, because this act has been condemned in the strongest language by every grade of society, whether it differs from the views of the present Government or not. This shows in what honour and reverence the person of our present Viceroy is held by even his bitterest critics in India. It is a matter of very great and serious concern for everybody that such acts, which are becoming almost everyday occurrences, should not be allowed to develop in the country in order to disturb the whole harmony and peace of the country. This poisonous gas should be removed from the atmosphere with all the firmness which it is the bounden duty of the Government to take in such matters. I think this is the height of the crime that a mean attempt has been made on the lives of the most beloved Viceroy of India and Her Excellency the Vicereine. People who commit such heinous crimes are, I make bold to say, the enemies of the country. They must know that it is not the crimes which they commit which will bring the desired object. Such people are openly for anarchy, I would say. And anarchy, of course, is disastrous to the whole fabric of society and the country as a whole. This criminal act was done on a day when His Excellency was to have a most important talk with some of the Leaders of the Opposition. I cannot refrain from expressing the greatest admiration for the calmness of mind of His Excellency who went through all his programme on the day quite undisturbed. And when I say that such acts should be dealt with with firmness, I also wish to express my feeling that such stray acts of criminals will not disturb the mind of our beloved Viceroy, His Excellency Lord Irwin, especially at this juncture when in his hands lies the future fate of India's constitution. I am sure an Englishman would remain undisturbed even at the greatest provocation because he has got a true sense of his duties towards the King on the one hand and, on the other, towards the people over whom our Viceroy has the destiny to govern.

With these few remarks, Sir, and condemnation of this act on behalf of myself and of my community, I heartily associate myself with every word of the Honourable the Mover and the Honourable the Leader of the House.

THE HONOURABLE SIR ARTHUR FROOM (Bombay Chamber of Commerce) : Sir, on behalf of the non-official Europeans of this Council I wish to express my warm support of this motion which has been most appropriately brought forward by the Honourable Rai Bahadur Lala Ram Saran Das.

THE HONOURABLE PRINCE A. M. M. AKRAM HUSAIN BAHADUR (Bengal : Nominated Non-Official) : Sir, on behalf of the community to which I belong I also take this opportunity to associate myself whole-heartedly and fully, not merely in the spirit of formality but truly and sincerely, with the words of the motion which Rai Bahadur Lala Ram Saran Das has so ably moved and which has been supplemented by the very true and just observations of the Honourable Members of this House.

THE HONOURABLE SIR SANKARAN NAIR (Madras: Non-Muhammadan) : Sir, I heartily support the motion which has been moved on behalf of the constituency which I represent in this Council.

THE HONOURABLE MR. NARAYAN PRASAD ASTHANA (United Provinces Northern : Non-Muhammadan) : Sir, on behalf of the constituency which I represent and also on behalf of the political party to which I belong, I associate myself with every word that has fallen from the lips of the Honourable the Mover and the Honourable the Leader of the House. Sir, an incident like this and a cowardly attack like the bomb outrage would be condemnable in the case of any ordinary person. Even an attempt made against an ordinary person is to be condemned. But when it is made against the representative of His Majesty and against such a sincere well-wisher of the country as His Excellency Lord Irwin, it is the more to be condemned. People who think that they are doing this for their country or for the welfare of the country are sadly mistaken. The self-respect of India demands that such actions must be condemned and condemned in the right and genuine spirit. Actions like these lower Indians and the country in the eyes of foreign countries and therefore it is necessary that we should pass a motion of condemnation in our first meeting and indicate to the world as well as to England that public opinion in India does not favour such dastardly attacks upon the lives of the representatives of the Sovereign.

Sir, I associate myself with everything that has been said.

THE HONOURABLE MR. G. S. KHAPARDE (Berar Representative) : On behalf of the Maharashtra and the Central Provinces of which I am to-day about the only one here I sincerely associate myself with this motion and the spirit in which it has been conceived and put forward and argued. But there is one further argument. This attempt, I felt, was foredoomed to failure from the very beginning because His Excellency and Her Excellency never knew anything about it until they came to Delhi and then only they discovered that there had been some kind of attempt somewhere. It was a dark morning and nobody perceived what it was. That man had obviously studied mechanical engineering and electricity and showed great ingenuity in placing his wires, etc. As has been properly pointed out, if there is a wicked man, God is more powerful than the most wicked in this world. So, the attempt was foredoomed to failure and became a failure and the man deserves to be punished. But

[Mr. G. S. Khaparde.]

he has concealed himself very cleverly. It is nearly a month and our detectives have not yet been able to unearth him. I hope they will find him out and that our Judges and the police will deal with him as he deserves to be dealt with. I do not feel any sympathy for him and I should be very glad to hear that he meets the fate he has in fact invited to himself.

I entirely associate myself with this motion.

THE HONOURABLE MR. SURPUT SING (Bihar and Orissa: Non-Muhammadan): Sir, on behalf of my constituency and the Jain community of India I beg to support whole-heartedly the motion brought forward by my friend the Honourable Rai Bahadur Lala Ram Saran Das. According to the Jain religion, an attempt on life is considered most sinful and dastardly and a thing which should be detested whole-heartedly. His Excellency Lord Irwin and his party were only providentially saved from this dastardly act and I congratulate them on their escape and fully associate myself with the motion brought forward by my Honourable friend.

THE HONOURABLE THE PRESIDENT: I desire whole-heartedly to associate the Chair with the motion. As there is clearly unanimity in the matter, I am not proposing to take the voices of the Council on the question in the ordinary manner. I will ask Honourable Members who support the motion to rise in their places as soon as I put the question.

The question is:

"That this Council gives expression to its strong feelings of abhorrence and detestation at the dastardly and insensate attempt to wreck the Viceregal train near Delhi on the 23rd December last and congratulates Their Excellencies Lord and Lady Irwin and their party on their providential escape."

(All Honourable Members rose in their places.)

THE HONOURABLE THE PRESIDENT: The motion is adopted unanimously.

DEATH OF KHAN BAHADUR NAWABZADA SAIYID ASHRAFUDDIN AHMED.

THE HONOURABLE THE PRESIDENT: Before we proceed to any further business this morning I have to ask the Council to join me in an expression of our sorrow at the death, since we last sat together, of one of our colleagues. Khan Bahadur Nawabzada Saiyid Ashrafuddin Ahmed was with us for a very short time, but as a Member of the Central Legislature in another place for a considerable period I am sure he was known to most of us and certainly his genial and venerable figure was familiar to all of us. He often confided to me his ambition to be translated from the other House to this place and that ambition, to his satisfaction and ours, he achieved last summer. Unfortunately he sat with us for one brief Session only and I think in the circumstances his death is still more pathetic in that it occurred within a very few weeks of his first taking his seat in this House. I propose on behalf of the Council to convey to the members of his family an expression of our sorrow and of our deep sympathy with them in their sad bereavement.

GOVERNOR GENERAL'S ASSENT TO BILLS.

SECRETARY OF THE COUNCIL : Sir, information has been received that His Excellency the Governor General has been pleased to grant his assent to the following Bills which were passed by the two Chambers of the Indian Legislature during the Simla Session, 1929 :

The Indian Soft Coke Cess Act, 1929.

The Indian Boilers (Amendment) Act, 1929.

The Indian Census Act, 1929.

The Bengal Pilot Service (Centralisation of Administration) Act, 1929.

The Indian Income-tax (Provident Funds Relief) Act, 1929.

The Indian Territorial Force (Amendment) Act, 1929.

The Indian Cotton Cess (Amendment) Act, 1929.

The Indian Registration (Amendment) Act, 1929.

The Burma Salt (Amendment) Act, 1929.

The Guardians and Wards (Amendment) Act, 1929.

The Indian Succession (Amendment) Act, 1929.

The Child Marriage Restraint Act, 1928.

The Transfer of Property (Amendment) Act, 1929.

The Transfer of Property (Amendment) Supplementary Act, 1929.

BILLS PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL : Sir, in accordance with 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 23rd, 27th and 29th January and 6th and 12th February, 1930 :

A Bill further to amend the Inland Steam-vessels Act, 1917, for certain purposes.

A Bill further to amend the Indian Patents and Designs Act, 1911, for certain purposes.

A Bill to define and amend the law relating to the sale of goods.

A Bill to amend the Indian Contract Act, 1872.

A Bill to amend the Transfer of Property (Amendment) Act, 1929, for a certain purpose.

A Bill further to amend the Indian Income-tax Act, 1922, for certain purposes.

A Bill to centralise and vest in the Governor General in Council the control over certain operations relating to dangerous drugs and to increase and render uniform throughout British India the penalties for offences relating to such operations.

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 have at their meeting held on the 6th February, 1930, agreed without any amendments to the Bill further to amend the Provident Funds Act, 1925, for certain purposes, which was passed by the Council of State on the 24th September, 1929."

COMMITTEE ON PETITIONS.

THE HONOURABLE THE PRESIDENT: Under Standing Order 76 of the Council of State Standing Orders I am required at the commencement of each Session to constitute a Committee on Petitions consisting of a Chairman and four members. The following Honourable Members have at my request kindly consented to preside over and serve on the Committee. I accordingly have much pleasure in nominating as Chairman of the Committee the Honourable Rai Bahadur Lala Ram Saran Das, and as members, the Honourable Sir Ebrahim Jaffer, the Honourable Mr. P. C. Desika Chari, the Honourable Sir Manmohandas Ramji and the Honourable Raja Moti Chand.

CONGRATULATIONS TO RECIPIENTS OF HONOURS.

THE HONOURABLE THE PRESIDENT: Before I adjourn the House, I have a pleasing duty to perform, a duty which is almost becoming a habit at the beginning of the Session because nowadays I think never an Honours List is issued which does not give me an opportunity of tendering the congratulations of the Council to one or more of its Honourable colleagues. To-day we have to congratulate His Excellency the Commander-in-Chief on his promotion to the highest rank in the Most Exalted Order of the Star of India. Possibly honours nowadays come to His Excellency as a matter of course, but that fact in no sense diminishes our pleasure and our pride—our pleasure that his long and eminent services to India have been so fittingly recognised, and our pride that we have for so long been associated with so great a soldier and distinguished an administrator. (Applause.) We tender to His Excellency our sincerest and warmest congratulations. (Applause.)

I feel for Sir Lancelot Graham, if he will pardon the expression, almost a paternal interest. In the first place, I was personally responsible for his translation from the Western Presidency to the headquarters of the Government of India. That was a long time ago, but from the day he arrived he and I have always been very closely associated together in our work. When I left the Legislative Department of the Government of India to have the honour of occupying this Chair, Mr. Graham, as he then was, succeeded me as Secretary to this Council. That was over five years ago and throughout that period Mr. Graham has been our guide, philosopher and friend. (Applause.) I think I am possibly in a better position than any one to testify that Sir Lancelot has fully earned the Knight Commandership of the Most Eminent Order of the Indian Empire which on New Year's Day His Majesty the King Emperor was pleased to confer upon him. (Applause.) Rarely has an honour

appearing on His Majesty's Birthday or on New Year's Day given me more personal gratification, and in this particular case my gratification was enhanced by the fact that the honour was exceptional, exceptional in this sense, that Knighthoods in the Indian Orders have not as a rule fallen to Secretaries in the Legislative Department of the Government of India. I ask you to endorse what I have said and to tender to Sir Lancelot Graham in all sincerity our warmest congratulations. (Applause.)

So far as I am concerned Mr. Haig is an older friend than even His Excellency the Commander-in-Chief or Sir Lancelot Graham, for we spent the earlier years of our service in the same province together. The Council I know is delighted at Mr. Haig's appointment to the Most Exalted Order of the Star of India. Of Mr. Haig's work for the Government outside this House I am not in a position to speak, but I know the Council will join with me in testifying to the great ability, serenity and tact with which Mr. Haig has represented the Home Department in this House. (Applause.) Never have I heard from any person, whether a Member of this Council or not, any adverse criticism of or anything but praise for the way in which Mr. Haig has conducted his duties in this House. To him also we tender our most cordial congratulations. (Applause.)

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: Sir, I am sure it must be quite unnecessary for me to assure you with what deep gratitude I have listened to the much too kind words in which you have been pleased to refer to myself. I think I am old enough to be able to feel, as I do, that in receiving a distinction of this sort the real pleasure comes not so much perhaps from the distinction as in the feelings of one's friends regarding it. I have been extraordinarily fortunate in receiving honours before now at the hands of His Majesty and no one could be more aware than I am of the deep sense of honour which I do feel it to be to be honoured by His Majesty in receiving a distinguished title like that which has been conferred upon me. But though that is the case, I do feel that the most kind expressions used about this by very many friends have been of greater value to me than the honour itself. Also I am under no delusions as regards this. The present honour which has been given me I feel is not in any way due to any attribute which I personally may or may not possess. The honour has come to me owing to the position which I happen to hold, and any success which I may have achieved in that, either in command of the Army or in the administration of it, I feel is entirely due to that large number of magnificent comrades I have serving with me, from Generals down to sepoys, than whom no man could have had more loyal friends. It is the good work done by them which I know has brought this honour to me on this occasion. I thank you, Sir, very much for the kind expressions you have used regarding me.

THE HONOURABLE SIR LANCELOT GRAHAM (Secretary, Legislative Department): Sir, I desire to tender to you and to the Members of this Honourable Council my most profound thanks for the altogether over-generous manner in which you, Sir, have conveyed to me your sentiments and the sentiments of Members of this Council, which I have had the honour to serve as Secretary for many years sitting at the table and of which I have now the greater honour of being a Member.

THE HONOURABLE MR. H. G. HAIG (Home Secretary): I am most grateful to you, Sir, for the more than kind terms in which you have referred

[Mr. H. G. Haig.]

to my association with this Council in connection with the honour that has been conferred upon me, and I am most grateful to my fellow Members for the endorsement which they gave to those words. I cannot claim to be one of the oldest inhabitants of this Council but I think perhaps in its life I have now attained a respectable middle age and I very greatly appreciate the good wishes coming from those who have known me and with whom I have worked now for a number of years.

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH (Leader of the House): Sir, there is not sufficient Government business to necessitate a meeting of the Council on Tuesday, the 18th. The lists of business for Wednesday, the 19th, and Thursday, the 20th February, are already in the hands of Honourable Members.

The Council then adjourned till Eleven of the Clock on Wednesday, the 19th February, 1930.

COUNCIL OF STATE.

Wednesday, 19th February, 1930.

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

QUESTIONS AND ANSWERS.

Filling up of Appointments of Accountants and Head Postmasters.

1. The Honourable Mr. MAHMOOD SUHRAWARDY: Are postal officials declared successful in the open departmental examination held throughout India and Burma since 1925 eligible to fill the appointments of Accountants and Head Postmasters under rules 275 and 276, Volume IV, Posts and Telegraphs Manual ?

The Honourable Mr. J. A. SHILLIDY: The fact is substantially as stated by the Honourable Member, provided that the Lower Selection Grade examination is passed.

Qualifications, Nature of Duties, etc., of Accountants in different Branches of the Indian Posts and Telegraphs Department.

2. The Honourable Mr. MAHMOOD SUHRAWARDY: Will Government be pleased to furnish a comparative statement showing (*a*) the qualifications, (*b*) nature of the duties, and (*c*) the scale of pay and allowances sanctioned together with their conditions of drawal fixed for (*i*) Accountants in the Post Offices, (*ii*) Accountants in Head Record Offices of the Railway Mail Service, and (*iii*) Accountants in Telegraph Engineering and Wireless Divisions ?

The Honourable Mr. J. A. SHILLIDY: The comparative statement required by the Honourable Member is being sent to him separately.

Pay of Accountants in the Post Offices.

3. The Honourable Mr. MAHMOOD SUHRAWARDY: Have all Accountants in the Telegraph Engineering and Wireless Divisions and almost all Accountants in the Head Record Offices of the Railway Mail Service been placed on higher scales of pay whereas in Post Offices, with very few exceptions, Accountants are on the clerical scale and paid only a special pay of Rs. 10 or Rs. 15 as the case may be ?

The Honourable Mr. J. A. SHILLIDY: The facts are substantially as stated by the Honourable Member.

PRINCIPLES GOVERNING THE SANCTION OF SELECTION GRADE ACCOUNTANTS IN POST OFFICES, ETC.

4. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: *(a) Have Accountants been placed in the selection grades only in General Post Offices and a few large first class Head Post Offices ?*

(b) Will Government be pleased to state the principles governing the sanction of selection grade Accountants in Post Offices and also furnish a statement showing the qualifications as well as the duties required of such selection grade Accountants and other Accountants in other Head Offices ?

(c) Do Accountants in all Head Offices throughout India and Burma perform practically all the duties of the Postmaster in matters concerning administrative and accounts work ?

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

(b) The allotment of selection grade Accountants in Head Post Offices is decided in each case on its merits. For appointment as time-scale Accountants or as selection grade Accountants, men who have passed the Accountants' examination are given preference. The duties of Accountants whether in the time-scale or in the selection grade, are the same, but in the case of Accountants in the selection grade, the work is larger in volume and of greater complexity. Such Accountants have supervisory duties and a greater degree of responsibility.

(c) The reply is in the negative.

PARTICULARS OF APPOINTMENTS IN THE POST OFFICE CARRYING SPECIAL PAY.

5. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: Will Government be pleased to give the particulars of all appointments in the Post Office, whether in superior or inferior service for which the system of granting special pay is or was in force and the conditions imposed and the qualifications required for the drawing of such special pay ?

THE HONOURABLE MR. J. A. SHILLIDY: It would be impossible within the limits of an answer to a question to give all the particulars asked for by the Honourable Member. Special pay is given in the Post Office, as in other Departments of the Government service, in appropriate cases with reference to the definition of the term "special pay" in Fundamental Rule 9 (25).

NUMBER OF POSTS OF ACCOUNTANTS AND HEAD POSTMASTERS IN INDIA AND BURMA, ETC.

6. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: Will Government be pleased to furnish separately the number of Accountants' and Head Postmasters' posts in the whole of India and Burma, the number of selection grade posts in each and the number of such selection grade posts held by qualified Accountants of Post Offices ?

THE HONOURABLE MR. J. A. SHILLIDY: The required information corrected up to the 31st December, 1929, is furnished in the statement which I lay on the table.

Statement referred to in the reply to the Honourable Mr. Mahmood Suhrawardy's question No. 6 on the 19th February, 1930.

———	Total No. of posts.	No. of selection grade posts.	No. of selection grade posts held by qualified Accountants of Post Offices.
Accountants (including Assistant Accountants).		15	10
Head Postmasters (excluding gazetted Postmasters).			*Nil.*

PRINCIPLES GOVERNING THE FILLING UP OF VACANCIES IN THE CADRE OF HEAD POSTMASTERS.

7. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: (*a*) Are officials who are declared successful in the examinations held for the appointments of Superintendents, Inspectors and Superintendents' Head Clerks appointed to these posts irrespective of their positions in the gradation list?

(*b*) If the reply to (*a*) be in the affirmative, will Government be pleased to state why the same principles are not made applicable in the matter of filling up of vacancies in the Head Postmasters' cadre including the selection grade Accountants' and Assistant Accountants' appointments in respect of those who have passed the Accountants' examination and who thereby become eligible for Head Postmasters' appointments?

THE HONOURABLE MR. J. A. SHILLIDY: (*a*) The names of the departmental candidates who are declared successful in the examination held for the appointments of Superintendents of Post Offices are arranged in a separate list according to the marks secured by them in the examination and appointments are made according to seniority in that list.

This procedure is also followed in some circles with regard to the appointment of passed departmental candidates to the posts of Inspectors and Superintendents' Head Clerks, while in others the names of candidates who pass in the same year are arranged in a special list in order of their seniority in the general gradation list and promotions are regulated accordingly.

(*b*) For the appointments referred to by the Honourable Member in part (*a*) of his question, it is imperative to disregard seniority in order to select the best men of the Department for what are considered to be picked appointments. To fill the posts referred to in part (*b*) of the question the same necessity does not exist and if the senior men in the time-scale are proved to be suitable, they are not passed over for promotion.

ACCOUNTANTS' POSTS IN THE SCALE OF RS. 250—350 IN GENERAL POST OFFICES, ETC.

8. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: Are Accountants' posts in the scale of Rs. 250—350 in General Post Offices and Head Postmasters' appointments ordinarily required to be made from among passed Accountants as laid down in rules 275 and 276 of the Posts and

Telegraphs Manual, Volume IV (Establishments), first edition, which has been issued by the Director-General corrected up to the 1st February, 1928, and which supersedes all previous rules and circulars on the subject ?

THE HONOURABLE MR. J. A. SHILLIDY: No. Rule 275 (*b*) of the Posts and Telegraphs Manual, Volume IV (Establishments), does not apply to the posts of Accountants on Rs. 250—350 (of which there are at present only three, namely, at Calcutta, Bombay and Madras) since appointments to these are not made by the authorities mentioned in the rule.

With respect to Head Postmasters on Rs. 250—350 it was not contemplated by rule 276 that a senior official in the grade of Rs. 160—250 should be superseded for promotion to the scale of Rs. 250—350 merely because he does not hold an Accountant's certificate. The rule is intended to apply to appointments on the scale of Rs. 160—250 only, and even in that case it is not intended that promotions to Head Postmasterships should be made only from among passed Accountants irrespective of seniority. The rule will be redrafted so as to make its meaning clearer.

PROMOTIONS TO THE LOWEST SELECTION GRADE OF RS. 160—250 IN THE POST OFFICE.

9. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: (*a*) Are promotions to the lowest selection grade of Rs. 160—250 in the Post Office dependent upon the passing of a departmental examination like the Subordinate Accounts Service examination ?

(*b*) Was an understanding to this effect given to the Standing Finance Committee at their meeting held at New Delhi on the 28th January, 1927 ?

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

SYLLABUS OF THE EXAMINATION FOR INSPECTORS OF POST OFFICES AND HEAD CLERKS OF SUPERINTENDENTS OF POST OFFICES.

10. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: Will Government be pleased to state the syllabus that was in force for the examination for appointment of Inspectors of Post Offices and Head Clerks of Superintendents of Post Offices ?

THE HONOURABLE MR. J. A. SHILLIDY: This examination was conducted by the Heads of the different Circles and the syllabus prescribed, though not identical, were practically the same. They were, generally speaking, as follows :—

1. English Composition.
2. Post Office Manual, Volume I (in 2 parts) and Branch Office Rules.
3. Post Office Manual, Volume II and Post Office Act—in some Circles Telegraph Act and Savings Bank Act in addition.
4. Fundamental Rules, Supplementary Rules, Postal Account Codes and Civil Service Regulations (selected chapters and rules).
5. Post Office Manual, Volume V and Post and Telegraph Guide.

Besides the above there was a *viva voce* examination in some Circles.

PROMOTIONS TO THE LOWEST SELECTION GRADE IN THE POST OFFICE.

11. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: (*a*) Have promotions to the lowest selection grade in the Post Office been made according to seniority and has selection in the circle gradation list been subject to the official so selected being required to pass the selection grade examination ?

(*b*) Has this examination ever been held ?

(*c*) Was it postponed *sine die* recently ?

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

(*b*) Yes, in December last.

(*c*) No.

APPOINTMENTS OF INSPECTORS OF POST OFFICES AND HEAD CLERKS OF SUPERINTENDENTS OF POST OFFICES.

12. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: Were those who passed the examination prescribed for Inspectors and Superintendents' Head Clerks' appointments exempted from passing the selection grade examination and promoted as Inspectors and Superintendents' Head Clerks in the selection grade of Rs. 160—250 irrespective of their positions in the gradation list ?

THE HONOURABLE MR. J. A. SHILLIDY: The reply to the first part of the Honourable Member's question is in the affirmative. As regards the second part of the question, promotions are made in order of seniority in the list of passed candidates.

QUALIFICATIONS, DUTIES AND SCALES OF PAY OF HEAD RECORD CLERKS IN THE RAILWAY MAIL SERVICE AND CERTAIN OTHER CLASSES OF POSTAL OFFICIALS.

13. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: Will Government be pleased to state the qualifications, duties and the scales of pay of head record clerks in the Railway Mail Service as well as those of Head Postmasters and selection grade Sub-Postmasters or selection grade clerks in the lowest selection grade of Rs. 160—250 ?

THE HONOURABLE MR. J. A. SHILLIDY: An oral reply would be inconveniently long. The information asked for by the Honourable Member is therefore being furnished to him by letter, a copy of which will be placed in the Library.

STRENGTH OF THE MINISTERIAL STAFF OF THE DEPARTMENT OF EDUCATION, HEALTH AND LANDS IN 1924 AND 1929.

14. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: Will Government kindly state the number of permanent third, second and first division clerks, stenographers and superintendents, community by community, in the Department of Education, Health and Lands in 1924 and their number likewise in July, 1929 ?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH: A statement containing the necessary information is laid on the table

Statement showing the number of permanent appointments in the ministerial staff of the Department of Education, Health and Lands, community by community, as it stood in 1924 and at present.

Posts.	1924.						1929.					
	Europeans and Anglo-Indians.	Hindus.	Muslims.	Sikhs.	Indian Christians.	Other communities.	Europeans and Anglo-Indians.	Hindus.	Muslims.	Sikhs.	Indian Christians.	Other communities.
Superintendents . .	4	1	...	...	...	...	3	2	...	...	...	...
Assistants . . .	10	11	9	2	...	...	8	14	7	3	...	...
Clerks, II Division .	3	22	9	3	...	...	2	19	10	2	...	...
Clerks, III Division .	1	4	5	...	...	...	...	8	2	...	...	...
Stenographers . .	...	3	1	...	...	1	...	3	1	...	...	1

NOMINATION OF MUSLIMS TO THE INDIAN FOREST SERVICE.

15. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: (*a*) Did the Public Service Commission in 1927 and 1928 recommend to the Department of Education, Health and Lands the nomination of a Muslim candidate for appointment to the Indian Forest Service ?

(*b*) Did that Department suggest the name of a non-Muhammadan candidate for nomination to the Indian Forest Service ?

(*c*) If so, will Government kindly state the reasons for the above ?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH: With your permission, Sir, I shall deal with parts (*a*), (*b*) and (*c*) of the question together. I would invite the Honourable Member's attention to the statement made by the late Sir Alexander Muddiman in this House on the 2nd March, 1925, on the subject of the representation of the minority communities in India in the all-India Services. The Honourable Member will observe from that statement and from rule 14 of the Rules made to regulate recruitment for the Indian Forest Service that provision has been made for the selection to the Public Service, in order to redress communal inequalities, not of representatives of any one particular community but of the minority communities generally. The decision as to which minority community should be given preference in any particular year depends upon a variety of circumstances which cannot be rigidly defined or followed. The Honourable Member is perfectly correct in stating that the Public Service Commission was asked both in 1927 and 1928 to recommend the nomination of a Muslim candidate for appointment to the Indian Forest Service. In 1927, the Muslim candidate nominated by the Commission was duly appointed. In 1928, as in 1927, the Commission were asked to submit the name of a

Muslim candidate at a time when there was no certainty, either that a Muslim would be among the three candidates who secured the first three places in the competitive examination, or that among candidates, who did not secure the first three places, the representative of some other minority community would secure a substantially higher place than Muslim candidates who competed in the examination. In the event, among those candidates who secured positions lower than the third, a member of the Anglo-Indian community secured the 5th place as compared with the 24th place which was the next highest position secured by a Muslim candidate. Ever since the inception of the competitive examination for the Indian Forest Service in India no member of the Anglo-Indian community had been recruited direct to the Indian Forest Service, while one Muslim candidate had been nominated in 1927 and another had secured a place in the open competitive examination held in that year. In the circumstances, the Government of India decided that it would be only fair to give the vacancy to be filled by nomination in 1928 to the Anglo-Indian candidate who had stood 5th in the competitive examination. I may add that in the year 1929 also another Muslim candidate was nominated to the Indian Forest Service.

PROMOTIONS OF MESSRS. MUHAMMAD YAKUB AND ZIA-UD-DIN TO THE UPPER DIVISION IN THE DEPARTMENT OF EDUCATION, HEALTH AND LANDS.

16. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: (*a*) Will Government kindly state when Messrs. Muhammad Yakub and Zia-ud-Din, lately second division clerks in the Department of Education, Health and Lands, passed the upper division examination of the Staff Selection Board ?

(*b*) Are there any assistants who passed their upper division examination before these clerks but have been promoted to the upper division before these two clerks ?

(*c*) Will Government kindly state how they determine seniority for the promotion of second division clerks to the upper division in the Government of India Secretariat, whether from the date of their entrance into Government service or from the date of their passing the examination ?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH: (*a*) Mr. Muhammad Yakub passed the upper division examination of the Staff Selection Board in 1920 and Mr. Zia-ud-Din in 1922.

(*b*) I presume the word " before " where it first occurs should be " after ". The answer is in the affirmative.

(*c*) Seniority for promotion is ordinarily determined by the date of permanent appointment to the particular grade or division to which the employee belongs, and not by the date of passing the examination for the upper division.

EMPLOYMENT OF MUSLIM CLERKS IN THE CASH SECTION OF THE DEPARTMENT OF EDUCATION, HEALTH AND LANDS.

17. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: (*a*) Are Muslim clerks banned from the Cash Section of the Department of Education, Health and Lands ?

(*b*) Is that section the recruiting agency for peons, etc. ?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH : (*a*) No.

(*b*) The list of applications for appointment to the staff of inferior servants in the Department is maintained by the Cash Section. The actual appointments are, however, made by the officer in charge of the establishment of the Department.

ALLEGATIONS AGAINST MR. DHAMA, SUPERINTENDENT OF ARCHÆOLOGY, DELHI.

18. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: (*a*) Is the Department of Education, Health and Lands the controlling and administrative Department for Archæology in India ?

(*b*) Do nearly all or most of the protected monuments in Delhi belong to Muhammadans ?

(*c*) Is a Mr. Dhama, Superintendent of Archæology, a Hindu gentleman, in charge of these monuments ?

(*d*) Did this Mr. Dhama remove most of the Muhammadan chowkidars of these monuments, replacing them by Hindus ?

(*e*) If so, has his action resulted in the desecration of these monuments ?

(*f*) Have the Muhammadans of Delhi made representations to the Chief Commissioner of Delhi and the Director-General of Archæology both in person and in writing ?

(*g*) Will Government kindly state whether they made any inquiry into these representations and took any disciplinary action against the officer concerned ?

(*h*) If not, will Government kindly state reasons ?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH : (*a*) and (*b*). Yes.

(*c*) Mr. Dhama was until recently in charge of protected monuments in Delhi.

(*d*) No. All appointments of chowkidars to protected monuments in Delhi are made either by the Public Works Department or by the Horticultural Department of the Delhi Province.

(*e*) The question does not arise.

(*f*) Representations were received by the Director-General of Archæology in India and by the Chief Commissioner, Delhi, from certain Muslim bodies and individuals.

(*g*) Yes. The Director-General made careful enquiries into the charges brought against the officer referred to and found them to be wholly devoid of foundation. Allegations against Mr. Dhama were due to his objecting to encroachments upon, and disfigurement of, certain monuments protected under the Ancient Monuments Preservation Act.

(*h*) The question does not arise.

HOLDING BY NON-MUSLIMS OF POSTS CARRYING SPECIAL PAY IN THE DEPARTMENT OF EDUCATION, HEALTH AND LANDS.

19. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: (*a*) Is it a fact that all the posts carrying with them allowances or special allowances of Rs. 50 to Rs. 150 are held by non-Muslims in the Department of Education, Health and Lands, four by Hindus and one by a Parsi gentleman. Will Government kindly state how many Muhammadans are senior to persons holding such posts carrying special pay in the same class ?

(*b*) Is it a fact that there are three sections in the Department of Education, Health and Lands, *i.e.*, the Cash Section, Issue Section and Record Section which are superintended by second or third division clerks ?

(*c*) Is it a fact that while the superintending clerks of the former two sections, *i.e.*, the Cash Section and Issue Section, are Hindus and are in receipt of an allowance of Rs. 50 per mensem, there is no such allowance attached to the post of superintending clerk of the Record Section ? Is the latter a Muhammadan ?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH: (*a*) The reply to the first part of the question is in the negative. There are seven posts carrying special pay, namely :—

(1) Four stenographers. There is one Muslim stenographer and he is in receipt of a special pay of Rs. 50 a month.

(2) Assistant in charge of the General Section. No Muslim is senior to him.

(3) Second Division clerk in charge of the Cash Section. No Muslim in the Second Division is senior to him.

(4) A Second Division clerk in charge of the Issue Section. Only one Muslim in the Second Division is senior to him.

I may add for the Honourable Member's information that seniority alone cannot automatically give any claim to a clerk for appointment to a post carrying special pay.

(*b*) All the three sections are under the supervision of second division clerks.

(*c*) Yes. The work of the clerk in charge of the Record Section is not of such a nature as would justify the grant of special pay.

CLERICAL STAFF OF THE IMPERIAL COUNCIL OF AGRICULTURAL RESEARCH.

20. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: (*a*) Is it a fact that under the Department of Education, Health and Lands a new office —the Agricultural Research Council—has been formed ?

(*b*) Will Government kindly state how many posts are held by Hindus and how many by Muhammadans in the cadre of superintendent, assistants, clerks and stenographers. What amount of Indian revenue is spent on the salaries paid to Hindus—superintendent, assistants, clerks and stenographers—and how much on salaries paid to Muhammadans in the Council—superintendents, assistants, clerks and stenographers ?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH: (*a*) That is so, except that the Imperial Council of Agricultural Research is not under the Department of Education, Health and Lands.

(*b*) The following statement gives the information required:

——	Superintendent.	Assistants.	Clerks.	Stenographers.	Total salaries per mensem.
					Rs.
Hindus . .	1	1	3	2	1,785 0 0
Muslims . .	..	1	3	1	745 0 0
Sikhs . .	..	..	..	1	262 8 0

REPRESENTATION OF MUSLIMS ON THE COURT OF THE UNIVERSITY OF DELHI.

21. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: (*a*) Will Government kindly state the total number of members of the Court of the University of Delhi?

(*b*) Will Government kindly state how many of the members are nominated by Government?

(*c*) Did the Muslim Association of Delhi represent that nomination of members is meant to secure adequate representation of minority or backward communities?

(*d*) Was the result of the representation of the Muslim Association that the number of nominated Muslims on the Court of the University was further reduced by one?

(*e*) If so, will Government kindly state to whom this one nominated seat went?

(*f*) Was this community otherwise represented on the Court?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH: (*a*) 108.

(*b*) None, but the Governor General in his capacity as Chancellor of the University nominates fifteen members of the Court.

(*c*) Yes.

(*d*) The number of Muslims nominated by the Chancellor to the present Court is eight against nine nominated to the last Court, but I need hardly say that the reduction of one was not the result of the representation of the Muslim Association.

(*e*) The Secretary to the Arya Samaj and a woman representative took the place of a Muslim and a Christian.

(*f*) There were already women representatives and Arya Samajists on the Court.

AWARD OF INDIAN TITLES IN THE DEPARTMENT OF EDUCATION, HEALTH AND LANDS.

22. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: (*a*) Will Government kindly state how many Indian titles have been awarded to the employés of the Department of Education, Health and Lands since its reconstitution in 1923, and how many of these Indian titles were awarded to Hindus and how many to Muhammadans ?

(*b*) Were the recipients of these Indian titles in the Department assistants, second division clerks and stenographers ?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH: (*a*) 23—16 Hindus, 6 Muslims and 1 Parsee.

(*b*) Not all.

GRANT TO HONORARY KING'S COMMISSIONED OFFICERS OF DOUBLE PENSIONS WHILE RE-EMPLOYED DURING THE GREAT WAR.

23. THE HONOURABLE MR. MAHMOOD SUHRAWARDY (on behalf of the Honourable Sir Ebrahim Haroon Jaffer): (*a*) Will Government be pleased to state—

(*i*) the number of King's Commissions awarded under A. I. (I.) No. 690 of 1920 to Viceroy's commissioned officers re-employed during the days of the Great War ;

(*ii*) how many of them were holders of the disability pension ;

(*iii*) whether all of them were given double pensions during their re-employment ;

(*iv*) if not, the number of those who were given double pensions and of those who were not given double pensions ;

(*v*) the reason why differential treatment was given to some of them ?

(*b*) Will Government be pleased to place on the table copies of orders A. D. No. H. S. 264 of 24th December, 1915, and A. D. letter No. H.-2760, dated 6th January, 1925, and A. I. (I.) No. 990 of 1918 ?

(*c*) Were these orders given full consideration before refusing double pensions ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: (*a*)—(i) and (*ii*). 344 Indian officers were granted Honorary King's commissions under the orders quoted by the Honourable Member. Government are unable to say at this date how many of these officers were re-employed officers or had been granted disability pensions.

(*a*)—(*iii*) to (*v*) and part (*c*). I am not quite sure what the Honourable Member means by "double pension". Honorary King's commissioned officers are now eligible for pension at double the rates admissible to officers of their rank who have not been granted Honorary King's commissions. But this concession has only been in force since July 1920 and no Honorary King's commissioned officers could, therefore, draw pension at double rates during the war. On the other hand all pensioned officers who were re-employed during the war drew pay in addition to the pensions that they had already been granted, and if they qualified for a disability pension during the period of their re-employment they received an addition to their service pension representing the disability element. As far as Government are aware, there has been

no exception to these rules. If the Honourable Member knows of a case in which these orders have not been applied, I shall be glad to look into the matter.

(*b*) I will furnish the Honourable Member separately with copies of the letters quoted by him, but the date of the second letter is the 6th January *1915*, and not 1925. Copies of Army Instructions are in the Library.

NAMES OF INDIANS APPOINTED AS MEMBERS OR SECRETARY OF THE RAILWAY BOARD AND VICE-CHAIRMAN OF THE IMPERIAL COUNCIL OF AGRICULTURAL RESEARCH.

24. THE HONOURABLE MR. MAHMOOD SUHRAWARDY (on behalf of the Honourable Sir Ebrahim Haroon Jaffer) : (*a*) Will Government be pleased to give the names of the Indian gentlemen who have held the posts of Members of the Railway Board, Secretary to the Railway Board and Vice-Chairman of the Imperial Council of Agricultural Research after the 1st January, 1919 ?

(*b*) Which of these posts carry the rank and salary of a Secretary, Joint Secretary or Additional Secretary to the Government of India ?

THE HONOURABLE MR. J. A. WOODHEAD : (*a*) Mr. A. M. Hayman, a Statutory Indian, officiated as Financial Commissioner, Railways, from 7th March 1926 to 2nd April 1926. He was appointed a Member of the Railway Board with effect from 2nd April 1929.

Mr. P. R. Rau officiated as Financial Commissioner, Railways, from 3rd March 1929 to 29th September 1929.

The late Mr. J. Kaul officiated as Secretary, Railway Board, from 5th November 1926 to 21st November 1926, and from 1st January 1928 to 31st May 1928.

Diwan Bahadur Sir T. Vijayaraghavacharya was appointed as Vice-Chairman of the Imperial Council of Agricultural Research with effect from the 15th September 1929.

(*b*) Members of the Railway Board, the Financial Commissioner, Railways, and the Vice-Chairman, Imperial Council of Agricultural Research, have the pay and status of a Secretary to the Government of India.

The Secretary, Railway Board, has the status of a Deputy Secretary.

NAMES OF INDIANS APPOINTED AS SECRETARY, JOINT SECRETARY OR ADDITIONAL SECRETARY TO THE GOVERNMENT OF INDIA.

25. THE HONOURABLE MR. MAHMOOD SUHRAWARDY (on behalf of the Honourable Sir Ebrahim Haroon Jaffer) : Will Government be pleased to give the names of Indian officers who have held the posts of Secretary, Joint Secretary or Additional Secretary to the Government of India after 1st January, 1919 ?

THE HONOURABLE MR. H. G. HAIG : A statement giving the information desired is being placed in the Library.

INDIANS APPOINTED TO SECRETARIAL POSITIONS WITH THE INDIAN STATUTORY COMMISSION AND THE INDIAN CENTRAL COMMITTEE.

26. THE HONOURABLE MR. MAHMOOD SUHRAWARDY (on behalf of the Honourable Sir Ebrahim Haroon Jaffer) : (*a*) Will Government be pleased

to give the names of the Indian officers appointed from time to time in secretarial positions with the Simon Commission and the Nair Committee ?

(*b*) Is it a fact that no Muslim has yet been appointed to any such post ?

THE HONOURABLE MR. H. G. HAIG : (*a*) A statement is laid on the table.

(*b*) Yes.

Statement of Indian officers appointed to secretarial positions with the Indian Statutory Commission and the Indian Central Committee.

INDIAN STATUTORY COMMISSION.

(1) Mr. J. W. Bi'ore, C.I.E., C.B.E., I.C.S., Secretary.
(2) Mr. B. Rama Rau, I.C.S., Financial Officer attached to the Commission.

INDIAN CENTRAL COMMITTEE.

Mr. S. N. Roy, I.C.S., Deputy Secretary. On his transfer to the Home Department Mr. Roy was succeeded by Mr. H. K. Kirpalani, I.C.S.

CONSTRUCTION OF THE ISHURDI-PABNA RAILWAY.

27. THE HONOURABLE MR. SURPUT SING : (*a*) Will Government be pleased to lay on the table a copy each of the reports of the Engineer-in-Chief, Construction, and the Agent, Eastern Bengal Railway, regarding the re-investigation of the Ishurdi-Pabna or Bera Railway project ?

(*b*) Has the line been reported to be a good business proposition ?

(*c*) Did the net financial prospects of the line work out at a dividend of over 6 per cent. on the capital outlay ?

(*d*) Will this project be taken into active consideration in April, 1930 ?

(*e*) If so, when is it proposed to sanction it and take up the construction ?

THE HONOURABLE MR. J. A. WOODHEAD : (*a*) A copy of the project report which contains the individual reports of the Agent and the Engineer-in-Chief, Construction, Eastern Bengal Railway, has been placed in the Library.

(*b*) Yes.

(*c*) From the report it will be seen that a return of not less than 6 per cent. on the capital outlay is anticipated by the Agent six years after opening.

(*d*) and (*e*). It will not be possible to devote funds either in 1930-31 or immediately after for the construction of this line.

DISCONTINUANCE OF THE EXTRA PONTAGE CHARGE LEVIED OVER THE HARDINGE BRIDGE AT PAKSEY, EASTERN BENGAL RAILWAY.

28. THE HONOURABLE MR. SURPUT SING : (*a*) Will Government be pleased to state (*i*) when the Hardinge Bridge at Paksey, Eastern Bengal Railway, was opened to railway traffic ; (*ii*) the cost of construction of the bridge ; (*iii*) whether the cost of construction has been recouped by this time, and (*iv*) if so, when ?

(*b*) Is an extra charge for 20 miles made for this bridge on every ticket of passengers travelling by the northern section of the Eastern Bengal Railway and crossing the bridge ?

(*c*) Will Government be pleased to state the amounts realised—(*i*) annually from coaching and goods respectively; and (*ii*) since the opening of that bridge up to 31st March, 1929, by the extra charges levied on account of this bridge ?

(*d*) Will Government be pleased to state whether it is proposed to discontinue the levying of the extra charge mentioned in (*b*) ?

(*e*) If so, when ?

(*f*) If not, why not ?

THE HONOURABLE MR. J. A. WOODHEAD: (*a*) (*i*) In 1915.

(*ii*) Approximately 350 lakhs.

(*iii*) No.

(*iv*) Does not arise.

(*b*) An extra pontage charge for all traffic, equivalent to a charge for 18 miles, is charged over this bridge.

(*c*) The approximate receipts from the pontage charge have averaged 14¾ lakhs per annum since the opening of the bridge, and during the last four years have averaged 19 lakhs per annum. Separate figures for coaching and goods traffic are not at present available.

(*d*), (*e*) and (*f*). Interest on the original cost of the bridge at 5 per cent. per annum amounts to Rs. 17½ lakhs annually. A further additional charge of Rs. 3¾ lakhs is incurred annually on account of depreciation and maintenance charges so that, even with the present annual receipts of 19 lakhs from the pontage charge, there is an annual deficit. There is therefore no present prospect of the pontage charge being reduced or discontinued.

AMOUNTS SPENT IN INDIA AND ABROAD BY THE PUBLICITY DEPARTMENT OF THE RAILWAY BOARD.

29. THE HONOURABLE MR. SURPUT SING: Will Government be pleased to state

(*a*) the amounts that were spent in India and abroad respectively by the Publicity Department of the Railway Board;

(*b*) the names of individuals, firms and printing concerns with whom their orders were placed in India;

(*c*) the names of all individuals, firms and presses in India that have solicited orders ?

THE HONOURABLE MR. J. A. WOODHEAD: (*a*) During 1928-29 Rs. 6,02,119 were spent by the Central Publicity Bureau in India and Rs. 1,16,401 abroad.

(*b*) Orders have been placed with the following firms and printing presses in India during 1928-29:

(1) *Times of India* Press, Bombay.
(2) British India Press, Bombay.
(3) Calcutta Chromotype Company, Calcutta.
(4) Claridge and Company, Bombay.
(5) Calcutta Printing and Publicity Company, Calcutta.
(6) *Hindustan Times* Press, Delhi.
(7) Liddell's Press, Simla.

In addition, advantage has been taken of the services of a large number of individuals and firms in connection with the purchase of photographs, supply of articles for the Indian State Railway Magazine, Railway Publicity Exhibitions, etc., during the year.

(*c*) No record has been kept of all the individuals, firms and presses in India who have solicited orders during the year but a large number have done so and quotations have also been invited from certain others.

REMOVAL OF THE ADMINISTRATIVE OFFICES OF THE EAST INDIAN RAILWAY FROM ALLAHABAD TO CAWNPORE.

30. THE HONOURABLE MR. SURPUT SING: (*a*) Will Government be pleased to state whether there has been a proposal to remove the administrative offices of the East Indian Railway from Allahabad to Cawnpore?

(*b*) If the answer is in the affirmative—

(*i*) what are the special reasons for adopting that course;

(*ii*) what particular offices or establishments will be removed;

(*iii*) what will be the probable expenditure for the removal;

(*iv*) what time does it take normally for a letter to reach Cawnpore from Allahabad now;

(*v*) will correspondence with the United Provinces Chamber of Commerce be in any way accelerated by the proposed removal?

(*c*) Were some administrative railway offices once located in Cawnpore?

(*d*) What were the special reasons for the removal of those offices?

THE HONOURABLE MR. J. A. WOODHEAD: (*a*) It is proposed to make Cawnpore the Headquarters of the Division of the East Indian Railway which has been temporarily placed at Allahabad since its formation in 1925.

(*b*) (*i*) For administrative convenience, Cawnpore being a very important commercial centre and geographically near the centre of the Division.

(*ii*) The office of the Divisional Superintendent, East Indian Railway.

(*iii*) No permanent office and only a portion of the quarters required are in existence at Allahabad. An office will have to be built somewhere and this will be done cheaper at Cawnpore where the old Junction Station building will be available and can be altered to form a suitable office. The probable cost of the office and additional quarters at Cawnpore is estimated at about Rs. 9⅔ lakhs. No estimate has been made of the cost which would be involved in the construction of an office and quarters at Allahabad.

(*iv*) One day.

(*v*) Yes, by facilities for telephonic and verbal discussions.

(*c*) No: a District Traffic Superintendent was posted at Cawnpore some years ago.

(*d*) His office was removed to Tundla as being more centrally situated for the area comprising the District.

ANNUAL GROSS EARNINGS OF BUKHTIARPUR JUNCTION ON THE EAST INDIAN RAILWAY, ETC.

31. THE HONOURABLE MR. SURPUT SING: Will Government be pleased to state

(*a*) the annual gross earnings of Bukhtiarpur Junction on the East Indian Railway;

(*b*) the number of passengers usually travelling to and from Bukhtiarpur Junction;

(*c*) the nature and capacity of waiting accommodation for all classes of passengers at Bukhtiarpur Junction;

(*d*) the number of the normal congregation at the Rajgir Mela;

(*e*) what special arrangements are made by the railway authorities for the pilgrims during the Rajgir Mela at the junction station?

THE HONOURABLE MR. J. A. WOODHEAD: (*a*) The approximate gross earnings from the 1st April 1929 to the 31st January 1930 amounted to Rs. 1,28,578.

(*b*) During the year ending 31st March 1929, 1,74,407 passengers travelled to and 1,35,367 from Bukhtiarpur Junction.

(*c*) One waiting room for first and second class passengers 24 by 19 feet in area, one ladies' waiting room for first and second class passengers 24 by 19 feet in area, and two waiting halls for third class passengers, one 24 by 19 feet and one 36 by 16 feet in area.

(*d*) This mela is held at Rajgir, a station on the Bukhtiarpur-Bihar Light Railway, every third year. It was held in 1928 and the number of passengers interchanged between the East Indian Railway and the Bukhtiarpur-Bihar Light Railway at Bukhtiarpur during the Mela period, which lasts for one month, was 1,43,384.

(*e*) Special trains were run. Extra staff was posted at Bukhtiarpur station and a special booking office was opened. Six high power lamps were erected to illuminate the station compound and premises, and police and medical arrangements were provided.

ANNUAL GROSS EARNINGS FROM AZIMGANJ CITY STATION.

32. THE HONOURABLE MR. SURPUT SING: Will Government be pleased to state

(*a*) the annual gross earnings of Azimganj City station;

(*b*) whether Azimganj City station is provided with raised platforms and a third class waiting hall?

THE HONOURABLE MR. J. A. WOODHEAD: (*a*) For the financial year 1928-29 the earnings of Azimganj City station were Rs. 83,735.

(*b*) No.

ROAD-MAKING SCHEME STARTED BY THE HARBOUR AUTHORITIES AT VIZAGAPATAM.

33. THE HONOURABLE MR. SURPUT SING: Will Government be pleased to state

(*a*) Whether the harbour authorities of Vizagapatam started a scheme of road-making known as the Trunk or Grand Trunk Scheme ?

(*b*) What was the object of that scheme and how much money was spent on it ?

(*c*) Has the scheme been given up ?

(*d*) If so, when and why ?

THE HONOURABLE MR. J. A. WOODHEAD: (*a*) No scheme of road-making was started by the Harbour authorities at Vizagapatam known as the Trunk or Grand Trunk Scheme.

In 1925 at the instance of the Madras Government a scheme of town planning of the swamp area lying between the Harbour and the existing town was prepared by the Municipality of Vizagapatam and submitted to the Local Government. This scheme comprised amongst other features a road connecting the Harbour and the town.

In 1928 the Advisory Committee of the Harbour represented to Government the urgent need of an early start being made with the carrying out of this town planning scheme or at least the construction of the main connecting road. Their views were communicated to the Madras Government.

Since then Government have no further information.

(*b*) The object of the town planning scheme was the reclamation of the swamp area and its utilisation as an extension to the town on a well laid out plan. Government have no information regarding the amount, if any, spent on the scheme, which is one which concerns the Local Government alone.

(*c*) and (*d*). Government have no information.

ANTI-MALARIAL MEASURES TAKEN BY THE HARBOUR AUTHORITIES OF VIZAGAPATAM.

34. THE HONOURABLE MR. SURPUT SING: Will Government be pleased to state

(*a*) What anti-malarial measures, if any, have been taken by the harbour authorities of Vizagapatam ?

(*b*) Were they subsequently given up ?

(*c*) If so, why ?

(*d*) What was the total sum spent by the Government on these measures ?

(*e*) What opinion, if any, did the present Chief Engineer express upon these measures ?

THE HONOURABLE MR. J. A. WOODHEAD: With your permission, Sir, I will answer questions Nos. 34 to 40 and 42 and 43 together.

The information is being obtained and will be furnished to the Honourable Member on receipt.

EXPENDITURE ON THE DRY DOCK AT VIZAGAPATAM.

*35. THE HONOURABLE MR. SURPUT SING: Will Government be pleased to state

(a) The total amount spent so far on the dry dock at Vizagapatam ?

(b) From where was the concrete requisitioned for the dock brought ?

(c) Was not enough concrete available on the spot suitable for the purpose ?

(d) Was the locality where the dry dock has been constructed full of rocks ?

GROYNE WALLS IN THE VIZAGAPATAM HARBOUR.

*36. THE HONOURABLE MR. SURPUT SING: Will Government be pleased to state

(a) The object of making the Groyne walls in the Vizagapatam Harbour ?

(b) The depth of water at the mouth of the Creek at ebb and flood tides respectively before and after the Groyne walls were made ?

(c) Whether there is a second Groyne wall by the side of the first ?

(d) If so, the object of making the second Groyne wall ?

(e) Has its construction been subsequently stopped ?

(f) If so, why ?

(g) The total amount spent on the two Groyne walls ?

(h) What has happened to the first Groyne wall ?

(i) Is it still being proceeded with ?

(j) If so, with what results ?

(k) If not, why has it been stopped ?

EXPENDITURE ON THE QUAY WALL AT VIZAGAPATAM.

*37. THE HONOURABLE MR. SURPUT SING: Will Government be pleased to state

(a) The total amount of money spent on the quay wall at Vizagapatam and how much of it has been paid to the masonry contractor ?

(b) Whether the specification stated in the tender for constructing the quay wall required coarse rubble work with rubble from certain specified quarries ?

(c) Whether the work was done according to specification ?

(d) If not, why not ?

(e) Whether the specification was altered by substituting random rubble work for coarse rubble work and why the clause relating to rubble from specified quarries was not insisted upon ?

(f) Whether additional facility was given to the masonry contractor by allowing him to open a quarry at what is locally known as Church Hill ?

* For answer to this question, see answer to question No. 34.

(*g*) Whether the quality of work accepted by the harbour authorities was up to the standard required in the tender ?

(*h*) If not, why was it accepted ?

(*i*) Whether the contractor was paid at any reduced rate ?

(*j*) If not, why not ?

(*k*) Whether any objection was raised by the audit authorities on the above ground ?

(*l*) If so, was any action taken upon such objection ?

(*m*) What opinion, if any, has been expressed by the present Chief Engineer upon the above works ?

CONSTRUCTION OF A TUNNEL AT YARRADA HILL IN VIZAGAPATAM HARBOUR.

*38. THE HONOURABLE MR. SURPUT SING : Will Government be pleased to state

(*a*) The necessity for constructing a tunnel at Yarrada Hill in Vizagapatam Harbour ?

(*b*) Whether it has anything to do with the waterworks scheme of the Harbour ?

(*c*) Who prepared the scheme ?

(*d*) Whether it has been accepted by Government ?

(*e*) Whether the harbour authorities have purchased the water right of the streamlet above the Hill ?

(*f*) If so, what was the consideration money paid by the harbour authorities ?

(*g*) Whether Government have been satisfied with the supply of water from the stream ?

(*h*) What will be the maximum delay of supply of water from this scheme ?

(*i*) What will be the total expenditure on the scheme ?

INSTALLATION OF ELECTRIC PLANT IN THE QUARTERS OF OFFICERS OF THE VIZAGAPATAM HARBOUR.

*39. THE HONOURABLE MR. SURPUT SING : Will Government be pleased to state

(*a*) Whether any electric plant has been installed in the quarters of any officer of the Vizagapatam Harbour for the supply of electricity for his own private use ?

(*b*) If so, whether Government paid the cost of this electric plant ?

(*c*) Whether Government propose to instal electric plant in the quarters of all officers ?

(*d*) Whether electric plant has been installed in the quarters of the Chief Engineer ?

(*e*) If not, why ?

* For answer to this question, see answer to question No. 34.

ANNUAL REVENUE OF THE VIZAGAPATAM HARBOUR.

*40. THE HONOURABLE MR. SURPUT SING: Will Government be pleased to state the present total annual revenue of the Vizagapatam Harbour and the expenses of its collection ?

INSPECTION OF THE VIZAGAPATAM HARBOUR BY THE MEMBER (ENGINEERING) OF THE RAILWAY BOARD.

41. THE HONOURABLE MR. SURPUT SING: Will Government be pleased to state

(*a*) Whether any high official of the Railway Board made an inspection of the Vizagapatam Harbour in the course of the last six months ?

(*b*) If so, are Government prepared to publish his inspection report ?

(*c*) Whether all works in the Harbour excepting dredging operations have been suspended ?

(*d*) If so, why ?

(*e*) When Government started construction of the Harbour at Vizagapatam and when Government expect to finish it ?

THE HONOURABLE MR. J. A. WOODHEAD: (*a*) and (*b*). The Member (Engineering) of the Railway Board inspected the Vizagapatam Harbour Construction during the course of his tour last monsoon. He submitted no report.

(*c*) No.

(*d*) Does not arise.

(*e*) The construction of the Harbour was sanctioned in October 1925. It is hoped that it will be possible to berth ships in 1932.

EXPENDITURE ON THE CONSTRUCTION OF THE VIZAGAPATAM HARBOUR.

*42. THE HONOURABLE MR. SURPUT SING: Will Government be pleased to state

(*a*) The total expenditure up to date on the construction of the Harbour at Vizagapatam ?

(*b*) The total amount spent by Government as salary to the officers, clerks and all employees of the Vizagapatam Harbour construction every month and the average amount actually spent on works every month ?

CONSTRUCTION OF A MANGANESE JETTY OR WHARF IN THE VIZAGAPATAM HARBOUR.

*43. THE HONOURABLE MR. SURPUT SING: Will Government be pleased to state

(*a*) The total amount spent on the construction of a manganese jetty or wharf in the Vizagapatam Harbour ?

(*b*) Whether it formed part of the Harbour scheme ?

(*c*) If not, what was the object of constructing a temporary jetty ?

(*d*) Whether any work was done in this jetty ?

(*e*) Why and how was the jetty totally wrecked ?

* For answer to this question, see answer to question No. 34.

BREAKDOWN AND DAMAGE TO THE DREDGER HIRED FROM THE MADRAS GOVERNMENT BY THE AUTHORITIES OF THE VIZAGAPATAM HARBOUR.

44. THE HONOURABLE MR. SURPUT SING: Will Government be pleased to state

(*a*) Whether the authorities of the Vizagapatam Harbour Construction purchased or hired a dredger from the Madras Government ?

(*b*) If so, what consideration is paid to the Government of Madras ?

(*c*) Whether the present Chief Engineer inspected the dredger before it was brought to Vizagapatam ?

(*d*) Whether he was satisfied that the dredger which the Chief Engineer purchased or hired would serve the purpose for which it was proposed to be used ?

(*e*) Whether the dredger was a part of India's share of reparations paid by Germany ?

(*f*) If so, whether the Chief Engineer was aware of this before he engaged it for the Vizagapatam Harbour Works ?

(*g*) Whether it was used at Vizagapatam at all ?

(*h*) If so, for how long ?

(*i*) Whether the dredger went wrong as soon as it arrived at Vizagapatam and could not be used ?

(*j*) Who was responsible for the failure of the dredger, what was the cost of the repairs and whether the Government of India paid it ?

(*k*) Whether Government held any enquiry and are prepared to publish the report of the Chief Engineer regarding the dredger ?

(*l*) Whether Government are prepared to publish the correspondence that passed between the Government of India and the Government of Madras regarding the dredger ?

THE HONOURABLE MR. J. A. WOODHEAD: (*a*) Yes.

(*b*) A dredger was hired from the Madras Government with the option of purchase should it prove satisfactory. No actual payment has been made.

(*c*) No.
(*d*) Yes.
(*e*) Yes.
(*f*) Yes.
(*g*) Yes.
(*h*) For 15 minutes.
(*i*) Yes.

(*j*), (*k*) and (*l*). The question of responsibility regarding the breakdown and damage to the dredger has been referred to arbitration and pending settlement of the arbitration proceedings I regret that I cannot give a reply to these portions of the Honourable Member's question.

RENT PAID BY THE CALCUTTA TURF CLUB FOR THE USE OF THE MAIDAN.

45. THE HONOURABLE MR. SURPUT SING: With reference to the reply to question No. 81 asked by the Honourable Srijut Rama Prasad Mookerjee on the 25th September, 1929, regarding the rent paid by the Calcutta Turf Club for the use of the Maidan, will Government be pleased to state the result of their inquiries into the matter ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: With your permission, Sir, I lay on the table a statement containing the answer.

Statement.

(*a*) Yes.

(*b*) and (*c*). The right of the Calcutta Turf Club to use a portion of the Maidan as a race course is believed to have been granted by Government some 70 years ago, and has been exercised for at least the last 65 years. A grand stand was erected in 1880. This was a temporary structure of wood and iron, capable of being removed at short notice. In 1907 a lease was granted to the Club, and the present permanent structures were erected under this lease.

(*d*) and (*e*). The Calcutta Turf Club pays a nominal rent of one gold mohur a year under the terms of its lease. Before 1907 there was no lease, and no rent was paid. The lease was granted to the Club in consideration of its making improvements to the course and erecting better stands. The Club was naturally unwilling to effect these improvements unless its title were placed on a proper footing. A nominal rent only was imposed, presumably because the Club had been in occupation of the area for approximately half a century without payment of rent.

OPENING OF NEW POST OFFICES.

46. THE HONOURABLE MR. SURPUT SING: With reference to the reply to question No. 82 asked by the Honourable Srijut Rama Prasad Mookerjee on the 25th September, 1929, regarding the opening of new Post Offices, will Government be pleased to state the result of the inquiry into the matter ?

THE HONOURABLE MR. J. A. SHILLIDY: A final reply was sent to the Honourable Babu Rama Prasad Mookerjee on the 31st December, 1929. Copies of the reply and statement sent therewith has been placed in the Library of the House.

NUMBER OF STANDING COMMITTEES, ETC., ATTACHED TO THE DIFFERENT DEPARTMENTS OF THE GOVERNMENT OF INDIA.

47. THE HONOURABLE MR SURPUT SING: With reference to the reply to question No. 83 asked by the Honourable Srijut Rama Prasad Mookerjee on 25th September, 1929, regarding the number of Standing Committees, etc., attached to the different Departments of the Government of India, will Government be pleased to state the result of the inquiry into the matter ?

THE HONOURABLE MR. H. G. HAIG: The information was supplied to the Honourable Babu Rama Prasad Mookerjee and a copy of the statement, which is a long one, is also being sent to the Honourable Member.

LIBRARIAN OF THE IMPERIAL LIBRARY, CALCUTTA.

48. THE HONOURABLE MR. SURPUT SING: Will Government be pleased to state

(*a*) the ordinary and special qualifications of the Librarian of the Imperial Library at Calcutta;

(*b*) his present pay;

(*c*) his pay just before he was appointed to the post;

(*d*) all the appointments he had held under Government prior to his appointment to the post;

(*e*) the names and qualifications, ordinary and special, of all the candidates who applied for the post ?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH : (*a*) Mr. Mohammad Asadullah, the officiating Librarian of the Imperial Library, Calcutta, is a graduate of the Punjab University and obtained a certificate of training in Library science from that University. He also passed all the examinations for librarianship conducted by the Library Association, London, preliminary to obtaining the Diploma of the Association. Since 1913 he has been working as Librarian in different libraries in India.

(*b*) Rs. 750 per mensem.

(*c*) Rs. 395 per mensem in the scale of Rs. 200—15—500.

(*d*) Before his present appointment he held the posts of :

(1) Librarian, Government College, Lahore, and

(2) Librarian, Imperial Secretariat Libraries, Simla and New Delhi.

He also worked for a short while in the Imperial Library, Calcutta.

(*e*) A statement giving the information required is laid on the table.

Statement showing the names and qualifications of the candidates who applied for the post of Librarian, Imperial Library, Calcutta.

Serial No.	Name.	Qualifications.
	Mr. A. T. Halder	Fellow of the Institute of Commerce, Birmingham.
	Mr. Heera Lal Chatterjee	M. A. Has been a teacher since 1915 and has done some library work.
	Dr. Mohammad Shahidullah	M. A. (Calcutta University), 1912. B. L. (Calcutta University), 1914. Doctorate de l'Universite de Paris, 1927. Research Assistant in the Department of Comparative Philology of the University of Calcutta from 1919 to 1921, and since then a Lecturer in the Department of Sanskrit and Bengali in the University of Dacca. Knows Bengali, Assamese, Oriya, Hindi, Urdu, Sanskrit, Pali, Prakrit, Tibetan, Arabic, Persian, English, French and German.
	Dr. Irach Jahangir Sorabji Taraporewala.	B. A.—(Bombay University), 1903. Ph. D. (University of Wurzburg, Germany), 1913. For some time was on the teaching staff of the Benares Hindu University, and is now Professor of Comparative Philology at the Calcutta University. Knows Gujarati, Marathi, Hindi, Urdu, Bengali, English, French, German, Sanskrit, Pali, Prakrit, Avesta, Greek and Persian.

REVENUE REALISED FROM EXCISE IN 1927, 1928 AND 1929, ETC.

49. THE HONOURABLE MR. SURPUT SING : Will Government be pleased to state

(*a*) the amounts realised from Excise in 1927, 1928 and 1929 in the several Indian provinces ;

(*b*) what attempts, if any, have been made to restrict the revenue from Excise ;

(c) what the specific recommendations were of the League of Nations with regard to the production and sale of certain excisable articles in India;

(d) how far those recommendations are being carried into effect;

(e) the general policy underlying the Excise Administration?

THE HONOURABLE SIR ARTHUR McWATTERS: (a) A statement is laid on the table.

(b) and (e). Under the Devolution Rules Excise is a provincial transferred subject, and the powers of intervention of the Governor General in Council may be exercised only for the specific purposes mentioned in Rule 49 of the Devolution Rules. Excise policy in the Governors' provinces is therefore not primarily the concern of the Governor General in Council. In the areas directly administered by the Central Government the policy of Government has been to discourage the excessive consumption of excisable articles while providing reasonable facilities for moderate refreshment.

(c) and (d). By the "specific recommendations of the League of Nations" the Honourable Member is doubtless referring to International Conventions to which India is a party. There are no International Conventions in regard to alcohol. I presume therefore that the Honourable Member's question refers to the sale within India of raw opium and hemp drugs, and to the production of opium and hemp for such sale within India. The International Conventions relating to these articles are reproduced in the pamphlet "International Opium Conventions, 1912-1925" (published by the Government of India Press), of which copies are to be found in the Library. A statement is laid on the table showing the detailed provisions of the Conventions in so far as they relate to the production and sale of raw opium and hemp drugs and the action taken by the Government of India thereon.

There are elaborate provisions in the International Conventions regarding international trade, for example, import into and export from and transit through British India, but I gather that the Honourable Member's question does not relate to these provisions.

Statement showing net revenue (excluding refunds) realised from Excise in 1926-27, 1927-28 and 1928-29 in the various provinces.

(In lakhs of rupees.)

Provinces.	Net Excise revenue.		
	1926-27.	1927-28.	1928-29.
Madras Presidency	510·53	534·37	558·76
Bombay Presidency	409·39	396·21	392·26
Bengal Presidency	225·17	224·31	224·91
Burma (including Shan States)	133·13	124·74	134·65
Bihar and Orissa	197·35	196·40	189·27
United Provinces	131·00	140·97	130·86
Punjab	124·31	117·73	121·35
Central Provinces	135·45	120·67	122·76
Assam	71·93	70·94	66·38
India General	30·35	30·45	32·82
Baluchistan	5·90	6·28	6·37
North-West Frontier Province	4·89	15·41	11·66
Coorg	3·30	3·67	3·77

The figures for the year 1928-29 are provisional.

Provision.	Action taken.
HAGUE CONVENTION, 1912.	
Raw Opium.	
Article 1. The enactment of effective laws of regulations for the control of the production and distribution of raw opium.	Adequate laws already in existence.
Prepared Opium.	
Article 6. To take measures for the gradual and effective suppression of the manufacture of, internal trade in and use of prepared opium.	The manufacture of and internal trade in prepared opium are prohibited in British India. As regards the use of prepared opium, *i.e.*, smoking, the following restrictions have been, or are about to be, imposed. All the provinces restrict possession of opium to a limit of between ½ and 1 tola. Madras will soon prohibit opium smoking altogether. Bengal will introduce registration and rationing. Bombay will introduce registration and rationing. Burma has registration and rationing in force. United Provinces—Smoking in company prohibited; propose to prohibit smoking except by *present* addicts. Bihar and Orissa prohibits smoking except by registered addicts. Punjab—Smoking in company prohibited; propose prohibiting altogether. Central Provinces—Registration and rationing in force. Assam—Smoking prohibited.
First Opium Conference 1925 Agreement.	
Article 1. This Agreement relates to the control of opium smoking. The information given against Article 6 of the Hague Convention may be referred to.	
Second Opium Conference, 1925 Convention.	
Article 2. Enactment of laws and regulations to ensure the effective control of the production, distribution and export of raw opium.	Laws already in existence.
Indian Hemp.	
Article 11. The provisions relate to export only and do not cover internal consumption.	

AMOUNT OF THE GOLD STANDARD RESERVE IN THE HANDS OF THE GOVERNMENT OF INDIA.

50. THE HONOURABLE MR. SURPUT SING: Will Government be pleased to state

(*a*) the exact amount of the Gold Standard Reserve lying in the hands of the Government;

(*b*) the recommendations of the Royal Currency and Finance Commission with regard to the disposition of such Reserve;

(*c*) whether the Government proposes to accept those recommendations; if so, when?

THE HONOURABLE SIR ARTHUR McWATTERS: (*a*) £40 million; *vide* the Controller of Currency's memorandum, dated the 13th February 1930, published in the Gazette of India.

(*b*) The recommendations, which are contained in paragraphs 75-82 and 117-124 of the Report of the Royal Commission on Indian Currency and Finance, were bound up with the general recommendation for the creation of a Reserve Bank.

(*c*) As the Honourable Member is aware, a Bill introduced in the Legislative Assembly to give effect to the recommendations of the Commission was not passed. As regards the re-introduction of a similar Bill, I would invite the Honourable Member's attention to the reply given by Sir George Schuster in the Legislative Assembly on the 6th February 1929 to starred question No. 418 by Mr. Vidya Sagar Pandya.

RESOLUTION *RE* ANNOUNCEMENT BY THE GOVERNOR GENERAL ON THE SUBJECT OF CONSTITUTIONAL PROGRESS IN INDIA.

THE HONOURABLE SIR SANKARAN NAIR (Madras: Non-Muhammadan): I move, Sir,

"That this Council recommends to the Governor General in Council that he be pleased to convey to the Viceroy and His Majesty's Government its thanks for the announcement of the 31st October 1929, that 'the natural issue of India's constitutional progress is the attainment of Dominion Status is implicit in the declaration of August, 1917'; that the goal of British policy is the progressive realisation of responsible government in India as an integral part of the British Empire; and that before the stage of a Joint Parliamentary Committee is reached His Majesty's Government propose to invite representatives of different parties and interests in British India as well as the representatives of Indian States to a Conference for the purpose of seeking the greatest possible measure of agreement in regard both to British Indian and all-Indian problems, so that it may be possible for them eventually to submit to Parliament such proposals on these grave issues as may command a wide measure of general assent."

Sir, this motion I believe is necessary, on account of what took place in Parliament when strong objection was taken to the announcement which has been made by the Viceroy. There are three important statements here to which I would draw the attention of the Honourable Members. The three matters are, first of all, that Dominion Status is the goal of the British Government in India; secondly, that they propose to invite what they call a Round Table Conference; and thirdly, that the scheme to be submitted to Parliament is a scheme which would command a wide measure of general assent.

I shall briefly refer to them now. The words in the Declaration of 1917 are " progressive realisation of responsible government as an integral part of the British Empire ". The declaration of the Viceroy is that in that term " responsible government " is included the attainment of Dominion Status. What Dominion Status is is apparently known to all Honourable Members here, but as I have been asked the question " What do you mean by Dominion Status ?", I would read this statement from the Report of the Imperial Conference of 1926. It means :

" They are autonomous communities within the British Empire, equal in status, in no way subordinate one to another in any aspect of their domestic or external affairs, though united by a common allegiance to the Crown, and freely associated as Members of the British Commonwealth of Nations. "

Now, Sir, that is the meaning of Dominion Status. There were strong reasons for announcing that this is included in the Declaration of 1917. If the British Government had now announced that the policy of the British Government is the attainment of Dominion Status, then that would be taken to be an announcement of a new policy ; this is not possible now, because it is included in the Parliamentary Statute of 1919 which can be altered only by Parliament, after the Simon Commission has made its Report ; whereas if it is now declared that it is included in the Declaration of 1917, the whole thing assumes a different aspect. It means that it is only the carrying out of the old policy and nothing new is intended thereby. Now, that it is so included may now be taken to be accepted. Mr. Baldwin accepts it. I will not read all his declarations, but those who want to verify that statement for themselves may refer to the report of the discussion in the House of Commons of the 7th November, page 1312. Lloyd George accepts it on behalf of the Liberals. I would not read his words, because they are pretty long. They may be found in the report of the debate of the 7th November at page 1316 ; so that all the Parties now accept that Dominion Status is implicit in that Declaration. Now, Sir, great importance is to be attached to it. That will appear from this. I think it is necessary to read the words of Lloyd George himself, who was the head of the Government at the time when the Declaration was made. This is what he says :

" These Declarations were considered carefully, not by a British Cabinet ; they were considered during the War at Imperial Cabinets where there were representatives of every Dominion in the British Empire. India was also represented. They were made in the name of the King Emperor."

So that the Declaration of 1917 was a declaration made by the British Empire, a declaration to which India was a party, a declaration to which all the Dominions were parties. As between the British Government and India itself, a breach of faith would be immoral considering the position of the parties. But this was a declaration to which the Dominions were also parties, so that India would be entitled to appeal to the Dominions to enforce that Declaration if they think that there was anything like a breach of faith. Therefore that may be taken to be sacrosanct now, not to be interfered with in any way by the British Government so far as that Declaration goes. His Excellency also states that it is now placed beyond doubt. I will only refer to one part of the speech where he says :

" There can no longer be any doubt that, whatever the means by which that policy is brought to fruition, Great Britain can never have any other purpose for India than to bring her to a place of equal partnership with the other self-governing Dominions."

Now, there it is settled. Then the question may be fairly put—and that is the question put not by one but by many leaders of parties in the House of

[Sir Sankaran Nair.]

Commons and in the House of Lords—and that is the main reason why I have come to this Council—what was the reason for this Declaration, what was the necessity for it and why was it made without waiting till Parliament had considered the expected report of Sir John Simon? The reason is this. The spokesman of the British Government here on the 8th February 1924 denied that this was the meaning. His words are remarkable. This is what he said :

"If you analyse the term 'full Dominion self-government' you will see that it is of somewhat wider extent, conveying that not only will the executive be responsible to the legislature, but the legislature will in itself have the full powers which are typical of the modern Dominion. I say there is some difference of substance because responsible government is not necessarily incompatible with a legislature with limited or restricted powers. It may be that full Dominion self-government is the logical outcome of responsible government,.....but it is a further and a final step."

That is to say, Dominion Status is a further step itself to come after we have attained responsible government ; that responsible government in itself does not mean the supremacy of the Legislative Council. Now, that is going very far, and if that full Dominion Status was implied in the Declaration of August 1917 that would be absolutely wrong. There can be no doubt about it. But that is an authoritative declaration, the only authoritative declaration which we have had by the spokesman of the Indian Government before the Legislative Assembly. Naturally the moment the statement was made it was impeached at once by the popular leaders. They said, "It is going back on the Declaration ; that is not the meaning ; it implies Dominion Status". Now, what happened afterwards? Then they started agitation saying that Dominion Status is what they always wanted and nothing less than that. In November 1927, the Simon Commission was appointed. Now, what is the attitude taken up by the Legislative Assembly and by the popular parties in India? I can speak freely on that question, because I myself co-operated with the Simon Commission. The argument advanced on the other side, in the Legislative Assembly, was : "What is the use of this Commission? What is the use of our going into the Commission, because we cannot believe a word of what the British Government says? There has been a breach of faith". Throughout the country it was said "Dominion Status was assured to us. We want Dominion Status. Government say that we are not going to get Dominion Status. We are going to get only something less by the appointment of the Simon Commission. What has been promised by the Declaration of 1917 does not, the Government say, include Dominion Status, then what is the use of our going before that Simon Commission? We stand out. They would not appoint an Indian to represent the view of Indians on the Commission and we are even unable to present a minority report before Parliament". That is the attitude taken up by them. I co-operated with them because, in my opinion, there were considerations of greater weight ; there were many of us who co-operated with the Commission.

We know the reception which the Simon Commission and we members of the Central Committee received in India. That agitation went on and we were in a way boycotted. That was towards the end of November 1927. In August and September 1928 the All-Parties Conference met. It included most of the leading political leaders in India, and they put in the forefront of their attack this fact that though in the Declaration of 1917 the Government of India said that this Dominion Status would be allowed to us, yet the Government of India now say it is not Dominion Status, it is only something less than that. That was again said in the Congress Report, and page after

page is devoted to the refutation of that statement in connection with Dominion Status. All the while the Government remained silent. There was no utterance by them though the Indian political leaders are right in their contentions. They now say it is included in the Declaration of 1917. They might have cleared up the matter at once by saying that it was so included. What followed then? This was in 1928. Then there was a fierce challenge in the Calcutta Congress at the end of December. They said: "Give us Dominion Status at the end of this year. If you won't, we will begin civil disobedience". And they may be from their point of view right because they had been claiming Dominion Status all the time and the Government had been saying that what you are entitled to is only what you are entitled to under the Declaration of 1917, which does not go so far as Dominion Status. Naturally they said: "We have been promised this Dominion Status, if you do not give it, well then we will do what we like"—and we know what they have threatened. Well, now, we know that this Declaration was made in October, we know the reception it met with, we know the change of atmosphere. Now, let us consider this question. Supposing the Government instead of making this declaration now in October, supposing they had made this declaration at the beginning of the year in January as they ought to have in reply to the Congress: supposing they had said, "You say you want Dominion Status within the year: very well, so far as Dominion Status is concerned, we have promised it to you in 1917 as our goal and the only thing that remains to be considered is, are the conditions fulfilled which alone would justify us in granting Dominions Status? For that matter we must have the report of the Simon Commission." What a change there would have been! It would have been a fair answer to the Congress demand. But there was no reply. The agitation went on throughout the country and now this declaration is made by the Government and whether it has come too late is the only question. But that it was absolutely necessary there can be no possible doubt. They made this declaration on the 31st October 1929, and we know the response it met with. It changed the whole atmosphere. Everybody is now agreed that the position in India is entirely changed by that. Now, why is it that we are met here to render our thanks to the Viceroy and to the Cabinet? I will only read one sentence, then you will understand why we are so thankful to His Excellency. I am reading what Lord Reading said in the House of Lords. What he said was this:

"After that there were various interviews, to which I need not refer except quite briefly, between the Viceroy and myself, between the Viceroy and Mr. Lloyd George and myself, and between the Secretary of State and myself. Throughout the same questions were raised and the same arguments were adduced. We discussed it perfectly courteously and temperately, as I am sure would be expected. We parted good friends, but nevertheless in complete disagreement. There was no room for doubt as to the attitude which we had adopted."

For a Viceroy to take up this attitude after all the pressure that was thus brought to bear upon him by his own predecessor, by Mr. Lloyd George, and by all these men, shows great moral courage and it shows great conviction and I say we are bound to render our thanks to that Viceroy for having taken up that attitude. What I read relates to the Liberal Party and the previous Viceroy.

So far as his own Party was concerned too, Mr. Baldwin, for instance, says:

"I called together the *ex*-Secretaries of State for India from amongst my colleagues, together with Lord Salisbury, and it was at once decided to write to the acting Prime Minister, referring to the terms of the Prime Minister's letter to me of 19th September, and pointing out that in the altered circumstances I and my party could not agree to support the publication of the Note."

[Sir Sankaran Nair.]

His own chief, his own Party, disowned his note, and yet he held on. So far as the Cabinet is concerned, it is just the same thing. Mr. Benn says he had the Conservative Party against him, he had the Liberal Party against him, he had the ex-Secretaries of State against him. Yet they came to the conclusion that this thing was necessary. It is only meet, therefore, in the circumstances of the case that we should render our thanks to him. That is so far as the declaration of Dominion Status is concerned.

Then as to the Joint Conference. That is really long overdue. From 1924 the Legislative Assembly has been asking for it. All India generally has been asking for it. It has become indispensable after the announcement to enable those who have stood aloof to prove their claim. There can be little doubt that the Joint Conference must affect the prestige and influence of the Simon Commission and the Central Committee's report. We know that through the country everywhere, when you ask the question " Have you read the report ? " they say : " What does your report matter now ? What does it matter what you have said : what does it matter what the Simon Commission report says ? We are going to deal with the whole matter in Joint Conference ourselves. " That is the impression throughout the country now, that, so far as the Simon report and the Central Committee's report is concerned, they may be laid aside. It has affected the prestige and influence of our Committee and the Simon Commission. And as the official chief of the Central Committee I had a momentary hesitation whether I should welcome the appointment of the Joint Conference, which puts us in the background. But on considering that there was a strong national demand for it and the reasons for the appointment, of course I do heartily welcome it. And now, what is that Conference for ? As His Excellency stated before the Legislative Assembly— Indian politicians will be

> " free to advocate any proposals for the realisation of Great Britain's professed policy that they may desire to advance. They will do this, if I may repeat the words of my announcement—' in the light of all the material then available.'.. the definition is purposely drawn wide enough to ensure to the Conference every latitude and assistance in the responsible task upon which it will be engaged. It is surely no small thing that the claim of India to take a constructive part, without restriction and without prejudice, in the evolution of the new constitution, should have been thus recognised by those on whom the final constitutional obligation must rest. The action of His Majesty's Government may indeed fairly be said to have created a new situation."

Now, it shows very great moral courage to throw overboard practically this Commission and this Committee—Committees which have been appointed by his own Party and by his own chiefs—or rather to relegate them to a subordinate position. I submit, therefore, that he deserves very great thanks for it. It was what the country demanded and it was what we wanted.

12 NOON.

The next thing for which we have to thank him is the fact that the measure which they propose to bring forward before Parliament is a measure for which they seek general agreement ; that is to say, if India is opposed to any scheme which they might put forward, if India as a whole will not have the scheme which alone Government is prepared to grant to us, it is very doubtful whether they will put forward any such scheme. At any rate, they will really seek by means of this Joint Conference a general agreement.

Now, Sir, it is essential that at this particular time we should pass this Resolution. I could only word the Resolution in the form in which I have worded it as a recommendation. We do not know what the future may bring.

The horizon is rather menacing, but we can be assured now that whether the weather be fair or foul, the destinies of India during the coming months are in the hands of statesmen who are in full sympathy with our demand for Dominion Status and the passing of this Resolution then will be our message so far as we can do it—a message by the Council of State to the people of India that they may be assured that so far as our claim for Dominion Status is concerned, whatever the Government of India might be forced to do, whatever the officials might be compelled to do, they are in full sympathy with this demand and so far as they are concerned, on their part, as well as that of Mr. Benn, there will be no weakening of any attempt to solve the constitutional problem.

Sir, I move.

THE HONOURABLE MR. NARAYAN PRASAD ASTHANA (United Provinces Northern : Non-Muhammadan) : Sir, I rise to move the amendment that stands in my name, namely :

" That all the words and figures after the word and figures 'October, 1929' be omitted and the following be substituted therefor, namely :

' and it further recommends that he be pleased to represent to His Majesty's Govern' ment that Indian public opinion will only be satisfied if Dominion Status is granted forthwith with proper safeguards and that at the proposed Round Table Conference the representatives of different parties and interests in British India as well as representatives of Indian States are invited to discuss the necessary safeguards during the period of transition and to evolve a scheme for Dominion Government in India '."

Sir, in moving this amendment my purpose is two-fold. The first is to bring out the essential points of the announcement for which we are so grateful and which has been acclaimed throughout the length and breadth of the country, and secondly, to focus the opinion of this House upon the *modus operandi* of the Round Table Conference and the objects for which it is being summoned. If anything, the speech of my esteemed friend the Honourable Sir Sankaran Nair has made it clear that the amendment is only a corollary to the Resolution which has been proposed. It was because I thought the words after " October, 1929 " were merely surplusage and only reiterated what the announcement contains and that the Resolution does not express the considered opinion and advice of this Council that I have brought forward this amendment. One thing which has been made clear by the speech of the Honourable Mover is this, that in doing everything, the words " too late " are written upon the policy of the British Government so far as it relates to India. The Honourable Mover has said that this announcement could have been made in November, 1927, and then the co-operation with the Simon Commission might have been much better. He has also drawn the attention of this House to the fact that if this announcement of a Round Table Conference had been made in 1924 when the Legislative Assembly passed the Resolution, the affairs of India would have taken a different turn. The announcement of Dominion Status and the announcement of the Round Table Conference have come too late. People have become discontented. They have attributed motives to the British Government. They have said that the British Government does not mean to do what they profess to say. It is for this reason that I have tabled this amendment so that I may draw the attention of the Honourable Members of this Council as well as of the British Government to the fact that even in legislating for Dominion Status they might not be too late. Sir, I have used the word " forthwith " and I have used it intentionally. It need not scare those who are slow in their movements and who think that things will come when India is fit for Dominion Status. Sir, this brings me to the question of the

[Mr. Narayan Prasad Asthana.]

fitness of the country for Dominion Status at once. Owing to the growth of political education and political sense in India I think the time has come when India should be granted full Dominion Status with such safeguards as might operate during the period of transition. His Excellency the Viceroy, when addressing the Assembly, said :

"The demand for Dominion Status that is now made on behalf of India is based upon the general claim to be free from that control, more especially in those fields that are regarded as of predominantly domestic interest. And here, as is generally recognized, there are real difficulties internal to India and peculiar to her circumstances and world position that have to be faced and in regard to which there may be sharp variation of opinion both in India and in Great Britain. The existence of these difficulties cannot be seriously disputed and the whole object of the Conference now proposed is to afford opportunity to His Majesty's Government of examining in free consultation with Indian leaders how they may best, most rapidly and most surely be surmounted."

Sir, I place special emphasis on the words " most rapidly ". I say that what His Excellency means by them is that the Round Table Conference will meet and will formulate proposals for Dominion Status to be granted to India within the shortest possible time. Now if you are going to give a thing, give it with a good grace. Do not stretch out your hand and then withdraw it, or keep it stretched out without paying. If the goal is there it should not be kept there to tantalise us : it should not be something in the air out of our reach. It must be within our reach at least and the country must be told when the goal is to be reached. Therefore the word " forthwith " which I have used means that the legislation in this connection should confer Dominion Status upon India, and during the period of transition there may be certain safeguards provided. We know, and I admit, that there are difficulties, which have been hinted at by His Excellency. I admit that there are communal differences, and the question of minorities and the depressed classes is to be solved ; but these would be covered by the safeguards to which I refer. The safeguards might also relate to foreign relations and the Indian States, as well as to the services which have vested interests and the commercial and other interests which have to be duly considered. These safeguards would operate only during the period of transition and there ought to be automatic provision in the Statute so that the safeguards may disappear in course of time or be substituted by fresh Indian legislation, and it should not be necessary to go to Parliament again for the removal of these safeguards. Sir, the communal question has been made an excuse for not granting Dominion Status at present. But I submit that if Dominion Status is granted or legislation pending that grant proceeds, the communal trouble will come to an end and all the parties concerned will come to an amicable settlement and settle down at home. I am very glad that the minority communities have now called a conference and their mutual discussions should rub off the angularities and they should come to a satisfactory solution very shortly. I welcome this opportunity and hope that the minority communities will not be unreasonable in expecting that the majority community should be treated as a minority community. Sir, the discontent in India is due mainly to economic difficulties. There is large unemployment amongst the middle classes, and what India wants is freedom from economic bondage. That cannot be attained till we have attained full Dominion Status as we interpret it. I have therefore submitted this amendment in the hope that the Council will take into consideration what is the immediate demand of the Indian public and how it can be satisfied ; for if Indian public opinion is not satisfied, we have a foretaste of their discontent in the shape of the Independence Movement and the preaching of Communistic

doctrines. Communism is a seed which cannot germinate in India. It cannot find congenial soil. The traditions of thousands of years cannot be swept away in a short time, and the landed interests and the aristocracy of India cannot disappear in a few years. Therefore Communism and the Independence Movement have to be somehow met; they are only the repercussions of that discontent to which I have referred. My submission is that if the British people would take their courage in both hands and generously give Dominion Status to India, this element in the body politic would disappear of itself. Sir, I think the British people, who love freedom and who are a free people themselves, will not grudge freedom to a nation which has been bound to them by Providential bonds. I think it is very necessary for the success of the Round Table Conference that an atmosphere of goodwill and peace should be promoted in the country. That can only be done by an expression of the British peoples' desire that they are willing to give Dominion Status in as short a time as possible to this country, with, as I have said already, the necessary safeguards. Sir, Indians cherish their old traditions and are not unmindful of the numerous benefits that they have derived from British rule. You can if you like reconquer India by love but not by hatred. I repeat that the heart of India is sound and there is still time to win it. I move the amendment.

THE HONOURABLE THE PRESIDENT: I take it that in the Honourable Member's amendment the word "are" which occurs in the phrase "the representatives of different parties and interests in British India as well as representatives of Indian States *are* invited....." should be "be".

THE HONOURABLE MR. NARAYAN PRASAD ASTHANA: Yes, Sir.

THE HONOURABLE THE PRESIDENT: Amendment moved:

"That all the words and figures after the word and figures 'October, 1929' be omitted and the following be substituted therefor, namely:

'and it further recommends that he be pleased to represent to His Majesty's Government that Indian public opinion will only be satisfied if Dominion Status is granted forthwith with proper safeguards; and that at the proposed Round Table Conference the representatives of different parties and interests in British India as well as representatives of Indian States be invited to discuss the necessary safeguards during the period of transition and to evolve a scheme for Dominion Government in India'."

I propose to confine the debate to this amendment until the Council has arrived at a decision on the amendment; that is to say, the subject of the debate which will now follow will be the demand for Dominion Status forthwith with proper safeguards to be devised by the Round Table Conference.

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH (Leader of the House): Sir, I have no intention at this stage of analysing the Honourable Member's speech or of trying to meet any of the arguments which he might have advanced in support of his amendment. In a word, I do not intend to discuss the amendment on its merits. I take it that he is as anxious as we are that we must have as far as possible a harmonious decision on the Resolution which has now been brought before the House, thanks indeed to my Honourable friend Sir Sankaran Nair. If I am right in my assumption, I will venture only to utter one word of advice to my Honourable friend Mr. Narayan Prasad Asthana. It is that he forbear pressing his amendment. The suggestion that Dominion Status be granted forthwith with proper safeguards is—he will excuse me if I say so—one for consideration by the Conference. The statement of His Excellency the Viceroy, to which I am glad he has himself

[Khan Bahadur Sir Muhammad Habibullah.]

made reference in the course of his remarks, is sun-clear as regards the scope and purpose of the Conference. My Honourable friend must, I am sure, know that those who think with him will have full opportunity at the Conference to present and press with all the arguments at their command the view that he now puts forward. To-day our clear duty, if I may venture to say so, is to support the Resolution and not attempt to make amendments or additions to it, for I repeat that questions of the nature that have been raised by the Honourable Member in his amendment and other questions of more or less similar nature which may be germane to the whole discussion before the Conference should be left for discussion and settlement by the Conference. Our attempt now will be, I take it, in the words of the Resolution, to endorse the action taken by His Majesty's Government in formulating that announcement and expressing our whole-hearted co-operation in the efforts that His Majesty's Government are making for the purpose of giving to India that constitution which she deserves. (Applause.)

THE HONOURABLE MR. G. S. KHAPARDE (Berar Representative): Sir, I wish to support the main proposition and oppose the amendment that has been proposed, for this reason that the amendment says Dominion Status should be given forthwith with due safeguards, which really means that it need not be given at once, but by stages. So, after all what the Government propose and what my Honourable friend means by his amendment come to one and the same thing; it is half a dozen and six, it may be six and half a dozen. The proper thing is the main proposition that has been brought forward, and I have a little bit of affection for it, for this reason that this Declaration which Parliament made was preceded by the War Conference here and I believe many of the Honourable Members were present then. Then I put forward a proposition and it was rejected, because it was a Conference not only of British India but also of Indian India and others. But when this Declaration came out, I was immensely delighted to see that parts of my Resolution were reproduced in that announcement as it was made; and since then I feel always a sort of affection for it, and I like to oppose anybody who wants to interfere with it. It is like this. It is like a person travelling in a ship and especially in the Bay of Biscay. The sea is stormy and the ship leans this side and then that side. He always has the idea that he is swinging and going this way and that, but he does not know that, notwithstanding the swinging, the ship is going ahead all the time and he is astounded to reach the destination, because he was always thinking that he was being cradled to sleep in his own bunk; that is not so. Political progress is also similar. You always find that you are leaning this way and that way. At the end of five or ten years you will discover that you have reached the shore. It is not correct for a passenger in a ship to think that because he is swinging this way and that that the ship is at a standstill; it is progressing; and from the date of my Resolution to this date, we have made a great deal of progress. I said nothing because we are progressing—one might say without my help at all. I therefore support the main proposition and not the amendment.

THE HONOURABLE SIR ARTHUR FROOM (Bombay Chamber of Commerce): Sir, on much the same grounds as the Honourable the Leader of the House I oppose this amendment, and I oppose it with very few words, inasmuch as it seems to me that the amendment in itself conveys some sort of mandate to the Round Table Conference as to one or two points which they should discuss at that Conference. It may not be regarded as a direct mandate,

but it certainly takes a very lively form of a strong suggestion. I should prefer that the Round Table Conference should have an entirely free hand. If we accept an amendment like this, implying that an agenda for the Round Table Conference should be drawn up with the suggestions in the amendment on the list of the agenda, what would happen ? We would have other suggestions and we would have an agenda for the Round Table Conference of enormous length and I think that would be most unfortunate. Sir, I oppose the amendment for the reasons I have given and I think it would be much more preferable and it would be much more befitting for the Round Table Conference to have a free hand entirely as to what it should discuss and what it should not discuss. (Applause.)

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : I rise to support the main Resolution so ably moved by my friend the Honourable Sir Sankaran Nair.

THE HONOURABLE THE PRESIDENT : If the Honourable Member has nothing special to say about the amendment, he might reserve his speech until the amendment is disposed of. I said I was confining the debate for the moment to the amendment.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : As far as the amendment is concerned, Sir, I fully agree with the Honourable the Leader of the House in the advice given to the Honourable Mover of the amendment not to press his amendment, and I think he will be well advised to leave the matter of details for the consideration of the Round Table Conference. For that reason, I oppose the amendment.

THE HONOURABLE THE PRESIDENT : The original question was :

" That the following Resolution be adopted :

' This Council recommends to the Governor General in Council : at he be pleased to convey to the Viceroy and His Majesty's Government its thanks for the announcement of 31st October, 1929, that ' the natural issue of India's constitutional progress is the attainment of Dominion Status is implicit in the declaration of August, 1917 ' ; that the goal of British policy is the progressive realisation of responsible government in India as an integral part of the British Empire ; and that before the stage of a Joint Parliamentary Committee is reached His Majesty's Government propose to invite representatives of different parties and interests in British India as well as the representatives of Indian States to a Conference for the purpose of seeking the greatest possible measure of agreement in regard both to British Indian and all-Indian problems, so that it may be possible for them eventually to submit to Parliament such proposals on these grave issues as may command a wide measure of general assent '."

Since which an amendment has been moved :

" That all the words and figures after the word and figures ' October, 1929 ' be omitted and the following be substituted therefor, namely :

' and it further recommends that he be pleased to represent to His Majesty's Government that Indian public opinion will only be satisfied if Dominion Status is granted forthwith with proper safeguards and that at the proposed Round Table Conference the representatives of different parties and interests in British India as well as representatives of Indian States be invited to discuss the necessary safeguards during the period of transition and to evolve a scheme for Dominion Government in India '."

The question I have to put is that that amendment be made.

The motion was negatived.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY (West Bengal: Muhammadan): Sir, I beg to move the amendment which stands in my name and which runs as follows:

"That all the words and figures after the word and figures 'October, 1929' be omitted and the following be substituted therefor, namely:

'and it further recommends that he be pleased to represent to His Majesty's Government that

(*a*) Muslim public opinion will only be satisfied if proper and adequate statutory safeguards for Muslim rights, interests and religion are provided in the future constitution for India,

(*b*) at the forthcoming Round Table Conference

(*i*) such Muslims only should be invited or deemed to be representatives of Muslim India as are truly reflective of Muslim opinion as expressed at the All-India Muslim Conference, held in Delhi in 1928-29 under the presidency of His Highness the Aga Khan, and

(*ii*) Muslims should be given equal representation or equal weight and voice with representatives of other parties and interests adverse to them'."

Sir, the Viceregal announcement of October was welcomed by Muslim leaders of all shades of political opinion as well as by important Muslim political organisations, and we therefore at the outset express our thanks to His Excellency the Viceroy and His Majesty's Government for this historic announcement which has been acclaimed by all thoughtful Indians as a wise and statesmanlike announcement. Now, Sir, as Dominion Status is declared to be the goal of British policy in India and the ideal to be attained, whether in the distant or the near future, the first part of my amendment invites the attention of His Majesty's Government to the paramount necessity of providing adequate and proper statutory safeguards for Muslims as to their rights, interests and religion in the future constitution for India.

Beginning with what is popularly known as the Sarda Act—the Child Marriage Restraint Act of 1929—there have been so many attempts, of late, at interference by legislation with the "Shariat"—and I need hardly tell the House that Muslim law is part and parcel of Muslim religion—that Muslims are filled with apprehension and alarm and they will only be satisfied and their apprehensions allayed if proper and adequate safeguards for their rights, interests and religion are expressly provided in the Statute, preventing the possibility of the Legislature, manufacturing such engines of tyranny and persecution, heresies and innovations as the Sarda Act.

Sir, the House I am sure will concur with me when I say that we Musalmans have got a history of our own and traditions of our own, quite different from those of other communities. It is therefore natural for the Musalmans to claim for themselves special safeguards to protect them from the tyranny of a majority different from them in civilization, culture and their general outlook on life.

Secondly, Sir, if the proposed Round Table Conference be packed predominantly with representatives of a particular school of politics, the Conference is foredoomed to failure and is sure to meet with the most strenuous opposition from Muslim India. For history will repeat itself and as in the Assembly, the tyranny of the majority will emerge triumphant from the Round Table Conference riding roughshod over religion and the political rights of the Muslim minority.

Thirdly, Sir, it is a matter of serious consideration for this House as to whether Muslims should not claim equal representation in the Round Table Conference with non-Muslims and that only through their own chosen and accredited representatives and not through such nominal Muslims as are denounced as political heretics and apostates by Muslim public opinion. Therefore, Sir, it is our duty to point out to His Excellency the Viceroy that Muslim India will welcome only such Muslim representatives as are truly reflective of Muslim opinion as expressed at the All-India Muslim Conference held in Delhi in 1928 and 1929 under the presidency of His Highness the Aga Khan.

With these few words, Sir, I commend my amendment to the acceptance of this House.

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH: Sir, I am sure my Honourable friend, Mr. Suhrawardy, will give me credence if I confess that he has my whole-hearted sympathy in regard to the safeguarding of the interests of the community to which he and I have the honour to belong. But at the same time he will pardon me if I say that his amendment does not stand for the time on a different footing from that which we considered a little while ago and on which the House has reached a decision. I may be permitted to invite my Honourable friend's attention to the fact that, so far as clause (*a*) of his amendment is concerned, that question has already been debated upon on the other amendment and the House has expressed its views. In regard to clause (*b*) I can only assure him that he need have no misgivings or compunctions in this matter, for I take it that he is in touch with the happenings in India in regard to the activities of the Muslim community, and I take it also that he must be aware of the fact that the Muslim Federation presented an address to His Excellency the Viceroy in Bombay the other day where they expressed, I think, more or less similar views to those which my Honourable friend has given expression to this morning, and in regard to which His Excellency the Viceroy made the position sufficiently clear in the course of his speech to the following effect:

"You will not expect me to pronounce any view at this stage on the particular safeguard of your position which you have in mind but as you realise, the Round Table Conference will provide an opportunity for thorough discussion of all difficulties and apprehensions and it will be the earnest hope of His Majesty's Government that, as a result of those deliberations, it may be possible to reach conclusions which will be acceptable to the Muslim community as to all other communities and interests. For that purpose, it is essential that various interests should be represented at the Conference by those in a position to speak with authority on their behalf and who will therefore be best fitted to adjust the claims of the several communities to the achievement of the wider purpose of Indian unity."

After that assurance of His Excellency the Viceroy I need hardly say that it will not be at all desirable for my friend to labour that point any longer on the floor of this House but to accept His Excellency's assurance and be prepared to follow the advice which I gave that he need not press this amendment.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY: I thank the Leader of the House for reminding me of His Excellency's assurance given to Muslims, but I should like that the debate on my amendment should remain part of the debate on the Honourable Sir Sankaran Nair's Resolution.

THE HONOURABLE THE PRESIDENT: The original question was:

"That the following Resolution be adopted:

'This Council recommends to the Governor General in Council that he be pleased to convey to the Viceroy and His Majesty's Government its thanks for the announcement of 31st October, 1929, that 'the natural issue of India's constitutional progress is the attainment of Dominion Status is implicit in the declaration of August, 1917'; that the goal of British policy is the progressive realisation of responsible government in India as an integral part of the British Empire; and that before the stage of a Joint Parliamentary Committee is reached His Majesty's Government propose to invite representatives of different parties and interests in British India as well as the representatives of Indian States to a Conference for the purpose of seeking the greatest possible measure of agreement in regard both to British Indian and all-Indian problems, so that it may be possible for them eventually to submit to Parliament such proposals on these grave issues as may command a wide measure of general assent'."

To which an amendment has been moved:

"To omit all the words and figures after 'October, 1929', and to substitute therefor the following:

'and it further recommends that he be pleased to represent to His Majesty's Government that

(*a*) Muslim public opinion will only be satisfied if proper and adequate statutory safeguards for Muslim rights, interests and religion are provided in the future constitution for India,

(*b*) at the forthcoming Round Table Conference

(*i*) such Muslims only should be invited or deemed to be representatives of Muslim India as are truly reflective of Muslim opinion as expressed at the All-India Muslim Conference, held in Delhi in 1928-29 under the presidency of His Highness the Aga Khan, and

(*ii*) Muslims should be given equal representation or equal weight and voice with representatives of other parties and interests adverse to them'."

The question I have to put is that that amendment be made.

The motion was negatived.

THE HONOURABLE THE PRESIDENT: The Council has now come back to the original Resolution of the Honourable Sir Sankaran Nair.

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH: Sir, I welcome the Resolution on behalf of this side of the House. (Applause.) The announcement to which my Honourable friend refers will rank among the great declarations of history. In the annals of India, it will occupy an unique place for two reasons. It constitutes recognition of India's right to assist His Majesty's Government in determining the system of Government under which she should live hereafter. And for the first time it enunciates a truth which must have become increasingly evident to all of us that no system of Government in India would be complete which failed to provide for co-operation in matters of common interest between the political units known as British India and the entities that are comprehended in the phrase "Indian States". The conception of India underlying His Excellency's announcement is, therefore, an ideal of noble perfection. It envisages an India associated of her own spontaneous will with the British Commonwealth of Nations and united within herself by a new solidarity, born of quickened devotion to a common purpose, and of an assurance of opportunity to all the members of the body politic for harmonious endeavour to pursue its fulfilment.

Our gratitude to His Excellency the Viceroy and to His Majesty's Secretary of State for India, without whose united efforts the approval of His Majesty's Government to the statement of policy, over which we rejoice, could never have been secured, is, therefore, profound.

That we in this House are not isolated in our appreciation of the declaration of October 31, is amply evident. Rarely in recent history has a political pronouncement had such instantaneous and far-reaching effect. Every political party in the country—the subsequent secession of one political organization does not affect my generalization—received it with satisfaction. The Princes of India welcomed it. The unfortunate controversies of the two preceding years were allayed, at least momentarily, with magical effectiveness. Despite the dissent of the Congress to which I have alluded, the first impressions have tended to sink deeper. Rational opinion throughout India, regardless of community or sect, seems conscious of the unfolding of a great opportunity and anxious to use it for the national good.

The baneful will-o'-the-wisp of independence, which a school of politicians are seeking to represent as a beneficent goal, may mislead a few for a while, but cannot secure the support of the great majority of reflective men and women. Its call is a call to suffering for the seeker, with no result but disaster for the community. There is growing realization that independence not only involves strife with those with whom we in India ought to be friends, but economic and social chaos. Our discussions to-day will be a reminder to the country, both of the dangers of the creed of independence and of the fruitful promise of what I have ventured to describe as the great opportunity afforded by the offer of a Conference by His Majesty's Government.

One of the doubtful privileges of office is reticence on the political controversies of the day. I will permit myself a partial breach of that reticence to-day, because of the vital importance of the issues raised by this debate and my approaching emancipation from the restraints of office. Speaking as an Indian, who, before entering the service of the Crown, devoted the greater part of an active life—albeit a life spent in a modest sphere—to public causes and who loves his country with a quiet but intense and steadfast love, I say that it is the duty of every patriotic countryman of mine to work for the success of the Conference which His Majesty's Government have decided to convene.

The goal of Dominion Status is, in a sense, higher than the goal of independence. It will bring India all the freedom that independence can give, with the strength and inspiration and opportunity for service to humanity that association with a group of free nations such as those included in the British Commonwealth of Nations alone can offer. The world to-day is moving in the direction of international co-operation. Isolation is not only undesirable but retrograde and dangerous. It is an ill-wind that seeks to blow India away from the broad, tranquil stream of ordered progress in line with friends with whom Providence seems to have linked her destiny into some backwater of stagnation or bitter internecine strife. Wisdom lies in following those who, like my Honourable friend the Mover of this Resolution, seek to profit by the statesmanship which inspired the pronouncement we are all welcoming to-day, and bring nearer the attainment of Dominion Status. May it be vouchsafed to all my countrymen. (Applause.)

THE HONOURABLE SARDAR CHARANJIT SINGH (Punjab : Nominated Non-Official) : Sir, I rise to second the Resolution which has been so ably moved by my Honourable friend Sir Sankaran Nair. We are grateful to His

[Sardar Charanjit Singh.]

Majesty's Government and to His Excellency the Viceroy for the timely and statesmanlike declaration of the policy of His Majesty's Government. As I have just said, it is a most timely and statesmanlike pronouncement. The cordiality and enthusiasm with which it has been received all over India are a clear indication of India's feelings in this matter. It has re-affirmed the faith in British intentions of even those who at one time appear to have lost it, and in the course of one night it has killed the boycott movement. It has accomplished above all to portray in unmistakeable colours the united wish of the overwhelming majority in India that she believes her future destiny and prosperity lies in her remaining an integral part of the British Empire and that her ambition is no other than to find for herself that status and position which is enjoyed by His Majesty's other Dominions. I have purposely used the word "overwhelming majority". In saying this I do not forget that for the last six weeks one Party has ceased to proclaim it, but it must not be forgotten that until six weeks ago this was the well-considered goal of that Party also. I think I am justified in concluding that the foundations of a policy cherished and nurtured for years are stronger and more lasting than those hastily laid on the shifting sands of unsound and enormous assumptions a short six weeks ago. In the name of the Punjab Chiefs who have the largest stake in the country and whom I have the honour to represent in this House, I heartily welcome the proposal of the Round Table Conference. I hope this Conference will be fully representative of all the varied interests of the country and will be composed of men who will show the "real team spirit". We are about the process of what is called "making history", and I earnestly trust that this Conference will succeed in elucidating and harmonising opinion, because the best security to the constitution is ever found in the united energies of a united people and not by running a dishonourable rivalry in their endeavours to tear their country into tattered fragments. It is only in this way that we can expect to make the people happy, to make the nation great and to find for India a place of equal partnership with the other Dominions of the British Empire.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab: Non-Muhammadan): Sir, I rise to support the Resolution so ably moved by my esteemed friend the Honourable Sir Sankaran Nair. Sir, the all-British composition of the Statutory Commission had given offence to all self-respecting Indians. The interpretation given by the Government of India to the meaning of responsible government was a matter of the greatest disappointment. The question of non-co-operation with the Simon Commission was regrettable. The advocacy of boycott prevented many of the bright luminaries of the political firmament from shedding their lustre on the deliberations of the joint conference. It is a pity that there is some recrudescence of the old spirit even now, though not with the same vigour. His Excellency Lord Irwin in his announcement of the 31st October last, backed as it is by the authority of the British Cabinet, has to a very great extent cleared the political atmosphere in India. We now definitely know that England stands by its word of honour given in August, 1917. We are now assured that responsible government as used in the Government of India Act, 1919, and Dominion Status as applied to the system of Government prevailing in Canada, Australia and South Africa means the same thing. A Round Table Conference has been demanded by the moderate political leaders of India, and it reflects great credit on the statesmanship and wisdom of His Excellency the Viceroy and the Home Government that an announcement inviting a

Round Table Conference has been made where Indians and Britishers can on terms of equality meet, discuss and consider the constitution and scheme of Dominion Status. I hope it will receive a wide response. I have the honour to belong to a province certain sections of the population of which have been unable to receive a proper hearing on the Central Committee. Whilst all important minorities were represented, the Hindu minorities of the Punjab and the North-West Frontier Province had no representative. I hope the interests of this section of the population in the Punjab and the North-West Frontier Province will not be disregarded as far as the composition of the Round Table Conference is concerned. There are certain schools of political thought which are not properly represented in the Central Legislature. So their representatives will have to be selected from outside the Central Legislature. The Home Government and the Government of India will have thus a wide field for selection and I hope therefore that no school of thought will remain unrepresented.

1 P.M.

As to the attitude adopted in December last by the Congress in my city, the name of which I did not like to go down to posterity as associated with the extreme step taken, the less said the better. I am unable to form any reasonable conception of the two diametrically opposed ideas put before the people, "Independence and non-violence". If independence means complete isolation from the Empire and subversion of the present rule, I do not know any instance in the history of the human race in which this has been achieved without recourse to violence. When therefore independence is preached by the advocates of non-violence, independence has been interpreted by some persons as the independence which the Dominions enjoy. But it will be extremely difficult to discriminate between the two kinds of independence, also to prevent its lapse into violent methods for which there may be another confession of a "Himalayan blunder". I am fully confident that it is of the greatest advantage for India to be a member of the British Commonwealth and to be an equal partner with other members in all the advantages that such connection gives. I have not the least hesitation in saying that the complete independence propaganda now launched is fraught with disastrous results to the best interests of India.

With these words, Sir, I strongly support the Resolution of my Honourable friend the Mover.

THE HONOURABLE THE PRESIDENT: The question is:

"That the following Resolution be adopted:

"This Council recommends to the Governor General in Council that he be pleased to convey to the Viceroy and His Majesty's Government its thanks for the announcement of 31st October, 1929, that 'the natural issue of India's constitutional progress is the attainment of Dominion Status is implicit in the declaration of August, 1917'; that the goal of British policy is the progressive realisation of responsible government in India as an integral part of the British Empire; and that before the stage of a Joint Parliamentary Committee is reached His Majesty's Government propose to invite representatives of different parties and interests in British India as well as the representatives of Indian States to a Conference for the purpose of seeking the greatest possible measure of agreement in regard both to British Indian and all-Indian problems, so that it may be possible for them eventually to submit to Parliament such proposals on these grave issues as may command a wide measure of general assent'."

The motion was adopted.

The Council then adjourned till Eleven of the Clock on Thursday, the 20th February, 1930.

COUNCIL OF STATE.

Thursday, 20th February, 1930.

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. Suresh Chandra Pakrashi (East Bengal : Non-Muhammadan).

MESSAGES FROM HIS EXCELLENCY THE GOVERNOR GENERAL.

THE HONOURABLE THE PRESIDENT : I have Messages for the Council from His Excellency the Viceroy and Governor General.

THE GENERAL BUDGET.

Firstly :

"*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, Edward Frederick Lindley, Baron Irwin, hereby appoint Friday, the 28th February, at 5 p.m., for the presentation to the Council of State and Thursday, the 6th 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.*

(*Sd.*) *IRWIN,*
Viceroy and Governor General."

Secondly :

"*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.*) *IRWIN,*
Viceroy and Governor General."

(The Messages were received by the Council standing.)

GENERAL DISCUSSION OF THE RAILWAY BUDGET.

THE HONOURABLE THE PRESIDENT : The Council will now proceed with the General Discussion of the Budget, Part I.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, it is a matter of gratification to find that the Railway Board after all has agreed to the increase in free allowance o

[Lala Ram Saran Das.]

luggage of second, intermediate and third class passengers. For this our thanks are due to the Railway Board. We are glad to find another point has received the approval of the Railway Board and that is "The Statement" which has been circulated to us regarding the particulars of meetings of Local Advisory Committees held during the half-year ending the 30th September, 1929. In this list, Sir, I find there is a most important column, No. 7 : "If proposal is rejected, the reasons for rejection". I find this column a blank one. I have been, Sir, for a few years now a member of the Local Advisory Committee of the North Western Railway and at those meetings I know from my own personal knowledge that I moved several matters which were rejected and I do not find them on this list at all. I wish to draw the attention of the Honourable the Railway Member to the fact that all the proposals which are rejected by the Chairmen of the various Advisory Committees ought to be brought to the notice of the Railway Member and the Legislature in this useful blue-book. As an illustration, I will draw the attention of the Honourable the Railway Member to pages 104 and 105 of this Statement—where the question of food and water supply for Indian passengers was dealt with. I was the person who raised an objection, rather represented the grievances of the travelling public in the matter that although in the vendors' contracts in existence there was a clear clause of pure ghee being used, artificial ghee was invariably being used and the public were being charged the price for the article prepared from pure ghee. I pressed this point and I said that the travelling public ought not to be allowed to be cheated by these vendors and that the Railway Administration should not be a party to that. I was extremely sorry to find that the attitude of our Chairman, with due deference to him, was not at all satisfactory. He told me that he was not going to enter into a controversial matter and that he was not going ahead of the Imperial or the Provincial Governments in this matter. I said that this question did not concern any policy but it concerned the contracts. The agreements were there and the question was whether the clauses of these agreements were meant to be complied with or to be ignored. And I suggested that, in case the Chairman finds that it is difficult for the vendors to get pure ghee and that artificial ghee has, as a matter of necessity, to be used in the preparation of foodstuffs, it would be much better if in the agreement rates for articles prepared of artificial ghee should be given so that the travelling public may not be allowed to be cheated by these vendors. That point was rather important, and no mention of it has been made in these proceedings. I draw pointed attention to this, Sir, because it is a matter of principle. Agreements are agreements and ought to be complied with. While on this question of Railway Advisory Committees I would suggest to the Honourable the Railway Member the idea of convening an annual conference of these Advisory Committees at a central place to which the Central Advisory Committee should also be invited so that they may discuss matters of common interest and bring their grievances, if they have any, before the Railway Member or the Chief Commissioner of Railways, one of whom should preside at this meeting.

The third thing, Sir, for which our gratitude is due is that we agree in the gifted ability of Mr. Hayman, the Member of the Railway Board. We expect a lot of things from him as one naturally expects from a gifted person. One of the things on which we can easily congratulate him is that through him four Indians have been appointed to the Transportation Power Department and three to the Mechanical Engineering Department. In years past it was a common saying that among educated Indians, suitable mechanical people

could not be found. Where there is a will there is a way. When the Labour Member wanted to do it, there was material available and will always be available. As regards the recruitment to the railway mechanical services is concerned, I would draw the attention of the Honourable the Railway Member again to the point which I have been urging from year to year, and that is, the encouragement of Indian youths in mechanical training. We have several Mechanical Engineering Colleges in India. I requested the Government to guarantee some appointments to some of the successful candidates each year from these colleges, and I repeat this request again. As far as my information goes, the Maclagan Engineering College at Lahore, of which it was said some time back that its education and training were not up to the proper standard has, I believe, of late been brought up to the desired standard. The Punjab Government has invested over a million rupees in its buildings, and now incurs a recurring expenditure of over a lakh of rupees on its maintenance. It qualifies a certain number of pupils every year. Railways being the chief employers in the mechanical line ought to encourage students in their career by finding suitable appointments for those who deserve patronage. I believe, Sir, that when at the end of 1932 the apprentices for the officers' grade who have been now recruited are turned out from the central college, the demand upon other similar institutions will greatly decline. I would suggest in this connection that as far as railway officers for the mechanical services are concerned, they may be trained at the central college and that the subordinate services, the lower subordinate and the upper subordinate services ought to be recruited from other colleges. As far as the Maclagan College is concerned, the North Western Railway sends a few stipendiary apprentices to this college and at the end of their career of theoretical and practical training there is now under the new rules very little room for the employment of all the qualified apprentices. In years past I had been urging the patronage of all such apprentices and it was a pleasure to find that the then Chief Commissioner of Railways, Sir Clement Hindley, gave very sympathetic consideration to it. While on the one hand this patronage was extended to these qualified apprentices, on the other hand, this patronage was withdrawn indirectly by the creation of a cadre and the reduction thereby of the recruitment every year to the number of vacancies. This will greatly hamper the progress of the mechanical training so far given, and I would request the Honourable the Railway Member to see that at least those students who are sent for training to the Maclagan College or other colleges on railway stipends are, on the completion of their training and success in their examination, provided with posts.

Then, I come, Sir, to the many things that we expect in the way of the five principal heads to which the Honourable the Railway Member alluded in his speech the other day in the other place and which is printed at page 7 of his Memorandum. I come to the improvement in the service conditions of the subordinate staff generally and in particular of the lowest paid employees. As regards the hours of work, in connection with the Washington and Geneva Conventions and bringing of their recommendations into practical effect, I hear that the railway authorities will soon announce the manner and the extent to which they can translate those recommendations into practice, and I think Mr. Hayman has prepared a scheme, as he told me the other day, when I inquired of him that this matter was soon to be decided and brought into effect. Another important matter as regards the subordinates was their leave rules, their hours of work and period of rest. These are very important matters and I trust that we shall soon hear what the Railway Board has done in this respect.

[Lala Ram Saran Das.]

I am also glad to find, Sir, that now the recruitment of Indians to the full extent of 75 per cent. of the vacancies is being carried into effect and for this our congratulations are due to the Railway Board and the Labour Member. I am disappointed to find that on the Company-managed Railways Indianization amongst officers and subordinates is not moving at the pace set on the State-managed lines. I would request the Honourable the Commerce Member to urge on these Companies to move with the times and in accordance with the established policy of the Government of India.

As regards improvement of the lot of the lower subordinate staff, we find that at present promotion to the upper subordinate grade is seldom made. As the cost of living has gone up and general prices of labour have also gone up, it is time that the old and experienced lower subordinate staff should be given a better grading if not promotion to the upper subordinate grades. As regards other conveniences, such as residential accommodation for the running staff, I find that in big cities no housing accommodation is provided for the running staff, and these people have to pay high rents as well as meet the higher cost of living in big cities. In this connection I would suggest that until accommodation is provided for them they should be given special allowances for living in big cities in the same way as the Government of India does in the case of its clerks when they go to Simla.

I will now come to the matter of publicity. I find that in the year 1928-29 the expenditure was 11·56 lakhs ; the revised estimate for 1929-30 is 49·80 lakhs while the budget estimate for 1930-31 provides for 15·80 lakhs. Unlike other matters, we do not find the details of this expenditure in the statement of accounts or the Memorandum, and I would request that details should be given in future and the Legislature informed of the result in increased traffic which has resulted from this new Department. From the reports before me I find that the receipts from upper class passengers in the year 1928-29 were Rs. 4,35,61,638 ; the revised figure for 1929-30 is 4,21,00,000 or 15 lakhs less ; and, in 1930-31 the Budget provides for 4·31 lakhs. I am under the impression that this publicity is chiefly meant to invite more upper class traffic, but the figures before us are very disappointing and they show that *primâ facie* there has been no gain to the Railways as a commercial concern from this new Publicity Department. Millions of rupees are being spent on this, while I find that the more easy and popular forms of publicity are not being adopted. Take one example, Sir : the price of time-tables. The time-table is also an instrument of publicity. I find that on the North Western Railway a time-table without a map is being sold for three annas, while on the East Indian and other big railways time-tables with maps are sold for two annas. I brought this matter up in the Advisory Committee because it is not a matter requiring to be debated here, and the reply given to me was that funds did not permit. I was rather astonished. You spend millions of rupees on publicity and you cannot reduce an anna there. I could not understand it. So far as publicity is concerned, I think, Sir, that if more branch booking parcels and goods offices are opened, these conveniences afforded to the travelling public will bring in more traffic than advertisements in foreign countries.

I turn to another point, which is perhaps a small point, and that is that there is no uniformity of rules on all the State Railways in regard to the carriage of passengers, for instance in the matter of the reservation of upper class compartments. I brought that matter to the notice of the Advisory Committee, and I asked, if the East Indian Railway could reserve a compartment at the concession of one berth less than the sleeping berths of the big

compartments, why the North Western Railway could not do the same. If I mistake not, I was told that the North Western Railway does not like to have more upper class traffic as there is not much coaching stock available. But, on the other hand, if this publicity is practically meant to bring in more upper class passengers, that argument becomes inconsistent. I find from the memorandum :

" Our reduced rates for long distance coal have certainly acted as a stimulus to the coal trade, and the lower fares for third class passengers have been accompanied by a growth in traffic."

If more amenities had been given to third class passengers I think the deficit in expansion of traffic would not have taken place. When the railway had the sole monopoly to carry passengers, amenities to third class passengers were not of as great importance as they are now. But now, when there is a competing factor, railways ought to be more generous and more businesslike in giving amenities to third class passengers. We do not find in the statements before us what has been spent upon the raised platforms, what has been spent on waiting sheds, what has been spent upon the various other amenities for third class passengers. I beg to request the Honourable the Railway Member kindly to put in a separate head for such things, which will enable all of us to see how much is being spent in this direction. My own experience shows that as far as raised platforms and waiting sheds for passengers are concerned, the progress is very slow. I wish, Sir, that at all stations where electric current is available, electric fans could be provided in the third class waiting halls. This is a question of policy, and if it is adopted, it will result in more traffic.

I have been pressing, Sir, that on account of the indifference shown by the administration of the Bengal and North Western Railway, the Government of India ought to acquire that railway when its term of contract expires. We expected this year that something definite would be said about that, but I am sorry to say that nothing has been said at all and the people who are unfortunate to live in the areas served by that line are in a very bad plight as regards conveniences, as regards amenities and as regards other matters which concern the public.

Another little point which I want to bring to the notice of the Honourable the Railway Member is that in these days when unemployment is general and when people are running about for employment, the railways have found a new source of income ; they sell application forms, charging one rupee as the price of each form. That brings in thousands of rupees every year. For instance, at Lahore I know that thousands of these poor people hankering after appointments come ; they are charged one rupee each for the form and they spend the railway fare in addition, and after all this find that only a few men out of a couple of thousand are selected for appointments. I think such taxation ought to be stopped. People are now beginning to feel it and they say that it is not right for the Railways to adopt this sort of undesirable practice.

Another small matter to which the attention particularly of the North Western Railway is to be drawn is the matter of licensed coolies and the proportion of Muslims and non-Muslims. It is a small question, but I find, Sir, that it is now becoming a question of great necessity particularly to the ladies travelling with eatables and other sacred things. I brought this matter up in the Advisory Committee, but the answer was that communal considerations did not apply in this matter. I bring it up here again because there is a general cry and Hindu ladies in particular sometimes have to carry their own luggage, not finding a suitable person to carry it.

[Lala Ram Saran Das.]

I am glad to find, Sir, that the reduced rates of coal freight have resulted in better traffic. I have always been advocating that concessions in rates shown in the right direction will always bear good fruit. I would suggest, Sir, that the freight on cement, on stones and on stone *bajri* and shingle and cotton—which the Railway Member says has also resulted in a better return—ought to be reduced. At present there are reduced rates for the carriage of stone metal or *bajri* or shingle for the Government and for local bodies. Those rates are very low, but unfortunately these rates are not available to the ordinary consumer, I mean the public. But I submit, Sir, that these reduced rates ought to be made general and not confined only to local bodies and Government. Cement is now coming largely into use and the reduction in these articles will certainly bring better returns to the Railways. I hope the Honourable the Commerce Member will give some attention to this important point.

I will not take up the time of the Council further, because the figures are patent to all the Members, but I wish to press a few more points. The first is that the cessation of expansion of traffic is a serious aspect and should be seriously taken into consideration in the manner and in the method which I have suggested. I also find, Sir, that notwithstanding the growth of passenger traffic, the Railways have launched on a new policy of curtailment of trains ; and in particular they are curtailing fast trains. I think this policy is inconsistent with the statement before us when passenger traffic is growing and when the Railway Board want it to grow further ; and also when millions of rupees are being spent on publicity, it does not occur to me why passenger services should be curtailed. For instance, a useful train on the North Western Railway, a through train from Lahore to Howrah *via* Agra, is now being turned into a slow passenger train between Lahore and Delhi. I asked why this was being done and I was told it was due to the railway policy, that they could not afford to run so many fast trains. I think, Sir, that fast service is an attraction to bring more traffic and I cannot understand this policy of the curtailment of these trains in view of the fact that passenger traffic is on the increase ; I hope, Sir, that the Railway Board will certainly move in this matter.

As I do not like to take up the time of the Council any further, I will sit down after making two more remarks. In the Punjab, Sir, there has been a general cry that Indian refreshment cars for upper class passengers are badly required. The matter was fought in the Local Advisory Committee and after a couple of years fight we were informed that one Indian refreshment car was being constructed and I now learn that that car will be put on the service this month or the next. But, Sir, the provision of one car is not of much use, because, unless the passengers are certain that on a certain train they are certain to get a refreshment car, they will not avail themselves of that car. So one more car at least should be provided forthwith. In the estimates before me I find that there is no provision for another Indian car. I think it is a necessity and it ought to be put in there, because unless you have a regular service of these cars on certain trains, the facilities offered to the public thereby will be reduced to nothing. As regards the standardisation of carriages I would say, Sir, that second class coupés were very popular on the North Western Railway and other Railways and they were always being availed of by the public. In the new stock they are being taken out altogether. This, Sir, I think is a retrograde step. I believe there is more second class traffic than first class and the reduction of second class accommodation cannot be understood. One more thing, and that is there is a

rumour that the heavy class of locomotive engines which have been imported for the North Western Railway are found to be unusable owing to track or other requirements not being fulfilled. We should like to know how far this rumour is correct and how many engines of the XC & XG class are not being put into use.

THE HONOURABLE MR. P. C. DESIKA CHARI (Burma : General) : Sir, in the Railway Budget there is nothing to enthuse over. On the other hand, I find it rather depressing. The capital outlay on constructions has had to be curtailed considerably and I believe the financial arrangement under which railway finance has been separated from general finance has not been working satisfactorily. Otherwise, if there had been a proper arrangement, it ought to have been possible for the Railways to borrow money for railway purposes to put through necessary construction programmes. I find that many projects which have been going on and which are likely to result in good profit have been held up. I find it may not be possible for me even to hope in the near future for the Indo-Burma Railway connection which I have been urging on the Railway Board year after year. When other projects are started or put into effect, there is not a chance of even asking for a programme of railway construction for India and Burma in the near future. I hope the Railway Member will give us some information as to when it may be possible to commence this programme of railway construction of connecting Burma and India. I am very sorry that more important projects like the Dacca-Aricha line, for which people have been agitating for the last half a century, had to be given up. I hope the Railway Board has not given it up altogether. There is a very urgent demand and I hope when projects are sanctioned in the next Budget this line will be taken up. And I would also make a suggestion that in that part of Bengal the railway company may run some steamer service to co-operate with existing railway lines ; and in course of time it is bound to be very profitable and it would be a source of very great advantage to the people of the country.

I find in the Budget of the last few years considerable attention has been paid to the cry of the commercial public and freights have been reduced on commercial products and industrial products like coal and petrol. But we do not find any corresponding reduction to help the agriculturists and it is necessary that inter-provincial trade should be facilitated and freights on agricultural produce should be reduced. No doubt it may mean a loss of revenue for some time but railways ought to exist for the greatest good of the greatest number, and agriculture being the mainstay of the population it goes without saying that the first consideration of the State Railways ought to be to encourage and to help as far as possible the largest number of people employed in agriculture.

Then coming to the question of Railway expenditure I would suggest that the extravagant schemes of remodelling, which are costing the Railways tons of money, may very well be spent on more important items of expenditure which will bring in larger revenue. This remodelling of various stations may be postponed for a future occasion and in the meanwhile, when there is a stringency for money, the money spent on remodelling may be better utilised in proper constructions, at least in feeder lines.

Then, coming to the question of labour, I am glad that after the appointment of the Labour Member to the Railway Board, labour conditions have considerably improved though we have strikes on the Great Indian Peninsula

[Mr. P. C. Desika Chari.]

Railway; but I would urge upon the railway administration a more sympathetic outlook towards the constitutional trade unions which are led by men like Joshi. They are quite within the constitutional limits and if greater sympathy, tact and consideration is shown towards these labour movements, as is done in England, I think this broader outlook is bound to result in greater benefit not only to the labourers but to the general public also.

Coming to the services, I find racial discrimination still persists even after the Railways have been taken over by the State. It ought to be a cardinal principle that for the same kind of work turned out by an individual, the rates of pay ought not to be different whether the post is held by a European, by an Anglo-Indian or by an Indian. I think the policy has been to some extent to reduce this racial discrimination, but I think the policy has not been pushed through, and I hope that before long this racial discrimination, which is an eye-sore, will be absolutely done away with in the near future. As regards the services in Burma, the Burma Railways have come under State control only recently and we have been promised by the Railway Member that after the Burma Railways are taken over by the State, Indianisation in Burma would be put through. I find there has not been very much advance and I find also that in the matter of recruitment to the services Indians, domiciled and Burman, are absolutely regarded as foreigners. The Indian domiciled community ought to be regarded as part of the Burman community and they ought not to suffer in the matter of recruitment. I find in the provincial service they are nowhere because they are treated as Indians for purposes of recruitment and in India they are nowhere because their home is in Burma. I hope the Railway Board will seriously take this into account and see that the domiciled Indian community in Burma does not suffer in the matter of recruitment to the services. As regards the lower subordinate staff, we have got a railway school in Insein. A lot of people are turned out there—Indians and Burmans—but only the Anglo-Indians are taken and trained as apprentices later on, and the Indians and Burmans, who are trained there, are merely used as superior coolies, like fitters, and no encouragement is given to them. I hope that the railway administration here would urge upon the Burma Railways to give facilities of employment to Indians and Burmans who are trained in the Insein School. Now, as it is, they are trained and they are only taken as skilled labourers, as fitters and for inferior menial work.

As regards the reduction of fares, the third class passengers who contribute the largest share of the revenue do not get any material advantage from the reduction of fares. The figures show that these third class passengers mostly travel under 50 miles, and unless the fares are reduced for distances under 50 miles the vast majority of the population will not get any benefit. My Honourable friend Rai Bahadur Lala Ram Saran Das has been alluding to various amenities which ought to be provided. I put forward this plea for reduction of fares and for providing greater amenities for third class passengers as a business proposition. Motor cars are competing now everywhere and unless the amenities are increased and unless the fares are reduced, the traffic is bound to go down and the railway profits are bound to go down too. If the fares are reduced, I dare say there will be a large increase in the traffic and Railways would become a better State property in the hands of the railway administration.

I find that in the matter of general management the public are not properly consulted in larger matters. For instance, the Central Committee as well as the Committees in the various provinces are doing little or no work

and if at all they do any work, it is of a routine character. I believe it will be a source of very great advantage both to the administration and to the public if a Central Committee consisting of Members of the Central Legislature and some representatives from the Provincial Legislatures and from the various important commercial bodies were formed. If such a committee is formed and if it is consulted on matters of policy and on important administrative matters, then the Railway Board is likely to command universal respect. Till this is done, the Railway Board, whatever it may do, will be regarded as an Imperial autocratic body. I hope that this suggestion of mine will be seriously considered and that the Railway Board will take into its confidence the representatives of the people in the matter of railway policy also.

THE HONOURABLE SIR JAHANGIR COOVERJEE COYAJEE (Bengal: Nominated Official): Sir, the progress achieved by the Indian railway system during the past quinquennium is a very apt illustration of the well-known economic dictum that Railways are an industry of increasing returns. Whether we look at the financial statistics or at the operating statistics we find that the year 1927-28 was the acme of a great crescendo and progressive movement. On the one hand, the net return to capital at charge, the net gain and the amount carried to Railway Reserves continued to grow apace. At the same time, we have the growth of economies and any way on that side, there has been a continuity of progress ever since 1927-28. Attempting now to analyse the causes of the more recent slackening of railway earnings, there are indications that the main cause of this phenomenon is not to be sought for in the internal economic circumstances of the country but in a great measure in the world conditions of the day. In this connection, several of the Railway statistics of last year are of a significant and reassuring character. Thus, we find even an increase in the number both of passenger miles and tons originating. In fact, Sir, it is a case of a mere temporary retardation of the growth of traffic and not a symptom of any serious decline.

For this reduction of earnings in 1929-30 there have been several causes. The most important cause has already been emphasised by the Honourable the Chief Commissioner of Railways when he drew attention to the trade depression caused by the gradual fall of prices. But it might be added that the effects of that trade depression have been largely aggravated during the last year by financial and other economic troubles abroad—troubles which originated in America but which have spread gradually over the whole world and in many countries they have led to important recessions and diminution of production. The effects of this decline of production abroad upon the Indian railway system cannot be exaggerated. The reaction of such world-wide conditions on the Indian economic system is usually very quick and decisive. As yet, Sir, there is a difference of opinion among the economic authorities of the day whether this reduction of production in a mere short period phenomenon or is to continue for a long period. An additional factor in the situation has also been suggested. The response to railway improvements and to reductions of freight is always slow, as railway statisticians have shown. But in an eminently conservative country like India, the slowness of the response is apt to be exaggerated, and this is a sort of proof that improvements and reductions of rates should only be carried on continuously by tentative experiments as in the past.

Sir, countries which are more generously and fortunately endowed with capital resources would find little cause in our present state of railway revenues and returns to lead them to introduce any limitation of capital expenditure on Railways. To them the return

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[Sir Jahangir Cooverjee Coyajee.]

of, say, 5½ per cent. per annum on the total capital, the maintenance of a reserve fund at about 18 crores, the payment of a steady contribution to the general revenues, the growing depreciation fund, besides the expansion of railway facilities might even seem to be arguments rather for keeping up the capital expenditure. But in the case of a country with more slender capital resources like India there are other considerations which have to be taken into account; and a compromise has to be made between the claims to capital on behalf of Railways and on the part of other industries. In fact, there is, as one would say, an optimum amount of capital expenditure at any particular time to be undertaken on the Railways according to conditions prevailing. As regards the principle which has been adopted in the matter of limitation of expenditure few would find any sort of complaint about it. That principle might be described as that of the concentration of available resources upon projects in hand which will produce early returns, both to the Railways and to the public. In all business, whether public or private, the effect of a rise of the general rate of interest is always to enforce the adoption of such a policy.

Looking, Sir, to the great and growing importance of labour problems in the economic sphere, we must welcome, both in the interests of the Railways and of their employees, the steps taken for the improvement in the service conditions of the staff generally and, in particular, of the lowest paid employees. The importance of a contented and efficient establishment for our Railways cannot be exaggerated; and in the speech of the Honourable the Chief Commissioner of Railways an equal emphasis has been very properly placed upon efficiency and upon contentment. In this matter, as well as in the matter of additions to the staff necessitated by the shorter hours of work, we are only following in the footsteps and going according to the precedents recently set by the more advanced countries. Problems relating to labour are in those countries forming a more and more important part of the sphere of railway administration, and each large railway centre has a special and highly placed official responsible for all staff and labour questions. It is, if I might say so, very satisfactory to find that in all these matters our railway administration has been coming into line with the administrative developments in the most progressive countries.

THE HONOURABLE SIR ARTHUR FROOM (Bombay Chamber of Commerce): Sir, if we find the Railway Budget this year a dull one, and if we find the speeches of the Honourable Member and of the Chief Commissioner somewhat lacking in exhilaration, I do not think that we can justly blame either the Honourable Member for Railways or the Chief Commissioner or even the Railway Board which is often greatly criticised. And if, Sir, the debate in this Council on the Railway Budget this year falls rather flat, I do not think we should ascribe that altogether to the absence of a considerable number of our Members who have not attended this Session and who when they have been here have generally livened up our proceedings, but rather the whole atmosphere of dullness surrounding the Railway Budget should be attributed to the world-wide depression of trade, a depression in which India has had her share. Indeed I think that India has had and is having more than her full share of this world-wide trade depression, and why? Political unrest in this country and various political speeches throughout this country have brought about a feeling of insecurity. You have only to study the quotations in the market to see that India's financial credit to-day is not what it has been in recent years. The higher rate of interest she has to pay for her borrowings is

a sure index of the feeling in the world's financial markets of India's credit; and when there is a feeling of uneasiness, when there is a feeling of insecurity, trade suffers at once. When I passed through Bombay a few months ago I had an interesting conversation with some of the leading merchants there, and they told me that no one would operate ahead but only did business for immediate requirements. Well, that is not trade. The stifling of trade throughout the past year is largely responsible for the position of the Railway Budget to-day.

I have heard criticisms in one or two quarters that the Railway Board should be blamed for turning to the Reserve to balance their Budget for the current year. Well, what is a reserve for ? Is a reserve to be piled up just to look at and see how pretty it is ? A reserve surely is to meet a situation like the one we are going through to-day, and that, in the existing circumstances, the railway authorities have only had to turn to the reserve to the extent of, I think, 86 lakhs is a matter for congratulation and not one for despondency. Like the Honourable Member for Railways I find the most interesting part of his speech is that concerned with the service conditions of the lowest paid railway servants. This has already been referred to by the speaker immediately before me and it is a great satisfaction for us to know that the work which Mr. Hayman is doing is sound and that we may hope to see the results very shortly. I have not got any immediate criticism to make in respect of the wages of these lowest paid railway servants and their privileges, but what I should like to point out is that although it may take a long time to consider this vital question, although the work of investigation may be carried on under the highest pressure, in nearly every such inquiry there is always room for hurrying up a little more. I think it is of the greatest importance that when the lower paid railway servants have grievances and when their conditions do want ameliorating and their privileges want considering, all these matters should be settled at the earliest possible moment. It is far better to offer privileges than to wait until they are demanded under the guise of strikes.

Sir, when I read the speech of the Honourable the Railway Member, I telegraphed to my constituency to ask if they had any remarks to make on it. I have received a reply and they have only one question which they would like me to put. They ask me to comment on the absence of any reference in the Railway Budget to the Bombay-Sind connection. My constituency, the Bombay Chamber, goes on to say that they fully realise the financial situation, but they would welcome some assurance that the Government is alive to the importance of this scheme to the Bombay Presidency in view of the approaching completion of the Barrage projects. I hope that the Honourable the Railway Member will be able to give me some information on that point.

I have no further criticisms—I would not describe them as criticisms—I have no further remarks to make on the Railway Budget, Sir, except that I hope that the forecast for 1930-31 will be realised. It certainly is a matter for regret that the capital expenditure has had to be curtailed. I think it was a wise action to take, although it is a matter for regret. At the same time working expenditure should be looked into closer and closer. When you are working a big concern like Railways during years of depression, the closest examination into current expenditure becomes of even greater importance than it is in more prosperous years.

*THE HONOURABLE MR. NARAYAN PRASAD ASTHANA (United Provinces Northern : Non-Muhammadan) : Sir, I congratulate the Honourable Mr. Russell on his maiden speech which has placed the railway case before us

* Speech not corrected by the Honourable Member.

[Mr. Narayan Prasad Asthana.]

in such a lucid manner. He comes to this Council with a reputation for technical knowledge, but I hope that he will justify his membership to this Council by a broad-minded sympathy, sympathy for the depressed third class passengers and sympathy at least for Indian aspirations. No doubt the present Budget has a depressing effect and it is a hard lot to begin with a Budget like this at the very outset of one's career as Chief Commissioner of Railways ; but I hope that good luck will favour him in future years.

As has already been remarked by the Honourable Sir Jahangir Coyajee and also by the Honourable Sir Arthur Froom, the deficit in the Railway Budget is due more to world causes than to any inherent defect in the railway administration. But the very fact that the world causes are beyond our control necessitates a very minute watching and it throws a grave responsibility upon the railway administrations to watch their current expenditure. We had to draw about Rs. 86 lakhs from our reserves and the Honourable Sir Arthur Froom says that reserves exist for this purpose. The fact is that we have a top-heavy administration in the Railways and the expenditure has not been scrutinised in the same cautious manner as in the other Departments of the Government and therefore we have had to fall back upon our reserves for the purpose of meeting the Budget. I hope that in future years the Finance Department will keep a watchful eye upon the expenditure of the Railways and that the Railway Board will help the Finance Department in discharging this onerous duty. I am glad to find therefore that it is now proposed that the railway expenditure will be scrutinised twice a year and that due watchfulness will be kept by the Finance Department upon the growing expenditure.

As to the Indianisation of the services, my friend the Honourable Mr. Desika Chari has already referred to it ; but I have only to submit that Indianisation of the services is not proceeding with the same speed as we desire, especially in the higher ranks of the railway administration. There is no doubt that technical skill or technical qualifications are required for those higher services, but if proper facilities for education and for acquiring technical knowledge are afforded to Indians, there will not be a dearth among Indian young men to come forward and take up those duties. My Honourable friend, Lala Ram Saran Das, has put forward his proposals regarding expenditure in the Publicity Department, and I have nothing more to say upon that subject. But I have to bring forward one complaint in regard to my part of the province and it is against the Bengal and North Western Railway and its working. I hope that when the time comes for the expiry of the contract of the Bengal and North Western Railway, the Government will not be pleased to renew it but will take the line under its direct management.

As Vice-Chancellor of a University which extends from Gorakhpur to Jodhpur and from Meerut to Indore, I have to make just one request and that is that students should be given some concession on railways while travelling for their examinations and also while on inspection tours for purposes of education. As to the arrangement of the various time-tables, I have to make one complaint so far as such an important town as Allahabad is concerned. We have been representing time and again that there are no trains from Allahabad in the afternoon towards Lucknow, Shahjahanpur, Bareilly and that side, and the representations have not been heeded up to this time. Allahabad is the centre of all the litigants coming from that side and it is rather troublesome for those people not to have any evening trains to travel back by.

In conclusion, I hope that in future years the Chief Commissioner of Railways will find that his task is made easy by prosperity in trade and by having a surplus Budget next year.

THE HONOURABLE SIR GEORGE RAINY (Commerce and Railway Member): Mr. President, during the course of the discussion I caught the word "depressing" from time to time, but I was glad to hear from Sir Arthur Froom, although the word seemed to slip into his mouth also, that on the whole he was of opinion that the Council ought not to be depressed. Now, that is, I think, a reasonable conclusion to draw from the facts of the case. We cannot expect that every year should be a bumper year when we can reduce rates and fares. You cannot expect that trade will always be booming. From time to time bad periods come when trade is slack and goods move slowly and traffic falls off. It was precisely for that reason that the Reserve Fund was created so that the Railways might have no difficulty in meeting their obligations, and particularly their contribution to general revenues, during these worse years. The fact that we have had to draw on our reserve is not really a cause for despondency at all. If we never had to draw on our reserve, people might very naturally put the question whether there was any need for a reserve at all. I will not enlarge further on that subject because really all that was in my mind has been said already, and better said than I could put it, by Sir Jahangir Coyajee and Sir Arthur Froom.

Perhaps I might turn now to what was said by the first speaker, my Honourable friend Lala Ram Saran Das. I am glad to hear that he is pleased by the concessions we have made in the matter of the free allowance of luggage for the lower class passengers and by our new publication containing a statement of the work done by the Local Advisory Committees. He gave us several instances in which he had not found the administration of the Railways quite so amenable to the Local Advisory Committees and to his own exertions as he should have liked to see them. Some of his points struck me as rather small. It would be difficult, I think, to decide at headquarters at Delhi what is the price at which each Railway in India should sell its time-table. That is a matter which must be left to local discretion. On the other hand, there were one or two matters mentioned which seemed to me of some importance. For instance, he referred to the curtailment of train services on the North Western Railway, and gave an instance of a particular train which had been discontinued. That raises a question which may often be reviewed with advantage from headquarters. What we have been trying to do on many of the railway systems in India is to ascertain by periodical censuses on what trains overcrowding is apt to take place, and where it is found that there is overcrowding, the number of trains is increased. On the other hand, it is quite possible that a railway administration, after ascertaining the number of passengers who usually travel by a particular train, may find that their services are more than adequate and that some of their trains are running half empty. In such cases it may be necessary to withdraw trains. But I agree with what the Honourable Member said, that it is the fast train that very often draws traffic, and where the curtailment takes the form of the substitution of a slower train for a faster train that seems to me a matter that we might look into.

As regards another matter to which he referred, namely, the question of Indian refreshment cars, I do not know what the precise circumstances are on the North Western Railway, but one of the reasons why very rapid progress is not made in this matter is that, where these cars are put on, they are sometimes used only to a very small extent. My Honourable friend the Chief Commissioner

[Sir George Rainy.]

has told me that on the railway of which he was formerly in charge, it was found that, in the case of the Indian refreshment car which they were running, when they counted up the number of meals served at the end of the year it came to an average of one a day. Clearly that meant that there was no public need to be served if the number of meals was so small.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: That is not the case on the North Western Railway. On the other hand there is an ample demand for it.

THE HONOURABLE SIR GEORGE RAINY: In that case I have very little doubt that the railway administration will see the advisability of meeting that demand. I know that in this matter conditions vary in different parts of India. In some parts of India there is a demand, but in others that demand does not exist.

I do not think it is possible for me to refer to all the points taken by my Honourable friend. I was a little surprised to find that the question of artificial ghee was brought up. That does not seem to me a matter primarily for the railways but rather for local bodies and the Local Government. I understand that a Pure Food Act has recently been passed by the Local Government, and of course it will be incumbent on railways to see that the law is observed so far as vendors on the railways are concerned. But I honestly do not see that this is the special business of the railways, or that they can go out of their way to deal with a subject of that kind.

Another matter to which my Honourable friend referred was the encouragement of mechanical training on the railways. We have a scheme as part of the Indianisation scheme for the superior services, by which we take 12 apprentices every year to be trained for future employment in the Transportation (Power) and Mechanical Engineering branches. The first batch of apprentices will be ripe for employment about the year 1932. And from that time onwards that is the source from which we shall mainly draw our Indian recruits for these services. In this connection my Honourable friend brought up the question of the recognition of the Maclagan Engineering College for the purposes of recruitment to the railway services. That is a matter which was specially brought to my notice by Mr. Jogendra Singh, the Minister for Agriculture in the Punjab, at Simla and was very fully discussed. I found there were certain difficulties which seemed to me could be got over and certain inquiries are now proceeding. I regret that I cannot give fuller information to my Honourable friend but the facts are not clearly in my mind. Naturally, of course, I did not know beforehand that this question was likely to be raised.

Another matter mentioned was the desirability of giving fuller details of publicity expenditure, and information as to the extent to which it is believed that such expenditure has been fruitful in increasing traffic. I think this is an important point, because, as it is always unwise to keep a cat which catches no mice, a publicity department which did not attract any passengers would be an expensive luxury. I hope that the Railway Publicity Department is not a cat of that kind. But I would like to point out that it is sometimes difficult to be sure over a short period what precisely the results of an advertising campaign are. It is only over a fairly long period that we can be certain whether the money spent on advertisement is money well spent. But I think this might be said that the experience of railway administrations everywhere has shown in recent years that publicity is a very important means of attracting

passengers, and the railway administrations of all the countries in the world are spending a good deal of money for purposes of that kind. I should be quite prepared to look into it and see how far we can ascertain the results of the publicity campaign on the part of the Indian railways, but I am not at all sure that we shall be able to get precise facts and figures which could be confidently put forward.

I should like to turn now to what was said by my Honourable friend Mr. Chari. His particular cause for finding the Budget depressing was that he saw the Indo-Burma connection fading away into the distance and he felt that it was a cause for despondency. There can be no doubt at all that a number of important construction projects have had to be postponed, but I should like to point out to him that, so far as the connection which I think he favours, that is, the line through Manipur, is concerned, he had not succeeded before the cutting down of the programme in convincing the Government of India that this was a line that they could possibly afford to construct in any period with which we are immediately concerned, and therefore I do not know that in respect of that particular line the cutting down of the programme has made any particular difference.

He mentioned another matter which I am glad to have an opportunity of saying something about. He said he welcomed the reduction made in previous years in the rates on petrol, kerosene, coal and so on, but he expressed regret that we have not been able to take similar action in the case of agricultural produce. The view he urged upon us was that the railways ought to strive after the greatest good of the greatest number and the greatest number in India was clearly the agriculturist. Now, there is a particular point about a lower rate for coal which is of great importance to the railways. Cheap coal means more industries, more industries mean more traffic, so that a lower rate for coal not only means that you carry more coal but also that you carry a great many other things as well. This is a point the railways have always kept in view. In the case of agriculture, there is a particular commodity which is in very much the same position, namely, manure. If you reduce your rates for manure as low as you can, then it means that not only do you get larger traffic in manure but you get also larger traffic in agricultural produce, and we have already, last year, I think it was, or the year before, made a substantial reduction in railway rates on manure. For the rest, we should all be glad if it were possible to reduce the rates at which we carry agricultural produce. But the financial position at the moment is difficult. If we did make a substantial reduction, it would be a considerable time before the increase in traffic put us back in the same financial position as we were in before, and the inevitable result is that either we should have to raise the rates on other commodities or the general revenues would have to subsidise the railways. In the latter event we must remember that the general tax-payer in India is the cultivator again, and what he may gain through the reduction in railway rates, he will lose through the additional taxation he has to pay. I mention this because it is not quite so simple as it looks to make substantial reductions in rates and fares even though they are reductions which one would welcome.

I have noted what he said about the position of Indians on the Burma railways. It is not a matter, I think, to which my attention has been specially called before, and I will certainly look into the matter and see what information we have on the subject.

Then, my Honourable friend Sir Arthur Froom mentioned that his constituents would like to have information about the Bombay-Sind connection. It was not mentioned in the Budget speech for this reason. I did mention

[Sir George Rainy.]

two lines we should like to have seen commenced in the coming year, but were unable to commence. I did not include the Bombay-Sind connection because I do not believe that, however we might wish to do so, we were in a position to start work next year. I am very doubtful whether we should have included any provision in next year's Budget even if the programme had not been curtailed. But the Government of India and the Railway Board fully recognize the importance of this line, and they have given a great deal of attention to it in recent years. I understand that there is provision in the Budget for making the final survey and the preparation of detailed estimates during the coming year. As soon as we find ourselves in a position to initiate important new construction projects, the Bombay-Sind connection will undoubtedly be one of the first we should consider.

My Honourable friend Mr. Asthana asked that we should consider whether we could not make some concession in passenger fares to students travelling on their way to examinations. That is rather a new idea to me, but there may be precedents. We usually make concessions of that kind on the ground that if we reduce the rates we shall get more passengers. But I am not quite clear whether that would produce this result in this case, whether, that is, there would be a larger entry for examinations if we reduced the fares. However, we will see whether there is anything to be made out of the idea.

Then another matter he mentioned—it was mentioned by other speakers also—was the purchase of the Bengal and North Western Railway. The position about that is that the whole matter is being considered now. It is very difficult and very important, but we do not have to give notice of our intention until the 31st December 1931—I think that is the latest date. I cannot make any statement about it just now, but I should like to point out how difficult under existing financial conditions the operation might be, because the sum involved is something like 12 millions sterling, and when we have had to cut down our whole capital expenditure to 16½ crores this year, 12 millions sterling, which is 16 crores, is a very formidable figure to have to contemplate.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: But it is a paying proposition.

THE HONOURABLE SIR GEORGE RAINY: That is quite true. We bought the Southern Punjab Railway, which is a paying proposition. But then the trouble is that you may not have any money to buy it with. That was the difficulty to which I was referring.

One other point I had meant to mention, raised by the Honourable Lala Ram Saran Das, and that was his point as to the charging of a fee for application forms. I take the fact that people are willing to pay this fee as a very gratifying proof of the popularity of railway service, because unless they were very anxious to enter the service they would not be ready to pay for the application forms. It is a very small point but we will look into what the Honourable Member has said on the subject.

I do not think it will be necessary for me, Mr. President, to speak at greater length to-day. I have listened with great interest to what all the speakers have said, and, if I may say so, I have listened with very particular interest to the lucid and clear exposition of the subject given by my Honourable friend Sir Jahangir Coyajee, because it struck me as the most interesting and valuable speech. But I am grateful to all the speakers and for the suggestions they have made and for the very kind attitude they have taken towards myself and towards the Railway Budget.

STATEMENT OF BUSINESS.

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH (Leader of the House): Sir, with your permission I should like to make a statement regarding the probable course of business for the next week. On Monday, the 24th February, the Council will meet to transact Government business, when motions will be made for the election of a panel in connection with the Central Advisory Council for Railways and for the election of a member to sit on the Governing Body of the Indian Research Fund Association *vice* Dr. Rama Rau who has ceased to be a Member of this Council. The House will then be asked to take into consideration and to pass the following two Bills as passed by the Legislative Assembly, copies of which were laid on the table of the Council on Monday, the 17th February, namely, the Indian Patents and Designs (Amendment) Bill and the Dangerous Drugs Bill.

Motions will also be made to take into consideration and to pass the following three Bills which were introduced on the 17th February, namely,

the Special Marriage (Amendment) Bill,

the Repealing and Amending Bill, and

the Prisons (Amendment) Bill.

Tuesday, the 25th, was allotted for non-official business, but as there is no business, the Council will not sit on that day. Thursday, the 27th, will be devoted to non-official business.

On Friday, the 28th, the Council will meet at 5 P. M., when, as Honourable Members are already aware, the General Budget will be presented.

The Council then adjourned till Eleven of the Clock on Monday, the 24th February, 1930.

COUNCIL OF STATE.

Monday, 24th February, 1930.

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 Sir Thomas Henry Symons, K.B.E., C.S.I., O.B.E., K.H.S. (Director-General, Indian Medical Service).

BILL PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL: Sir, in accordance with rule 25 of the Indian Legislative Rules, I lay on the table copies of a Bill further to amend the Indian Income-tax Act, 1922, for certain purposes, which was passed by the Legislative Assembly at its meeting held on the 20th February, 1930.

MOTION FOR THE ELECTION OF A MEMBER TO THE GOVERNING BODY OF THE INDIAN RESEARCH FUND ASSOCIATION.

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH (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, one Member to sit on the Governing Body of the Indian Research Fund Association in place of Dr. U. Rama Rau who has ceased to be a Member of this Council."

Honourable Members will remember that at the last Session of this House in Simla Government had announced their decision to reorganise the Governing Body of the Indian Research Fund Association to include, among others, one Member from this House. Dr. Rama Rau was accordingly elected to that seat. For certain reasons, of which the House is aware, Dr. Rama Rau has resigned, and it is therefore necessary that his place on the Governing Body of the Indian Research Fund Association should be filled. Hence this motion.

The motion was adopted.

THE HONOURABLE THE PRESIDENT: With reference to this motion which the Council has adopted, I direct that nominations shall be received up to 11 o'clock on the morning of Thursday, the 27th February, and should an election prove necessary it will probably take place that same morning on the conclusion of the business of the Council.

ELECTION OF A PANEL FOR THE CENTRAL ADVISORY COUNCIL FOR RAILWAYS.

THE HONOURABLE MR. J. A. WOODHEAD (Commerce Secretary): Sir, I move:

"That this Council do proceed to elect, in such manner as may be approved by the Honourable the President, a panel consisting of 8 members from which 6 shall be selected to serve on the Central Advisory Council for Railways, as provided for in clause 6 of the Resolution adopted by the Legislative Assembly on the 20th September, 1924, on the subject of the separation of Railway Finance."

The motion was adopted.

THE HONOURABLE THE PRESIDENT: In this case also nominations will be received up till 11 o'clock on the morning of Thursday, the 27th of February, and should an election prove necessary I shall that morning give further direction as to the method of holding the election.

INDIAN PATENTS AND DESIGNS (AMENDMENT) BILL.

THE HONOURABLE MR. J. A. SHILLIDY (Industries and Labour Secretary): Sir, I move that the Bill further to amend the Indian Patents and Designs Act, 1911, for certain purposes, as passed by the Legislative Assembly, be taken into consideration.

Sir, I trust that the sight of this Bill with its 32 clauses will not strike dismay into the hearts of Members of this Council, but I would hasten to assure them that it is not a contentious Bill. It is very largely a matter of drafting amendments, of amendments consequential on amendments of other sections and generally devised for improving the procedure of the Bill to the greater convenience of applicants, patentees and the public generally. I think, Sir, the Council is aware of the history of the law of patents in this country. In 1888 there was a Patents and Designs Act which remained in force until 1911 when the Indian Patents and Designs Act was passed, following very largely the English Act of 1907. In 1919 a further English amending Act was passed and in 1922 the Empire Patents Conference was held. This gave us the opportunity to go over our Act and revise it in its various sections, and the Bill that is now before us is the result of that examination. As I said before, if you compare the Bill with the Act as it stands and then refer to the Statement of Objects and Reasons there will be no difficulty in understanding the Bill.

There are, however, a few points to which I should like to draw the attention of this Council. By section 14 of the Act the life of a patent is 14 years. The Empire Patent Conference of 1922 recommended an extension to 16 years and that extension to 16 years had already been adopted by the English Patent Act of 1919. The great majority of the Colonies and Protectorates have adopted this term of 16 years. Canada has a term of 18 years; Australia and New Zealand have terms of 16. If you look at the practice of other foreign countries, Norway has 17 years and Germany has 18 years. In determining the life of a patent, two considerations have to be borne in mind. One is to give sufficient life to a patent to enable a patentee to get reasonable returns from his patent, for his labour and his researches. On the other hand, a patent

is a monopoly and therefore a tax on the public. You do not wish to extend the life of a patent so much as to make it an unfair tax on the public. It is therefore a matter of balancing up these two considerations and following our own experience—what we have discovered from the working of the Act and what we see is the experience of other countries, the term of 16 years has been adopted in this Bill and accepted by the Legislative Assembly after full consideration by the Select Committee there and I hope that this term will commend itself to this Council as a fair and reasonable settlement.

The other point I would like to draw the attention of this Council to is with reference to the amendment of section 21. Section 21 lays down that a patent binds the Crown but Government Departments may use a patent and they may make their own terms with a patentee. If, however, there is any dispute between the patentee and the Government Department, the dispute is to be settled, on a reference, by the Governor General in Council after hearing both parties concerned. Now, in that provision we followed the English Patent Act of 1907. The English Act of 1919, however, introduced this change that, in the event of any dispute between a Government Department and the patentee, the reference should be to a court. Accordingly in clause 15 we have introduced a provision that, in the event of any such dispute, the reference shall be to a High Court, and the High Court may, if it so wishes, either settle the dispute itself or make a reference to arbitrators. I do not think there has been any complaint in the past that the Governor General in Council has failed to give due regard to the rights of the patentee in matters of dispute between the patentee and the departments under him. But, it will be generally agreed that a reference to some body which is in no way interested in the dispute will probably give greater satisfaction to both parties.

There is only one more point to which I should like to refer and that is that under the Act as it stands there is no definite provision made for the cancellation of patents and designs. Section 64 has been so interpreted or rather been used by certain High Courts for that purpose. I think, however, it will be generally agreed that this rather goes beyond the meaning of section 64 which relates to the rectification of the register only. It is desirable, however, that this point should be cleared up and so a new section, 51A, has been introduced definitely for this purpose, to provide for the cancellation of the registration of a design, and it states definitely the reasons for which cancellation is permitted.

Sir, I have no other points to which I need draw the attention of this Council. As I say, the amended Bill is intended to clear up doubts and to make the working of the Act and of the Patents Office quicker and more expeditious.

Sir, I move.

The motion was adopted.

Clauses 2 to 8 were added to the Bill.

THE HONOURABLE THE PRESIDENT: The question is:

"That clause 9 do stand part of the Bill."

THE HONOURABLE SIR LANCELOT GRAHAM (Secretary, Legislative Department): Sir, I beg to move:

"That in sub-clause (*b*) of clause 9 in proposed sub-section (1A), for the word 'January' the word 'July' be substituted."

[Sir Lancelot Graham.]

This, Sir, refers to a transitory provision which is being inserted in section 14 of the Act. In the Bill as introduced it was provided that the Act should come into operation from the 1st of January 1930. In the Bill as reported by the Select Committee, that date was altered from the 1st of January 1930 to the 1st of July 1930. This amendment, which I now propose, Sir, is really consequential on the amendment reported by the Select Committee and accepted in another place. Sir, I move. But before, Sir, I move, I might be allowed to draw the notice of Members to the provisions of the new sub-section (1B) which is being inserted in the same section and to explain that it is not necessary to make a corresponding amendment in that sub-section because that sub-section merely provides a date of notice. All persons concerned in contracts relating to patents have had that notice before them for at least a year and consequently there is no need to extend that period of notice.

Sir, I move.

The motion was adopted.

Clause 9, as amended, was added to the Bill.

Clauses 10 to 28 were added to the Bill.

THE HONOURABLE SIR LANCELOT GRAHAM: Sir, the amendment of which I have given notice in this connection is of a purely formal nature. It proceeds to re-number in respect of a clause which was numbered 28A in the Bill as passed in the other House. In accordance with our drafting practice, Sir, I move that that clause be re-numbered as clause 29 and the subsequent clauses be re-numbered consecutively.

Sir, I move.

The motion was adopted.

Clauses 29 to 33, as now re-numbered, were added to the Bill.

THE HONOURABLE SIR LANCELOT GRAHAM: Sir, again I desire to move a purely formal amendment. The Bill has slipped through in another place with the short title of "The Indian Patents and Designs (Amendment) Act, 1929". In order to avoid difficulty to any person who might be looking up the Act in the Statute-book it seems desirable that the correct date should form part of the short title. For that reason, Sir, I move:

"That in sub-clause (*1*) of clause 1, for the figures '1929' the figures '1930' be substituted."

The motion was adopted.

Clause 1, as amended, 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, and as amended by the Council of State, be passed.

The motion was adopted.

THE HONOURABLE SIR ARTHUR McWATTERS (Finance Secretary): Sir, I beg to move that the Bill to centralise and vest in the Governor General in Council the control over certain operations relating to dangerous drugs and to increase and render uniform throughout British India the penalties for offences relating to such operations, as passed by the Legislative Assembly, be taken into consideration.

The object of this Bill, Sir, is clearly stated in the Title and the Preamble. It is two-fold. First, to clear up the question of demarcation of functions as between the Central Government and the Provincial Governments in regard to operations connected with certain dangerous drugs and to enable the Central Government to carry out its obligations in regard to such drugs arising from the Geneva Dangerous Drugs Convention of 1925 to which India is a party. The second object is to make uniform and to make more strict the penalties which are imposed in various Provincial Acts for offences connected with these dangerous drugs. The scope of the Bill is really defined by the Geneva Convention, that is to say, it relates only to the drugs which are dealt with in the Convention. These are of three kinds, coca leaf, opium and hemp. The House will see from the first Chapter, which consists entirely of definitions, that we first of all define the simple forms of those drugs, coca leaf, opium and hemp, and then we define separately the derivatives of each of those classes. The derivatives, I may say, are in all cases more dangerous forms of the drugs than the simple forms and the principle on which the Bill proceeds is that as regards the more dangerous forms, which include coca leaf and all its derivatives and the derivatives from hemp and opium, the control of the Central Government extends not merely to the external control over export and import but also covers the whole field of internal control, whereas in regard to the simple forms of opium and hemp drugs, which differ from the others in so far as they are drugs of a fiscal character from which Local Governments obtain considerable revenue and the use of which is not prohibited except for medical purposes—in the case of the more dangerous drugs their use is prohibited except for medical purposes—the control of the Local Government over internal traffic remains, whereas the control of the Central Government is confined to external control of export and import and, in the case of opium, to manufacture, since manufacture of opium is a Central Government monopoly. That explains the form of the Bill. As I have said, the first Chapter is a purely defining Chapter. The second Chapter details the exact control or prohibition in some cases, of the different classes of drugs in accordance with the principles which I have just described. The third Chapter deals with the question of offences. The principle we have adopted there in full agreement with Local Governments is to increase the penalties practically to the maximum rates which have been in force hitherto in any province and to make them uniform for the whole of India. The fourth Chapter is a Chapter dealing purely with procedure and it consists almost entirely of sections taken from the Opium Act which are applied with the necessary modifications to the drugs dealt with in this Bill. Finally, there are the Schedules which are consequential. The application of the principles which I have just described renders necessary a number of amendments not only in the Opium Act, but in the various Provincial Excise Acts. That, Sir, is the description of the Bill and I do not think I need say more at this stage except this that the Bill is really a very important and interesting measure because it represents an agreement with Local Governments

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by which they have parted with powers with which they are vested under the law in order to enable the Central Government to exercise its international function of regulating the traffic in dangerous drugs. We are indebted very much to the co-operation of Local Governments in this matter. I may say finally that the Bill is entirely non-contentious and has been received without criticism in any quarter.

Sir, I move.

The motion was adopted.

THE HONOURABLE THE PRESIDENT : I will put the clauses to the Council in the groups which form the Chapters of the Bill.

Clauses 2 and 3 were added to the Bill.

Clauses 4, 5, 6, 7, 8 and 9 were added to the Bill.

Clauses 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20 and 21 were added to the Bill.

Clauses 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34 and 35 were added to the Bill.

Clauses 36, 37, 38, 39, 40 and 41 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 ARTHUR McWATTERS : Sir, I move that the Bill, as passed by the Legislative Assembly, be passed.

The motion was adopted.

SPECIAL MARRIAGE (AMENDMENT) BILL.

THE HONOURABLE MR. H. G. HAIG (Home Secretary) : Sir, I move that the Bill further to amend the Special Marriage Act, 1872, for certain purposes, be taken into consideration.

When this Bill was introduced in the Council last week I explained briefly the objects of what is a very simple measure and I do not propose to occupy the time of the Council by re-stating what I then said. The Bill is intended merely to remedy an administrative defect and I do not think that it raises any question which could be regarded in any way as controversial.

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. H. G. HAIG : Sir, I move that the Bill be passed.

The motion was adopted.

REPEALING AND AMENDING BILL.

THE HONOURABLE SIR LANCELOT GRAHAM (Secretary, Legislative Department): Sir, I move that the Bill to amend certain enactments and to repeal certain other enactments be taken into consideration.

In asking for leave to introduce this Bill a few days ago, Sir, I explained to the House the nature of the Bill and I pointed out that this was merely what I may call a cleaning up measure in our Statute-book, an operation which we undertake either once or twice a year. The actual details of these operations are sufficiently set out in the Statement of Objects and Reasons and I do not think it necessary, Sir, to trouble the Council with a recital of those details.

Sir, I move.

The motion was adopted.

Clauses 2, 3 and 4 were added to the Bill.

The First and Second Schedules were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE SIR LANCELOT GRAHAM: Sir, I move that the Bill be passed.

The motion was adopted.

PRISONS (AMENDMENT) BILL.

THE HONOURABLE MR. H. G. HAIG (Home Secretary): Sir, I move that the Bill further to amend the Prisons Act, 1894, for a certain purpose, be taken into consideration.

As I explained last week when the Bill was being introduced, this is a measure of an administrative character intended to simplify the arrangements for the segregation of adolescents in jails. The proposal is to substitute the word "twenty-one" for the word "eighteen" in clause (*2*) of section 27 of the Prisons Act. The effect of this will be to relieve the jail authorities from the necessity of forming separate classes for adolescents between the ages of 18 and 21. It is a measure which has the support of Local Governments and is clearly one that is extremely desirable from the administrative point of view.

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. H. G. HAIG: Sir, I move that the Bill be passed.

The motion was adopted.

The Council then adjourned till Eleven of the Clock on Thursday, the 27th February, 1930.

COUNCIL OF STATE.

Thursday, 27th February, 1930.

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 Dewan Bahadur T. R. Ramachandra Ayyar (Madras: Non-Muhammadan).

QUESTIONS AND ANSWERS.

REVISION OF THE SALARIES OF THE MINISTERIAL STAFF OF THE HIGH COURT, CALCUTTA.

51. THE HONOURABLE MR. SURPUT SING: (*a*) Will Government be pleased to state:

(*i*) whether the President of the High Court Association, Calcutta, submitted a representation for the revision of the salaries of the ministerial staff of the Calcutta High Court, to the Government of India, Home Department, through the High Court, Calcutta, on the 15th May, 1929, and whether an advance copy was sent to the Home Department direct in May, 1929?

(*ii*) if so, whether the original representation has since been forwarded by the Calcutta High Court to the Home Department? If so, when?

(*b*) If the answer to (*i*) be in the negative, will Government be pleased to state whether the Calcutta High Court is justified in detaining with them the representation addressed to the Government of India, Home Department, and what action, if any, the Government propose to take in the matter?

THE HONOURABLE MR. H. G. HAIG: (*a*) (*i*) The Government of India received an advance copy of the representation though the sending of such advance copies is not contemplated by the memorial rules.

(*ii*) The answer is in the negative.

(*b*) The Government of India are not aware of the circumstances, but the matter is primarily for the consideration of the High Court and is no doubt receiving their attention. Government do not propose to take any action.

PRINTING WORK DONE FOR GOVERNMENT BY GOVERNMENT AND PRIVATE PRESSES.

52. THE HONOURABLE MR. SURPUT SING: Will Government be pleased to state:

(*a*) how much of the ordinary printing work of Government in 1926-27, 1927-28 and 1928-29, respectively, was done at Government Presses and how much outside;

(*b*) the total amount paid to non-governmental Presses for printing work for Government; and

(*c*) the names of private individuals and presses that executed those printing orders?

THE HONOURABLE MR. J. A. SHILLIDY: The Government of India regret that they cannot undertake to collect the information desired by the Honourable Member, as it would involve an amount of time and labour disproportionate to the result.

MESSAGES FROM HIS EXCELLENCY THE GOVERNOR GENERAL.

THE HONOURABLE THE PRESIDENT: I have messages for the Council from His Excellency the Viceroy and Governor General.

The first Message takes the form of a letter from the Private Secretary to His Excellency:

ATTEMPT TO WRECK THE VICEREGAL TRAIN NEAR DELHI.

"*I am desired by His Excellency Lord Irwin to convey his deep gratitude to the Honourable Members of the Council of State for the Resolution passed in the Council of State congratulating him, Lady Irwin and their party on their escape from the recent attempt to blow up the Viceregal train near Delhi. Their Excellencies deeply appreciate the feelings expressed in the House in support of the Resolution*".

The second Message is in the form of the following Order:

TIME FOR THE PRESENTATION OF THE GENERAL BUDGET.

"*With reference to my Order, dated the 19th February, 1930, appointing Friday, the 28th February, at 5. P.M., for the presentation to 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, I, Edward Frederick Lindley, Baron Irwin, hereby direct that the meeting of the Council of State on Friday, the 28th instant, for the purpose stated in the aforesaid Order shall commence at 4-30 P.M., in place of 5 P.M.*

(Sd.) IRWIN,
Viceroy and Governor General".

(The Messages were received by the Members of the Council standing.)

ELECTION OF A MEMBER TO THE GOVERNING BODY OF THE INDIAN RESEARCH FUND ASSOCIATION.

THE HONOURABLE THE PRESIDENT: One nomination only has been received for the election of a Member of this Council to the Governing Body of the Indian Research Fund Association. That nomination is in the name of the Honourable Raja Nawab Ali Khan. I therefore have pleasure in declaring the Honourable Raja Nawab Ali Khan duly elected.

ELECTIONS TO THE PANEL FOR THE CENTRAL ADVISORY COUNCIL FOR RAILWAYS.

THE HONOURABLE THE PRESIDENT: The number of nominations for the panel in connection with the Central Advisory Council for Railways also coincides with the number of vacancies which are eight. I therefore declare the following Honourable Members duly elected:

The Honourable Khan Bahadur Sir Ebrahim Jaffer.

The Honourable Mr. Mahmood Suhrawardy.

The Honourable Mr. Surput Sing.

The Honourable Mr. G. A. Natesan.

The Honourable Rai Bahadur Lala Ram Saran Das.

The Honourable Sardar Charanjit Singh.

The Honourable Munshi Narayan Prasad Asthana.

The Honourable Nawab Sir Muhammad Muzammil-ullah Khan.

RESOLUTION *RE* PROHIBITION OF THE IMPORT OF VEGETABLE GHEE.

THE HONOURABLE MR. SURPUT SING (Bihar and Orissa: Non-Muhammadan): Sir, I beg to move the Resolution which stands in my name as follows:

"This Council recommends to the Governor General in Council to put an entire stop to the import of that commodity which passes by the name of 'Vegetable Product'."

This commodity is widely known under the poetic name '*Vanaspati*', but 'vegetable product' is the commercial name adopted for it and I have therefore used that term in my Resolution in preference to any other. I do not think I need enter into any detailed description of this article as it is by now well known to my Honourable friends.

It was a little after the Armistice that this commodity first made its way into this country from abroad. The foreign importers were then at great pains to introduce this new product in the Indian markets as a possible substitute for ghee. But the unfortunate feature of the situation is that these importers found in our trading community ready participators to push on the sale of this article. In some big and important towns even owners and editors of Indian newspapers were got hold of to give write-ups to this questionable foreign commodity. But all that tended to give a lease of life to this article

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is the action of a European Health Officer of a big Municipal Corporation of a big importing centre who had the presumption of going to the length of declaring this article *as fit for human consumption*. But after that he availed himself of long leave but never returned to his duties.

Nothing is known in the country about it except that it is some supposed preparation from vegetable substances as indicated by the trade name itself. No analysis has so far been supplied, and nothing has in fact been told to the consumers of its food value. The impression that it is a preparation from vegetable substances has induced the middlemen and petty bazaar confectioners to go in freely for this article in order to use it as an adulterant of, and a substitute for, ghee. Its cheapness has in no small degree also contributed to its increasing sale.

The Netherlands, Belgium and Germany are the chief exporting countries, but the United Kingdom of Great Britain has not failed to add its quota to the figures of import of this product. A glance at the official Sea-Borne Trade Statement of Statistics, Vol. II, of the last few years will convince you of the steady increase of the importation of the stuff. At the present moment the import figures stand at about two crores—including, of course, the figures from all the exporting centres.

It goes, therefore, without saying that the expanding sale of this article threatens to entirely supersede the most fatty of our food substances, namely, ghee. To the Indian, ghee is not a substance of comfort or luxury but is an absolute and bare necessity of life. The present alarming situation has therefore drawn the pointed attention of responsible public men and philanthropists, and investigations are now being carried on in most important centres to probe deep into the merits and demerits of this vegetable product. It cannot therefore be denied that some drastic measures are necessary to stamp out the evil from the country.

My object in bringing this important Resolution before this House of the Indian Legislature is that the Local Governments, in spite of their pious wishes and earnest endeavours, are quite helpless in the matter. Their difficulty seems to be that they cannot initiate any legislation to put a stop to the import of this commodity. The utmost they can do is to levy heavy duties in the shape of terminal taxes or otherwise in the municipal areas under them to discourage its growing sale, but I would make bold to submit that that would be hardly sufficient to strike at the root of the evil. It is the Central Government alone that has the power to inaugurate such legislation to put an effective check on the importation of this article. That is why I am before this House at the earnest request of my constituents and the vegetarian Indians in general.

To enter into the chemical aspect of the article I must confess that I am not a chemist. But the great personal interest I have always been evincing in its composition made me undertake an investigation into the article ; and I would crave the indulgence of the House to place before it what materials I have been able to gather about the chemistry of this much-talked-of vegetable product. All fats and oils are mainly mixtures of three compounds : *Stearin*, *Palmitin* and *Olein*. Ghee has, besides these three, a fourth constituent, called *Butyrin*. Of the three main ingredients mentioned above, the first two, namely, Stearin and Palmitin, are solids and Olein is a liquid. If in a mixture the first two preponderate, it is solid at an ordinary temperature and is called a fat ; but if Olein preponderates, it is liquid and is called an oil. The difference

between Olein and Stearin lies in the fact that Olein contains less hydrogen than Stearin and by introducing hydrogen chemically into liquid Olein it can be converted into solid Stearin. Thus any oil can be converted into solid fat in the presence of fine nickel dust. In spite of careful refining some residue of nickel dust is left over after the chemical process is completed. This process of converting liquid oil into solid fat is carried on on a very large scale in the Netherlands and Belgium. In the same way inedible oils like cotton seed oil and whale oil are treated with hydrogen in the presence of fine nickel dust. Similar is the process by which an oil is converted into a solid fatty-looking substance, suitable for use in the manufacture of soap and candle and other industrial purposes. It is now for this House to consider whether a hydrogenated chemical product with very minute traces of nickel dust present in it, like one of the above products, can serve as a full substitute for ghee, which is an organic substance, and the legal definition for which is : " Fat derived from the milk of mammals, namely, cows and buffaloes ". It is therefore amply clear that in chemical composition the so-called vegetable product is not identical with and cannot approach ghee, because of the fact that it lacks Butyrin, which is so essential an ingredient in ghee.

I will next place before the House the considered testimony of some well-known medical men, physiologists and scientists to show that the vegetable product and ghee have different physiological effects upon the human system. Ghee is more easily assimilable than oil and is abdundantly rich in vitamins which the vegetable product lacks so absolutely. This is not all. According to expert opinion the presence of traces of nickel in the substance is liable to lead to affections of the eyes and the hydrogenated oil serves as a fruitful source of affections of the heart and is believed to be responsible for Beri-Beri and other similar ailments.

It is a great relief to me to be able to say that opinions of European medical men are not wanting to support the views embodied above. Dr. Plimmer says that the danger of rickets and of stunted growth and bad teeth will increase if the people rely for their fat on vegetable product. Colonel F. P. Mackie, I. M. S., Director, Bombay Bacteriological Laboratory at Parel, joined hands with Dr. Plimmer so far back as 1924. I have already stated before that to an Indian ghee is a bare necessity of life. I would repeat once again before the House that apart from anything else the article plays an important part in Indian sentiment and has a sanctity of its own attached to it. It is in daily use in our *Pujas* (worship), in *Homa* (sacrificial fire) and in our offerings to the gods. And Jains, Sikhs and Hindus are strictly enjoined to use nothing but the purest quality for all such religious purposes. Need I add that no feast or festival in an Indian home, Hindu or Moslem, Jain or Sikh, Parsi or Christian, is complete without some preparations made from pure ghee. It is absolutely necessary therefore that an article which plays such an important and healthy part in our dietary and to all intents and purposes is an essential ingredient in our religious observances should be made immune from the inroads of adulterating ingredients and that no cheap and spurious imitation should be allowed to take its place under any conditions whatsoever.

Nevertheless, the cheap foreign imitation is easily mixed with ghee and, being odourless, colourless and tasteless, escapes detection even on the closest examination. But the unfortunate culmination of this episode has been that no effective measure has yet been taken either by the Government or by the people to distinguish pure ghee from the adulterated stuff and that there is no law in the land to check the adulteration of such an important article of Indian food and religion on the lines of the Public Health Acts of Great Britain.

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The result is that at the present moment from the busiest town to the thinnest hamlet genuine ghee has been steadily making room for this commodity. We have thus to notice to our infinite regret that the population dwelling in hundreds of villages have been made to consume this vegetable product believing that they are spending their hard-earned money on their much-prized ghee. A systematic fraud is thus being allowed to be perpetrated in the country with the result that quite a lot of innocent consumers of ghee are forced to pay Rs. 60 to Rs. 90 a maund for a commodity which is not worth even a quarter of the amount and have thus the hard lot of imbibing a poison in the name of the much-valued ghee.

It goes further and deals a severe blow to the manufacturers and dealers in pure ghee. They are either being ousted from this trade by the cheapness of the imported article or are perforce required to submit to the process of adulteration to get on with their business. This has thus proved economically to be a hard hit both to the consumers and the manufacturers, although it is a source of decided profit to the importers and the middlemen. The economic loss to the country is enormous and no less than two crores of rupees are drained year after year from the country for a spurious product which is contaminating the most nutritive substance in Indian food.

I then place before the House a significant instance of the harmful effect of vegetable product as indicated in the experiments undertaken by Captain D. R. Thomas, I.M.S., Chemical Examiner to the Government of the Punjab. Of the two female kittens of the same species and of nearly the same size and weight, on which he tried his experiments, the one fed upon ghee flourished in health, whereas the other fed upon the vegetable product lost weight heavily and quite degenerated. The considered opinion of this British medical man is: "*Vanaspati* cannot be used as a substitute for genuine ghee. It must not be given to infants and lactating mothers." The Bombay Government went further and resolved at a conference, held at Poona, upon the entire prohibition of this imitation of butter and ghee.

Honourable Members, who had had occasion to be present in the House on this particular day last year and to listen to the most able and illuminating debates of some of my Honourable friends on the floor of this House on a particular side-issue of the question, will remember what a flood of light was thrown on the point at issue. It was evident that His Excellency the Commander-in-Chief would have only *pure* ghee for his Army and that tested at the Government Laboratory at Kasauli. His Excellency was afraid lest the chemical substance so much devoid of vitamins should sap the vitality of his Army. It will be an old history to repeat that in the Punjab, whence the finest manhood for the Indian Army is recruited, a popular Minister incharge of Local Self-Government has been moving most earnestly in the matter with a view to check the consumption of the article by levying a prohibitive octroi duty or terminal tax on it in the municipalities under him. The lack of necessary nutriment in the substance which cannot but prove detrimental to the health of the population in his charge was the only impetus that led the Minister to take such public-spirited action in the way he did.

I do really feel happy and proud to place before the House that some of the Indian States have gone ahead of the British Government in an important question like this. The Jammu and Kashmir State has prohibited the total import of this vegetable product into its territories. The Kapurthala State has followed suit. A number of Indian States, too numerous to refer to here

by name, in the Rajputana, Central India and Bombay Presidency have also legislated prohibiting the inroad on ghee by that article in their territories. A few others of the Indian States, instead of absolutely prohibiting its import, have carried out this object by levying an exorbitant duty on the stuff. The Alwar State has ruled that shops which vend vegetable product shall not under penalty be allowed to sell ghee ; likewise confectioners who prepare foodstuff with that stuff shall not be allowed to make any preparation from ghee. All this has been able to strike at the root of the evil and stop once for all the sale of this article in that State.

I would beg to ask in all seriousness if all these testimonies, chemical and physiological, all these prohibitive measures elsewhere in India, are not sufficient in themselves to convince the House to recommend the adoption of measures, entirely prohibiting the import of this commodity into the country as *unfit for human consumption* just like a deleterious or dangerous drug. I would appeal to my Honourable friends to say if any case can be made out for this differential treatment of this article in British India. If the Indian Princes could put their foot down on this deleterious article, I do not know what earthly reasons there are for the benign Government to lag behind.

I do not ignore the fact that there is a section of our people who will come forward with a brief for the poor. They would retort by asking what right have I to deprive the poor of an article of food, which they get cheap and which has so far shown no signs of forthwith undermining their manhood. I bow down to these people for their kindness of heart to the poor, but I must say that I yield to none in my endeavour for the amelioration of the poverty-stricken millions in the country. I would appeal to them in all earnestness to say, if after having been apprised of the baneful effect of the stuff ; knowing that much of the increasing eye troubles in the country, the spread of Beri-Beri in Bengal and Bihar and Orissa are ascribed mostly to the consumption of this vegetable product ; knowing also that a kitten which generally lives upon a number of things unfit for human consumption grew appreciably debilitated after being fed upon the product ; knowing fully well as they do that there is a consensus of opinion among Indian and European medical men as to the evil properties of this article, will they still persist in their endeavour to stand by this pernicious foodstuff in the name of the poor ?

I hope I shall be pardoned if I try to bear upon this debate the weight of my personal investigation and experience all over Northern India—Bengal, Bihar, the United Provinces, the Punjab and Rajputana. Wherever I went and tried to feel the pulse of the poor and the uneducated masses about this stuff—even in most inaccessible tracts of the country—I got the uniform answer : " Sir, let us have pure ghee or pure oil, and not this cursed *Vanaspati* or any adulteration of either ; we are ready, Sir, to pay dearly for pure ghee as it is necessary for our religion, health and vitality." It is no word of exaggeration that I repeat here. It will mean no great pains to my Honourable friends to verify my statement if they will condescend to launch for themselves an investigation in any village close by them. The apparent antagonism of the people towards this product will also be evident from the fact that no small retail shops have yet been started for its sale anywhere in the country. The fact is that the consuming public never buy it *as* a vegetable product or *as* a substitute for ghee, but its use is confined mostly as an adulterant of ghee and butter. I am aware that some of my critics will suggest that when adulteration of ghee with oils and fats is allowed, why should not its adulteration be allowed with this chemical product. I sincerely regret that there is no such

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law in the country strictly penalising such adulteration and enforcing the sale of each article as such as is provided for in the British Public Health Acts. But to my critics my reply will be : " Because there is some slight degree of adulteration of ghee with edible oils and fats, that is no reason why this vegetable product should be permitted to conceal its identity and enter into our daily food in the same way as ghee, when we have been fully apprised of its dangerous demerits." Let there be a law to check even that slight degree of adulteration for which I am particularly anxious.

Again, Sir, if I were assured that the stuff was principally consumed in the country for the manufacture of soaps and candles for which it is evidently imported, I would have been the last person to raise my voice against it. But fully convinced as I am that by far the largest quantity of it is used for adulterating our most valuable and indispensable foodstuff under the deceiving misnomers of vegetable product, vegetable ghee, vegetable oil, artificial ghee, *Vanaspati* and the like, I submit that I can have no soft corner in my heart for a deleterious article like this.

Then, Sir, we have already had an earnest of how much His Excellency the Viceroy, Lord Irwin, is interested in the promotion of Agriculture in all its phases. Need I tell the House that cattle welfare and dairy-farming inside the country are two of the chief requisites in the programme for the improvement of agriculture. But when tinned butter from Denmark, condensed milk from Switzerland and vegetable product from the Netherlands and Belgium and other similar tinned preparations for our consumption from other parts of Europe and America are without let or hindrance allowed to come into India, I make bold to say that the good intentions of His Excellency the Viceroy will, to our great misfortune, never materialise. If it is the intention of the Government that the agricultural conditions of the country are to be sincerely improved, then it is incumbent upon them to see that the cattle-wealth of the country is improved and that local dairy-farming is also encouraged. Only the appointment of a Royal Commission on Agriculture and the writing of voluminous reports and recommendations will not be able to further the intentions of either the rulers or the ruled, unless and until specific action for the amelioration of present evils and the improvement of present conditions are boldly taken on behalf of the country and its people. It is therefore necessary that, as an earnest of the good intentions of the Government, indigenous products and manufactures must be so stimulated as to replace the foreign produce. But how can we have that condition of things unless we prohibit at least the wholesale import of such things as are to our knowledge and information doing immense mischief to the people at large ?

At a time when a new epoch is about to dawn in India, when the Government is creating new appointments of Directors of Physical Education and of Medical Inspectors for schools and colleges all over the country for the steady development of the manhood of India, when the Government has not been stingy in opening the doors of military education to Indian youths, I would appeal to the Honourable Members with all earnestness to say if this indifference in a vital question like this coincides with their avowed policy of administration outlined above. Does it in fact behove them to stand aloof, especially in a case in which no less a person than His Excellency the Commander-in-Chief puts his foot down on it as a deleterious article, sapping the vitality of the Army, and in which the Indian Princes have in their wisdom

taken drastic measures to stamp it out from their States ? In these circumstances I have not the slightest hesitation in pressing upon the House to accept my Resolution for total prohibition of the import of the article as *unfit for human consumption* in order to save our people and the country from an incalculable evil which is staring the people in the face and which will undermine their health and life at no distant time.

With these words, Sir, I beg to move my Resolution.

THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI (Punjab : Sikh) : Sir, the amendment which stands in my name runs thus :

" That at the end of the Resolution the following words be added, namely :

' or to make such rules as the mixture of it with indigenous *ghee* prepared from the milk of cows and buffaloes for purposes of sale may become penal ' ".

Sir, it has been suggested to me that I should word it differently and with your permission and the permission of the House, I should like to word my amendment in the following language :

" This Council recommends to the Governor General in Council to make rules to provide that the mixing of this commodity which passes by the name of ' vegetable product ' with indigenous *ghee* prepared from the milk of cows and buffaloes for the purposes of sale may become penal ".

THE HONOURABLE THE PRESIDENT : I presume that the words the Honourable Member has now read out are intended to be in substitution of the original Resolution and not an addition to it ?

THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI : Yes, Sir.

THE HONOURABLE THE PRESIDENT : I think it would be convenient for the Council if the Honourable Member moved his amendment in the form he has now suggested.

THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI : Sir, as I have been permitted to move my amendment in the language which I have just read out, I do not wish to take up much of the time of the House in dilating upon the chemical differences between the vegetable product and indigenous ghee prepared in India. As my friend the Honourable the Mover of this Resolution has given many valuable quotations from medical men stating the difference in vitamins and strengthening power contained in the vegetable product and indigenous ghee, I will not take up the time of the Council on this subject. What strikes me is this, Sir, that the people are being cheated very largely by the mixture of this product with indigenous ghee. This does not tell only on the pockets of the purchaser but tells most adversely on the constitution of the people. Indians as a rule are not meat eaters and they get the necessary vitamins from milk products and milk fats. Ghee is one of the products essential for an Indian to maintain his health. The health and strength of the individual is an essential element in the strength of the community, and therefore the physical health of the individual must be maintained by all reasonable means. I do not think the prohibition of the import of these vegetable products is possible in present circumstances. First of all, it would interfere a great deal with the free trade policy of the Government, and, secondly, this product is very widely advertised now as better than butter or ghee for the use of hotels, restaurants and public places like that,

[Sardar Bahadur Shivdev Singh Uberoi.]

and I dare say there are sections of the residents in India who would not object to food prepared in this material instead of in ghee. But it is a very vital matter for an Indian who is accustomed to take ghee, to have ghee, or, in the case of those who cannot afford ghee with their meals, to have clear oil which perhaps contains more vitamins than this product. The fact that this Resolution has been moved on the floor of this House many times before is a sure proof of the importance of the subject. I have before me the record of the proceedings when this subject was discussed on the floor of this House last year on this very date. The Resolution moved by my Honourable friend Rai Bahadur Lala Ram Saran Das—I will just read it to refresh the memory of my Honourable friends—ran thus :

" This Council recommends to the Governor General in Council that—

(*a*) the import into India of solidified vegetable oil, *Vanaspati*, and other similar products be entirely prohibited unless they are given such permanent harmless colouring as may readily distinguish them from and render them unfit for readily mixing without detection with natural ghee ;

(*b*) a prohibitive excise duty be levied on solidified vegetable oil, *Vanaspati*, and other similar cheap products manufactured in India, unless they are also permanently coloured in the same way as is suggested in clause (*a*) for imported articles, in order to render them unfit for readily mixing without detection with natural pure ghee ".

That Resolution, which was similar to the one now being discussed, was adopted last year on this very date. I find in the speech of the Honourable spokesman on behalf of the Government that he did not oppose the Resolution and he informed the House that the matter had been considered by the Government of India and the Local Governments had been asked to give their opinion on the subject. A year has passed since then. I am not aware, Sir, of the action which the Government of India have been pleased to take on this subject. Neither am I aware of the opinions the Local Governments have submitted to the Government of India. The Honourable the Mover of this Resolution, I venture to say, has surely got this information whether the Government of India have taken any action on this. But I am aware, that so far, no rules have been made nor have any amendments in the penal laws of the country been made to make this adulteration a penal act. That is the reason for bringing this Resolution again to the notice of His Excellency the Governor General in Council. I have just tried to submit my views that it is harmful to Indians both economically and physically, because they have to pay the price of pure ghee for a commodity which is much cheaper than ghee and which contains much less food value than ghee. Physically, of course, if one takes any stuff but ghee with the impression that he is taking ghee for the nourishment of his physical health and body, he is deceived, because he is not taking actual ghee which contains much more nutrition than this vegetable product. These are the few reasons, Sir, which I can submit to the consideration of the House in support of my amendment. I am not sure and positive in my mind whether the entire importation of this stuff can be stopped in this country. It is quite possible that the country itself may start producing such stuff as an indigenous industry to afford a substitute for ghee for the poor people who cannot afford to purchase genuine ghee. My submission is that people should have a fair article for the fair price they pay for it and the open cheating and deceit which are practised by the adulteration or mixing of this stuff with the indigenous ghee should be put a stop to. It strikes me that one way of doing it is this, to make this adulteration penal ; a man who is found and proved to have mixed this stuff with indigenous ghee should be tried in open

court and punished for it. I was doubtful in my mind before coming to this House whether such a law does exist in the present penal laws, but I have found, Sir, that the present Penal Code has got some sections about offences affecting the public health, safety, convenience, decency, morals. I have read section 272 of the Indian Penal Code which of course deals with the adulteration of any article of food, but it constitutes an offence if that article of food becomes noxious. As I read that section—

"Whoever adulterates any article of food or drink, so as to make such article noxious as food or drink, intending to sell such article as food or drink or knowing it to be likely that the same will be sold as food or drink, shall be punished with imprisonment ....."

I doubt whether the mixing of this vegetable product with indigenous ghee makes it noxious.

I think I have had the opportunity of tasting some of the things fried in vegetable product in some hotels and refreshment rooms. I have never found them noxious at all. I have questioned them about the ingredient in which the things were fried and the answer was that they were fried in vegetable ghee. So I do not think that the present law of the land is sufficient to make this particular offence of adulteration penal. I therefore request the favourable consideration of this amendment of mine by the House, so that it may be passed and sent on to His Excellency the Governor General in Council for taking necessary action.

THE HONOURABLE THE PRESIDENT: Amendment moved:

"That for the original Resolution the following be substituted, namely:

'This Council recommends to the Governor General in Council to make rules to provide that the mixing of this commodity which passes by the name of 'vegetable product' with indigenous ghee prepared from the milk of cows and buffaloes for the purposes of sale may become penal'".

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab: Non-Muhammadan): I rise to oppose the amended form of the Resolution. As far as the Punjab is concerned, Sir, we find that although every effort has been made to stop the adulteration of pure ghee with ordinary vegetable compound, in practice it has been found impossible to do so, because now the adulteration takes place in villages and at the door of the manufacturer of pure ghee, and until we strike at the root of the evil, no success will be achieved. I therefore oppose this amendment.

THE HONOURABLE THE PRESIDENT: The Honourable Member has confined himself to the amendment, but I see no reason why the debate should not proceed on general lines, that is to say, on the original Resolution and the amendment which has been moved. It is quite easy for Honourable Members, I think, in the course of one speech to deal with both subjects and to express their preference for the original Resolution or for the words that the Honourable Sardar Bahadur Shivdev Singh Uberoi would substitute for it. The Honourable Member may continue his speech.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: I should like to reserve my remarks and observations on the original Resolution till I hear the Commerce Secretary and then to deal with it. I hope the President will allow me to do so, because there may be matters on which I might like to throw some light when the Honourable Mr. Woodhead has spoken.

THE HONOURABLE THE PRESIDENT: In view of the fact that I did not explain to the Council that I intended the debate to take a general turn when I had put the amendment, I am afraid I must allow the Honourable Member further opportunity to speak on the original motion. But that ruling applies to him alone. I see no reason to allow any other Honourable Member two opportunities to speak on the matter before the House.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Thank you, Sir.

THE HONOURABLE MR. J. A. WOODHEAD (Commerce Secretary): Sir, vegetable product or, as it is often called, *Vanaspati* has on more than one occasion been a subject for discussion in this House and its use is obviously a matter which excites a good deal of public interest in many parts of India. As on previous occasions, the Honourable the Mover has urged that vegetable product is injurious to health and that on this ground—this is one of the grounds on which he seeks to support his Resolution—its import should be prohibited. This question whether the use of vegetable ghee is injurious to health was raised during the debate on the Resolution moved in this House in February, 1928 by my friend the Honourable Rai Bahadur Lala Ram Saran Das. At that time Sir Geoffrey Corbett promised on behalf of the Government of India that when consulting Local Governments as regards a certain proposal made by the Government of the Punjab in connection with *Vanaspati* they would ask the Local Governments for their opinions as to whether this product is injurious to health. That promise, Sir, has been fulfilled and opinions have been received. All the Local Governments consulted, with the exception of the Central Provinces, are of opinion that, although vegetable product is deficient in certain vitamins, it is not injurious to health. The Government of the Central Provinces has given a rather guarded reply. This is what they say:

"To what extent this practice (that is, the adulteration of ghee with the vegetable product) is harmful to public health is a matter which cannot, in the opinion of the Local Government, be determined precisely without further systematic inquiry and experiment: but the Local Government is inclined to agree that the substitution of an article deficient in vitamins must necessarily be harmful to that section of the population whose diet is so meagre that the deficiency is not made up otherwise".

In addition to the opinions of Local Governments we have received numerous opinions, opinions from commercial associations, local authorities, medical officers of health and public analysts. As perhaps was to be expected, these opinions are not absolutely unanimous but I think I shall be correct in saying that, with very few exceptions, the view taken is that vegetable product is not injurious to health, although admittedly deficient in certain vitamins. Expert opinion—and by expert opinion I mean the opinion of medical officers of health—is very definitely of the view that vegetable product is a wholesome and pure article possessed of a definite food value and not directly injurious to health, though some opinions have expressed the view that, as vegetable product is deficient in vitamins, its use may indirectly affect the health of persons who do not obtain those necessary vitamins through other sources—that is, by means of fresh vegetables, milk or other foods containing these essential vitamins. These opinions disclose one point of considerable interest, and that is this—a considerable amount of expert opinion is doubtful whether ghee when used for culinary purposes is a source from which those essential vitamins can be obtained. It is pointed out that high temperatures break up and destroy these vitamins. Now, in the manufacture of ghee, the

milk from which it is made is subjected to high temperatures, and further when ghee is used as a cooking oil, it is again subjected to a high temperature and a considerable body of opinion tends to the view that, owing to the time during which, and the number of times ghee is subjected to a high temperature before it is consumed, it contains very few vitamins when it is actually consumed. The Honourable the Mover referred to an experiment made by Captain Thomas, and he said that the experiment was of this nature—a kitten was fed on ghee and a kitten was fed on vegetable product, and the kitten which was fed on ghee gained in weight whereas that fed on vegetable product lost in weight. I would remind the House that that was not the experiment. The experiment was, or rather the comparison was between a kitten fed on milk, not on ghee, with a kitten fed on skimmed milk and *Vanaspati* ghee. Now, Sir, it has been suggested by expert opinion in the replies that we have received that Captain Thomas's experiment is not conclusive because when you wish to compare the relative merits of ghee and vegetable ghee, you should not compare the relative merits of fresh milk and a combination of skimmed milk and vegetable ghee. I am not an expert myself but I think that there is something in this point of view.

To sum up the general consensus of opinion received is to the effect that vegetable product is a pure and wholesome article and that its use is not injurious to health. This, Sir, is the view of the Government of India and I trust that the House will adopt the opinion that on the ground of public health there is no justification for any interference with its import into British India.

The second ground on which the Honourable Mover has supported his Resolution—and I think this is his main ground—is that it is desirable to prevent adulteration. He maintains that vegetable product is being sold on a large scale mixed or unmixed with ghee as natural ghee, and what he desires to ensure is that the purchaser of pure ghee obtains the pure article. So far I am in entire agreement with the Honourable Member. I admit that vegetable product is used as an adulterant and I agree that it is desirable that everybody who wishes to buy pure ghee should be able to be assured that what he is buying is pure ghee. But where I join issue with the Honourable Mover is in the remedy which he proposes, that is, the prohibition of the import of ghee. As the House, I think is aware, the adulteration of ghee is no new thing. That point has been dealt with in previous debates. So long ago as 1885, that is, 40 years, before vegetable product was heard of in India, vegetable product made its appearance in India in 1923 (not as the Honourable Mover said, immediately after the Armistice) Sir George Watt, a name well known in Bombay, spoke of the adulteration of ghee as follows :

" The chief articles used in the adulteration of ghee are vegetable oil, such as cocoanut, groundnut, cotton, safflower, poppy, sesamum, niger and kokam. These are all harmless enough, though cheaper than ghee ; but injurious oils are also used, especially mahua, salvedora and castor oil. Other animal fats, especially mutton, are largely utilised..... One of the most valuable papers on the adulteration of ghee is that written by Mr. Shroff, who states that the Bombay ghee trade is in the hands of a dozen merchants and that adulteration is effected not by dairymen but by the traders. The fats used are often most offensive and deleterious substances, at times even obtained from the carcasses of deceased animals ".

Again, Sir, in the early nineties of the last century, the adulteration of ghee was so extensive in the City of Bombay that a special Act called the Bombay Municipal Ghee Act was introduced. Again, in 1914, nine years before vegetable product was introduced into British India, Mr Sampson,

[Mr. J. A. Woodhead.]

Deputy Director of Agriculture, Madras, made inquiries in Madras and reported as follows :

"The petty dealer, it is usually stated, makes six tins out of four of the ghee which he collects. This is done by safflower oil or animal fat which latter is obtained from the *Malas* who melt it down from the carcasses of dead animals ".

Sir, that was the position long before vegetable product was introduced into India and became available for use as an adulterant for ghee.

The Honourable Mover's remedy is to prohibit the import of vegetable product. Now, I maintain that the prohibition of the import of vegetable product will not attain the object which the Honourable Mover has in view. The adulteration of ghee did not begin with the introduction of vegetable product and will not disappear with the prohibition of the import of that product. If vegetable product is not available some other adulterating material will be used, and, Sir, I think we may be certain that the material used, instead of being a wholesome, pure and clean article made from vegetable oils may be one of those deleterious and objectionable articles which were so freely used before the import of vegetable product began or if the old adulterants are not used, we may have a new adulterant which will perhaps be equally harmful. In this connection it may be of interest to Honourable Members to know that we have received reports from Burma that a refined mineral paraffin oil known as white oil has recently been imported into Burma in considerable quantities and used for the adulteration of ghee and edible oils. That, Sir, is my first objection to the proposal that the import of vegetable product should be prohibited. Such a measure will not have the practical effect the Honourable Member desires, namely, the prevention of the adulteration of ghee. The adulteration of ghee will not cease. It will continue, and instead of the chief adulterant used being a harmless and wholesome product like vegetable ghee, deleterious and objectionable articles of the nature I have mentioned and which were in such common use before vegetable product was known will again be used.

12 NOON.

Again, Sir, as vegetable product is made from the oils extracted from oil-seeds grown in and exported from India, it is possible that the effect of the prohibition of the import of vegetable ghee would be the transfer of the manufacture of that article to India. The Resolution does not recommend that the manufacture of vegetable product in India should be prohibited. Hence, I hope the Honourable Member will admit that there is a danger that the Resolution as worded will not effect the object he has in view.

Lastly, Sir, pure ghee is very expensive and is beyond the means of the poorer classes. In many parts of India the use of ghee for cooking purposes is confined to the well-to-do classes and in connection with the Honourable Mover's remarks on this particular point I should like to inform the House that the Government of Bihar and Orissa have stated in their reply to the reference made by the Government of India that 90 per cent. of the population of Bihar and Orissa, the province to which the Honourable Mover has the honour to belong, use vegetable oil and not ghee. They state that the use of ghee for culinary purposes is limited to about 10 per cent. of the population. The position is, I believe, somewhat the same in other parts of India. From my own personal experience I know that in Bengal vegetable oils are largely used for cooking purposes, and I believe this is the case in Madras and certainly in Burma except so far as the Indian population living in Rangoon is concerned.

Now, I take it, Sir, that the Honourable the Mover does not desire to prevent this very large portion of the population, which does not use ghee for domestic purposes and which did not use ghee prior to the introduction of vegetable product, from using, if they so wish, an admittedly wholesome and pure article as a cooking oil, and yet that would be the undoubted result of the prohibition of the import of vegetable product into India.

As I have said, Sir, the prevention of the adulteration of ghee by vegetable product or any other article is an object which every person will support, but I hope I have said sufficient to convince the House that the prohibition of the import of vegetable product is not the means by which the object which we all desire can and should be attained.

As the House is aware—and this is probably why the Honourable Rai Bahadur Lala Ram Saran Das wishes to reserve his speech for a later moment in the debate—the Government of India have had this question of the adulteration of ghee by vegetable product under consideration since the end of 1927. Towards the end of that year the Punjab Government addressed the Government of India on this subject. They dealt with it entirely from the point of view of fraud on the consumer and concluded by saying that it appeared to them that the only effective method of dealing with this wholesale cheating would be to prohibit the import of such products into, or manufacture within, British India unless they are coloured in such a way that they could not be mixed with or passed off as natural ghee without immediate detection. A copy of the Punjab Government's letter was sent to all Local Governments and Administrations with the request that the Government of India be furnished with the views of Local Governments and commercial and other interests concerned. These opinions have been received and I think I may straightaway say that the majority are against any attempt being made to insist on a distinctive colouring being given to vegetable product imported or manufactured in this country. The Government of India have given their careful consideration to the matter in the light of the opinions received and, if I may say so, the opinions expressed in this House during the course of previous debates in this House and they have come to the conclusion that there is not sufficient reason for insisting on a special colouring for vegetable product chiefly because they are convinced that a measure of this nature would be of very doubtful utility. As I have tried to explain, vegetable product is not the only article with which ghee can be or is adulterated and any measure which seeks to prevent by the adoption of a distinctive colour or otherwise the use of vegetable product as an adulterant will only result in the encouragement of the use of other and possibly worse local adulterants. Nothing will be gained, and certainly the object which the Honourable the Mover has in view will not be attained, by the substitution of one adulterant by another adulterant. On the contrary, in so far as there is the danger that the other adulterants will be of a deleterious or objectionable character, the position will, if anything, be worse instead of better. Further, not only would the colouring of vegetable product be ineffective in preventing the adulteration of ghee, but it would in all probability have the result of depriving a large portion of the population which does not use ghee as a cooking oil of the use of a product which is admittedly wholesome and has a definite food value. This is a point to which I would draw the particular attention of the House because, Sir, it seems to me essential that any measure which may be taken to prevent vegetable product from being sold as ghee or used as an adulterant of ghee must not have the effect of restricting legitimate trade in this article and its use by persons who are not accustomed to use ghee as a cooking oil.

[Mr. J. A. Woodhead.]

Again, if any measure of this nature is to be effective, the colouring material used must be of such a nature that it cannot be readily neutralised or bleached. It is uncertain, however, how far this would be possible, and several of the opinions received have stressed this practical difficulty and have objected to the proposal on this ground.

Finally, Sir, there is the objection, which is now very widely held, to the use of any artificial colouring matter in food. The general tendency nowadays is to prohibit the use of all artificial colouring matters and it would, I think, be a step in the wrong direction to attempt to solve this problem of the adulteration of ghee by insisting on a particular colour being given to the artificial product.

I should now like to draw the attention of Honourable Members to what the Royal Commission on Agriculture said upon this particular question. Their view was as follows :

" Many complaints of the adulteration of ghee have been made to us and our attention has also been directed to the increasing sale of substitutes known as 'vegetable ghee.' No exception can be taken to the sale of substitutes for ghee if these are properly described and are sold under names which do not lead the public to suppose that they are ghee ; for in all countries such substances are recognised as cheap and wholesome food ; but there are grave objections to misdescription. The position in India is now very similar to that which arose in the British butter market when margarine was first introduced. To protect the producer of butter from unfair competition, and the consumer from imposition, the sale, under the name of butter, of any article composed partly of fat from other sources than milk was prohibited ; and to prevent sellers of margarine from using names which might lead customers to think that they were being served with some kind of butter, the law required that the names under which manufacturers proposed to sell their margarine must be approved by the Department of Agriculture. We are of opinion that similar action is required to protect producers of ghee and we believe that unless the municipal authorities possess and exercise powers of control, the difficulty already experienced by persons desirous of purchasing pure ghee will increase for the certain effect of unrestricted adulteration and substitution would be to drive the genuine product out of the market ".

That, Sir, is the view of the Royal Commission on Agriculture. In the letter in which the Government of India sought the opinion of Local Governments as regards the proposal made by the Punjab Government that a certain colouring should be given to vegetable products, they also asked the views of the Local Governments as regards any alternative proposal which might commend itself as a means of ensuring that the purchaser of pure ghee really obtained pure ghee. The Local Governments and the great majority of authorities recommend that the solution should be found in the tightening of control over sales of ghee and vegetable product on the lines of the legislation adopted in England to prevent the adulteration of butter, that is, on the lines suggested by the Royal Commission. This also, Sir, is the view of the Government of India. After careful consideration they have come to the conclusion that the regulation of the sale of ghee so as to ensure that what is sold as ghee is pure ghee must be effected through provincial Statutes. The Punjab Government have already taken action in this direction and have included in the Punjab Pure Food Act of 1929 provisions on the lines of those contained in the British Food and Drugs Adulteration Act of 1928. This Act deals with the sale of margarine. The Punjab Government Act *inter alia* requires that the word " ghee " shall not be used either alone or in combination with other words to describe artificial substitutes, and defines " Banaspatine "—that is a coined word—as an article of food whether mixed with ghee or not which resembles ghee but is derived from vegetable fat. It prohibits the sale of any food under

the name of ghee, or any equivalent term, unless such food is derived solely from milk, and prohibits the sale of vegetable product in the same premises as ghee. It also requires that every package whether open or closed containing vegetable product shall at the time of sale, or even during carriage by public conveyance be clearly marked with the word " Banaspatine ". It also provides that no place shall be used for the manufacture or wholesale sale of vegetable product or as a ghee factory unless licensed, and requires every manufacturer and wholesale dealer in " Banaspatine " to maintain a register. As I have said, Sir, the Government of India are of opinion that it is on these lines that the problem should be attacked, and the Government of India now propose to address Local Governments and request them to consider the advisability of undertaking legislation on the lines of the Punjab Act. And further, Sir, the Government of India are prepared to consider the question of central legislation prescribing conditions as to the nomenclature of this vegetable product at the time of import should a measure of this nature appear to be necessary to render provincial legislation effective. That, Sir, concludes my remarks on the main Resolution as moved by the Honourable Mr. Surput Sing.

As regards the amendment, Sir, I am in somewhat of a difficulty. The amendment so far as I understand it recommends that the Governor General in Council shall frame rules to make the adulteration of ghee a penal offence. Now I gather that what the Honourable Member desires is that the mere adulteration of ghee shall be made an offence under the Indian Penal Code. I am not certain if I have interpreted the Honourable Member's proposal correctly, but that is how I understand it. As he himself has pointed out, the Indian Penal Code only punishes adulteration which makes an article of food noxious, and I think, Sir, it would be difficult to treat adulteration, which did not make the article of food noxious, as a criminal offence. But the several Pure Food Acts throughout India do provide that a person who is guilty of adulteration is liable to a fine, while the Punjab Act goes further and if a person is found guilty of the offence for the third time—I think it is the third time—he is liable at the discretion of the magistrate to a term of imprisonment. My second difficulty is that the adulteration of food is a provincial transferred subject. The prevention of the adulteration of food is therefore presumably the concern of the Local Governments and legislation the object of which is to prevent such adulteration should be undertaken in the provincial Legislatures. A Resolution worded according to the amendment would therefore be largely infructuous because all that I could promise to do would be to assure the House that we would forward a copy of the debate to Local Governments. But, Sir, I have already explained that we do intend to address the Local Governments in this matter and to ask them to consider the advisability of legislating for the prevention of the adulteration of ghee on the lines of the Punjab and the English Acts. Therefore, Sir, although in principle I think the Honourable the Mover of the amendment and myself are not very far apart, it would, owing to the constitutional position, be impossible for me to accept the amendment.

THE HONOURABLE SIR ARTHUR FROOM (Bombay Chamber of Commerce): Sir, I do not wish to enter at any length into this debate, but in view of the remarks by the Honourable Mr. Woodhead where he undertakes to forward copies of the debate on the Honourable Sardar Sahib's amendment, might I suggest to the Honourable Sardar Sahib that his amendment might carry more weight—and perhaps it might be more clear—if after the words " purposes of sale " he introduced the words " as ghee ". The amendment

[Sir Arthur Froom.]

as it stands does not carry very much weight with me with these two words left out. Presumably it is not suggested that it should be made a penal offence to mix ghee, say, with vegetable product and sell it as vegetable product. The whole point, I take it, is that ghee should not be adulterated with vegetable product and sold as ghee.

THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI: I have no objection to accepting the addition of the two words " as ghee ".

THE HONOURABLE THE PRESIDENT: Has the Honourable Member moved that amendment ?

THE HONOURABLE SIR ARTHUR FROOM: I suggest to the Honourable the Mover to alter his amendment to include these words. I do not wish to move an amendment myself.

THE HONOURABLE THE PRESIDENT: The amendment has already been altered once and I am not disposed to allow him to amend it again himself.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: It has pained me, Sir, to find that the attitude of the Government of India is bitterly opposed to the spirit of the Resolution. Last year when this Honourable House carried my Resolution, I was hoping that the recommendation of the Punjab Government and the recommendation embodied in my Resolution would be favourably considered by the Government of India and accepted by them in order to keep up the manhood of the recruiting centre of the Army—and I mean the Punjab in particular. The Honourable Mr. Woodhead during the course of his observations has said many things with which I do not agree and with which, I think, many of my colleagues will also differ. The Honourable the Secretary for the Commerce Department has said that the Government of India will leave the matter of adulteration of food to Provincial Governments as it is a transferred subject. It is all right, Sir, to say so, but when we translate this policy of the Government of India into practice we find that the Government of India do not observe it in full. Some time back a large number of municipalities in the Punjab imposed a prohibitive octroi or terminal tax on this so-called artificial ghee or vegetable product. Under the rules the matter went up to the Government of the Punjab for approval and, if I rightly understand, the matter was referred to the Government of India and at their instance such increase in octroi or terminal taxes was disallowed. In case my allegation is correct, I hope, Sir, that the Honourable the Commerce Secretary will explain when that was and is the established policy of the Government of India why a departure was made in this manner. My Honourable friend, the Commerce Secretary, gives the instance of Bihar and Burma and of Madras where oil is the staple food of the population and where the demand by the consumer of vegetable product may be considerable. What I expected from the Government of India was that when they were considering the question of adulteration of ghee and they wanted to save the public from being cheated by the merchants in general who were selling *Vanaspati* mixed in a large proportion with pure ghee, as pure ghee, the opinions of those provinces whose staple food was ghee would have been given preference to others who generally use oils. Burma, which I had the pleasure of visiting some time back, does not consume large quantities either of milk or ghee.

THE HONOURABLE MR. P. C. DESIKA CHARI (Burma : General) : Question ?.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : What I say is based on my own experience in that province, so no question arises.

THE HONOURABLE MR. P. C. DESIKA CHARI : A stay of three days is not sufficient experience.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : I am so sorry that my friend Mr. Chari says that a stay of three days does not give proper experience. But I might inform him that it was my last visit which lasted a few days, and not my previous visit. My previous visit to Burma extended to a few weeks and not to three days. However, I am not talking about what the migrant population there consumes, but about the native population of Burma. When I was travelling there in the interior I found it difficult to procure milk even. I think my friend, although he practises in Rangoon, has not perhaps had many occasions to go into the interior of Burma. However, I shall not dwell at length on that. But I will certainly say that the reply to the Government of India of those provinces whose staple food is not ghee ought not to have carried much weight. The imports of vegetable products for the nine months ending December 1928 were 362,553 cwts. the cost of which was Rs. 1,40,51,773. I am glad to find, Sir, that in 1929 for the period ending December 1929 the import of this vegetable product fell to 271,620 cwts., with the price in rupees of 1,10,84.580. This, Sir, I think, is due mostly to the action taken by the enlightened Ruling Princes of many Indian States. I think now public opinion is asserting itself and the action taken by the various local bodies, and by the various Indian States is bearing fruit. The Gwalior State, for instance, is one of the biggest producers of ghee, as far as the Indian States are concerned, and the imposition of a prohibitive duty there has also played a great part in diminishing the import of vegetable product. I am glad that in the Punjab, the Punjab Pure Food Bill has been passed, though on many of its clauses there was heated controversy. But, Sir, I do not think this Act will achieve the object which I or the Honourable the Mover of the Resolution has in view. Although the Act embodies various sorts of prohibitive, penal and other clauses, it will not bear much fruit because now the adulteration is not carried out in municipal areas or in *mundis*, but it is carried out mostly at the producing centres, and unless and until the Punjab Pure Food Act applies practically to the whole of the Punjab, the object in view will not be achieved. I oppose the amendment of my Honourable friend, Sardar Bahadur Shivdev Singh Uberoi, on principle, although I understood that he meant that the adulteration of pure ghee with any other substance, whether it is vegetable compound or any other obnoxious matter, ought to be as punishable by enlarging a penal clause in the Indian Penal Code to make it an All-India affair. But even if this suggestion be adopted by the Government of India, it will generally lead to punishing the middleman more than punishing the actual producer. Therefore I think the best remedy lies in stopping the absolute import into this country of this vegetable compound. In my Resolution last year, I was under the impression that vegetable compounds such as are consumed by the poor people. I have tried to get information from all the consuming centres of the Punjab and my information is that this vegetable compound does not sell as vegetable compound as far as the consumers are concerned. Nobody uses this vegetable compound purely. It is solely used for adulteration with pure ghee or in the process of churning

[Lala Ram Saran Das.]

milk. The producers, while churning their milk, add considerable quantities of vegetable compound in order to cheapen the price and retain the flavour of pure ghee. In case the Punjab Act is strictly enforced in all areas wholesale prosecutions will have to be launched, which will add a great deal to the unrest in the rural areas because it is the rural areas which mostly produce adulterated ghee. His Excellency the Commander-in-Chief, when replying to my question as to why vegetable compounds were not being used for the supply to the Army, said that owing to the want of nutritious vitamins its purchase could not be allowed. The Government of India did only allow the use of pure ghee in the Army. I may warn the Government, Sir, that, in case the real effective remedy of stopping the adulteration of ghee with a vegetable compound is not adopted, a day will soon come when Government will not be able to find suitable recruits for the army as the physique of the people would have greatly suffered. As regards the question whether vitamin A or B or C is in great part in any oil or in the vegetable compound, that is after all a matter of opinion. During the last few years opinions have vastly differed. Our friend the Honourable Mr. Woodhead wanted to correct the Honourable Mr. Surput Sing that Captain Thomas did not try pure ghee on the kittens but tried milk. He has also cleared himself by saying that to the other kitten skimmed milk was given. Skimmed milk is void of butter, which shows that it was the want of ghee (clarified butter) which weakened those kittens. But all the same, Sir, kittens do not take ghee and it was impossible to give them ghee. Sir, for ages we have found that in the Punjab and other provinces where ghee is the staple food the physique of the people has always been good.

THE HONOURABLE THE PRESIDENT: The Honourable Member has more than exhausted his time.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: I will bring the matter to a close, Sir, by simply making one more observation and that is as regards the recommendation of the Royal Commission on Agriculture in this respect.

THE HONOURABLE THE PRESIDENT: I am afraid I cannot allow the Honourable Member to start a new argument at this stage.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Then, Sir, with these observations, I strongly support the main Resolution.

THE HONOURABLE MR. NARAYAN PRASAD ASTHANA (United Provinces Northern: Non-Muhammadan): Sir, when the Resolution was moved I thought that I would be able to give it my whole-hearted support but, having heard the Honourable Member who was in charge of the Resolution on behalf of the Government, I think that the attitude adopted by the Government is quite reasonable. On purely economic grounds I would be opposed to the import of any such material as would compete with the indigenous products of India, but inasmuch as that would be rather an international affair and there might be certain practical difficulties, I do not think it would be fair or practicable for the Government to undertake legislation in that respect. However, the Government could do one thing and I think that will meet the object which the Honourable Mover and his supporters have in view, namely, either to change the name of the article so imported from "Vegetable ghee" to some other

nomenclature, so that people might not be deceived, or to put upon it a very heavy import duty so that it may sell in this country at the same value as ghee. I know that the objection to this course would be that the poor people would not be able to purchase it and to consume it. But, for such a long time, the Indian poor people have been supporting themselves and have been living in India upon ghee or adulterated ghee. It may be that they have perhaps been living on pure oil. Therefore, the Government of India can either change its name as has already been suggested by the Honourable Mr. Woodhead, or can impose a very heavy import duty on it so that people might not be cheated by sellers and a cheap article might not be sold for the same value as pure ghee. As to the amendment which has been moved, I find that there are constitutional difficulties which have been pointed out. The Government of India cannot make rules for this purpose. Such legislation ought to be undertaken in the provincial Councils. I am therefore in this position that I cannot give my wholehearted support either to the Resolution or to the amendment.

(The Honourable Sardar Bahadur Shivdev Singh Uberoi then rose in his place.)

THE HONOURABLE THE PRESIDENT: Does the Honourable Member wish to speak ?

THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI: Yes, Sir.

THE HONOURABLE THE PRESIDENT: He has no right to speak again.

THE HONOURABLE MR. SURPUT SING: Sir, the Honourable Member in charge of the Commerce Department has tried his best to convince the House that it is not possible for the Government to adopt this measure, saying that even if the import of this vegetable product is entirely stopped, Indians will be free to adulterate ghee with some other oils. He also said that vegetable product being a wholesome article of food, he did not see any harm in its consumption by the public. But at the same time it is said that it is devoid of vitamins. I cannot understand how a food is wholesome being at the same time devoid of vitamins. The experiment conducted by Captain Thomas led him to his conclusions. He fed the kittens on skimmed milk and pure milk. Where skimmed milk was given mixed with vegetable product, that brought on degeneration. He tried the same experiment on the other healthy kitten and he found that the animal degenerated and did not improve. And still the Honourable Member is of opinion that the Captain's experiment was not correct. There is no other means for effecting a complete stoppage of the adulteration of ghee unless the import is stopped and a Food Adulteration Act is passed here on the lines of the Act in Great Britain. We have no such law in the provinces which can check adulteration, and that is the reason why I have brought this Resolution in this form. Again, Sir, the Honourable the Commerce Secretary has said that the Resolution which was brought by my Honourable friend Rai Bahadur Lala Ram Saran Das last year and which was carried by this House is also not possible of adoption. I agree there to some extent that even if that proposition was given effect to, there would be some artificial chemical compound which could be manufactured in Germany or any other place and mixed with the coloured article which might remove the colouring matter completely, and that was the reason why I brought this Resolution. Unless a complete stoppage is put to its import, it is not

[Mr. Surput Sing.]

possible to check adulteration. As regards adulteration with other oils, there is some degree of smell which can be easily detected in the adulterated article and that saves many of the scrutinising public from the adulterated ghee. The Honourable the Commerce Secretary has also said that in Bihar and Orissa ghee is not used by 90 per cent. of the population as a cooking medium. I agree that in India, amongst the poor, ghee is not used as a cooking medium, but ghee is consumed with their daily food as butter is used by Europeans on their bread, and it is used in many other forms also.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Except in the Punjab.

THE HONOURABLE MR. SURPUT SING: The Honourable the Commerce Secretary also says that if butter is brought to a high temperature it becomes ghee and the vitamins are lost. I agree that as a cooking medium it may lose some vitamins, but there is no authority to show that cooked ghee has no vitamins. Of course it may lose them to a certain extent under certain conditions only. Ghee has been chemically examined by many experts and they have found that it contains a good deal of vitamins. The Governments of the Central Provinces, the Punjab and some other Local Governments are of opinion that ghee is essential for those people who cannot afford to take other foodstuffs containing sufficient vitamins. The poor people as well as other Indians do not like to take vegetable product instead of ghee and so I have brought a Resolution like this. My Honourable friend will admit that unless it is completely stopped my object cannot be achieved, because it will continue to be used for adulteration by the middlemen. Big municipalities and corporations can possibly restrict its use, but what will happen in the case of villages in the interior? It is there freely mixed and there is no check. If the Government intend to take effective measures to enact legislation on the lines of the English Act to put an entire stop to it, then the object will be attained. This stoppage is also necessary considered from the economic point of view. Every year.....

THE HONOURABLE THE PRESIDENT: The Honourable Member must not introduce new arguments at this stage.

THE HONOURABLE MR. SURPUT SING: In those circumstances, Sir, I move that this Resolution be adopted.

THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI: In view of the fact that the Honourable the Commerce Secretary has given expression to the opinion of the Government of India that they would move Local Governments to introduce Bills in their provincial Councils on the lines of the Pure Food Act of the Punjab and of England, I do not think I should press my amendment. My purpose is served, whether it be through provincial or Central legislation. So I would beg leave to withdraw my amendment.

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

THE HONOURABLE MR. J. A. WOODHEAD: Sir, I will not detain the House more than a minute or two. I think the debate has disclosed the difficulty of dealing with this subject. The attitude of Rai Bahadur Lala Ram Saran Das to-day discloses how great these difficulties are, because it is

just a year ago since he said in connection with his own Resolution in this House that he did not want that the sale of so-called *Vanaspati* or solidified oil should be stopped. He said, let those people who cannot afford to pay a high price for ghee and who willingly want to buy *Vanaspati* buy it. So a year ago, Sir, the Honourable Member was not in favour of total prohibition but favoured the minor method of colouring *Vanaspati* on import. On the other hand the Mover of the Resolution is opposed to colouring because he does not think that method will be effective and is in favour of the complete prohibition of import. I think, Sir, that this clearly discloses the difficulty in dealing with this matter and I hope the House will support me in the conclusion that the prohibition of import is not the method by which this adulteration, which we all desire to stop, should be dealt with. In conclusion I would again refer to a remark made by my Honourable friend Rai Bahadur Lala Ram Saran Das. He took objection to the amendment on the ground that it would punish the middleman who was not the real offender but the producer. Sir, I would ask the House to bear in mind that the prohibition of import will punish the producer and importer, who are not the offenders, and will let the offender go free.

THE HONOURABLE THE PRESIDENT: The question is:

"That the following Resolution be adopted, namely:

'This Council recommends to the Governor General in Council to put an entire stop to the import of that commodity which passes by the name of 'Vegetable Product'."

The Council divided:

AYES—7.

Ayyar, The Honourable Dewan Bahadur T. R. Ramachandra.
Jaffer, The Honourable Sir Ebrahim Haroon.
Khaparde, The Honourable Mr. G. S.
Pakrashi, The Honourable Mr. Suresh Chandra.
Ram Saran Das, The Honourable Rai Bahadur Lala.
Suhrawardy, The Honourable Mr. Mahmood.
Surput Sing, The Honourable Mr.

NOES—20.

Abdul Majid Khan, The Honourable Khan Sahib Khwaja Muhammad.
Akram Husain Bahadur, The Honourable Prince A. M. M.
Charanjit Singh, The Honourable Sardar.
Chettiyar, The Honourable Dewan Bahadur K. Sundaram.
Coyajee, The Honourable Sir Jahangir Cooverjee.
Dadabhoy, The Honourable Sir Maneckji.
Graham, The Honourable Sir Lancelot.
Habibullah, The Honourable Khan Bahdur Sir Muhammad.
Haig, The Honourable Mr. H. G.
Harper, The Honourable Mr. K. B.
Maqbul Husain, The Honourable Khan Bahadur Sheikh.
McWatters, The Honourable Sir Arthur.
Middleton, The Honourable Mr. A. P.
Natesan, The Honourable Mr. G. A.
Padshah Sahib Bahadur, The Honourable Saiyed Mohamed.
Shillidy, The Honourable Mr. J. A.
Symons, The Honourable Sir John.
Uberoi, The Honourable Sardar Bahadur Shivdev Singh.
Wacha, The Honourable Sir Dinshaw.
Woodhead, The Honourable Mr. J. A.

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The motion was negatived.

The Council then adjourned till Half Past Four of the Clock on Friday, the 28th February, 1930.

COUNCIL OF STATE.

Friday, the 28th February, 1930.

The Council met in the Council Chamber of the Council House at Half Past Four of the Clock, the Honourable the President in the Chair.

MEMBER SWORN.

The Honourable Mr. A. Ramaswami Mudaliar (Madras : Non-Muhammadan).

QUESTIONS AND ANSWERS.

IMPORT DUTY AND RAILWAY FREIGHT ON GLASSWARE IMPORTED THROUGH INDIA INTO KASHMIR, NEPAL, ETC.

53. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : (*a*) Will Government please state what kinds of glassware are imported from foreign countries through British India to Kashmir, Nepal, Afghanistan, Persia, Iraq, etc., and in what quantities ?

(*b*) Is customs duty on these goods refunded by Government at the time of their being imported into the above territories, and are specially reduced freight rates charged by Indian Railways for carrying these goods from the port to the railway stations from which they are imported into the above-mentioned territories ?

(*c*) Are Government considering the desirability of reducing railway freight rates in the case of glassware manufactured in the glass factories of British India to place them in a position of equality for trade competition in this connection with foreign firms ?

THE HONOURABLE MR. J. A. WOODHEAD : (*a*) Government are not in possession of the information.

(*b*) In accordance with the principle that import duties are not intended to operate as transit duties, a drawback of import duties is allowed under certain conditions in respect of goods imported through British India into Kashmir, Nepal, Afghanistan and Persia. A rebate of railway freight is also allowed on goods carried over the Nushki-Duzdap Railway which have been booked from the ports of Bombay, Karachi and Calcutta for export to Persia or Afghanistan. For glassware the reduced charges thus made are higher than the special reduced rates charged on bookings by rail from stations where glass works are situated.

(*c*) Does not arise.

EQUALISATION OF THE RATES CHARGED ON INDIAN RAILWAYS FOR RAW MATERIALS USED IN GLASS FACTORIES.

54. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: (*a*) Are the rates charged by the East Indian Railway, both for the raw material used in glass factories and their products, lower than those charged by the Great Indian Peninsula, North Western and other railways?

(*b*) If so, do Government contemplate removing this inequality and equalising the rates for the above description of articles on all railways?

THE HONOURABLE MR. J. A. WOODHEAD: (*a*) The rates charged by the East Indian Railway for some of the raw materials used in glass factories and for their products are lower than those charged on certain other railways, though not in all cases.

(*b*) The rates charged on different railways for the same commodities are not always uniform owing to financial and other conditions varying. If individual interests consider that they are unduly prejudiced by variations in rates, the matter should be represented to the railways concerned or, if necessary, to Government for investigation by the Railway Rates Advisory Committee.

PROTECTION TO THE GLASS INDUSTRY IN INDIA.

55. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: (*a*) Has the Indian Glass Manufacturers' Association submitted a representation to the Government of India for some measure of protection for the Indian glass industry?

(*b*) If so, what action have the Government taken on this representation?

THE HONOURABLE MR. J. A. WOODHEAD: (*a*) Yes.

(*b*) On receipt of a representation which asked for protection to glassware, the applicants were asked to furnish information on certain specified points. This information was received in August, 1929. A fresh application was received subsequently for protection for sheet glass necessitating further enquiries, replies to which have been received very recently. The applications are under consideration.

PROHIBITION OF THE IMPORT OF VEGETABLE GHEE.

56. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: (*a*) Will Government kindly state what action have the Government taken on my Resolution adopted by this Council in connection with the stoppage of the import of all vegetable ghee which is not given a proper harmless permanent colouring?

(*b*) Will Government kindly state what quantities of this commodity were imported into this country in 1928 and 1929, respectively, and the value thereof?

THE HONOURABLE MR. J. A. WOODHEAD: (*a*) I would refer the Honourable Member to the statement made by me yesterday in reply to a Resolution on the same subject moved by the Honourable Mr. Surput Sing.

(*b*) The information is contained in the Sea-borne Trade Accounts, copies of which are in the Library.

ORDERS PLACED BY THE RAILWAY BOARD FOR SLEEPERS DURING THE FINANCIAL YEAR.

57. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Will Government kindly state in what quantities the Railway Board have placed orders for this year for

(*a*) Sal sleepers;

(*b*) Deodar sleepers;

(*c*) Teak sleepers;

(*d*) Fir sleepers;

(*e*) Jhera wood sleepers;

(*f*) Cast iron pot plates and other metal sleepers;

(*g*) Steel sleepers; and

(*h*) Reinforced concrete sleepers?

THE HONOURABLE MR. J. A. WOODHEAD: I lay on the table a statement showing the quantities of track sleepers for which orders have been placed by or with the approval of the Railway Board for this financial year.

Railways place their own orders for wooden sleepers through the local Sleeper Group Committees.

STATEMENT.

	Broad gauge.	Metre gauge.
(*a*) Sal sleepers	6,00,780	4,98,000
(*b*) Deodar sleepers	5,17,500	1,33,000
(*c*) Teak and other wooden sleepers from the forests of Southern India	1,04,707	2,21,941
(*d*) Fir and Chir	6,36,000	
(*e*) Jhera	..	
(*f*) Cast iron pot plates and other metals	3,50,000	
(*g*) Steel sleepers	80,300	
(*h*) Reinforced concrete sleepers		

AMOUNT HELD IN THE PAPER CURRENCY RESERVE ON THE 31ST DECEMBER, 1928, AND 1929, RESPECTIVELY.

58. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Will Government kindly state what was the amount in the Paper Currency Reserve on 31st December, 1928, and 1929, respectively?

THE HONOURABLE SIR ARTHUR MCWATTERS: 189·10 and 179·41 crores, respectively. The details are given in the weekly Abstract of the Accounts of the Paper Currency Department published in the *Gazette of India*, Part II, dated the 12th January, 1929 and 11th January, 1930.

BILLS PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL: Sir, in accordance with 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 27th February, 1930, namely:

A Bill further to amend the Cantonments (House Accommodation) Act, 1923, for certain purposes;

A Bill further to amend the Indian Income-tax Act, 1922, for a certain purpose;

A Bill to amend the law relating to insolvency for certain purposes; and

A Bill further to amend the Indian Railways Act, 1890, for certain purposes.

THE GENERAL BUDGET FOR 1930-31.

THE HONOURABLE SIR ARTHUR McWATTERS (Finance Secretary): Sir, I rise to present the statement of the estimated revenue and expenditure of the Governor General in Council for the year 1930-31 in respect of subjects other than Railways. Sir, it is six years since I first had the honour to present the Budget of the Government of India in this House, and I am glad in more ways than one to find myself back after an interval in the same position and particularly because it enables me, I think, more easily to present to the House the picture of the present day in its proper perspective. The retrospect of the last few years is unusually important on the present occasion, because the main problem which presents itself is whether the gap which has been caused by the remission of the provincial contributions in 1927 has been made up or not, and it is a study of the last few years which enables us to obtain the basic position of the present day.

I will begin with a short account of the year 1928-29 of which we now have the final accounts. It was estimated a year ago that that year would close with a small surplus of 30 lakhs, but it was made clear at the time that this was due to certain fortuitous circumstances, the most important of which were a throw forward of the land customs revenue and anticipatory collections of salt revenue due to speculation. Actually the accounts show that the position is a good deal worse, owing mainly to shortage in collection of customs during February and March 1929 and also because as a result of the raising of the Bank of England rate to 5½ per cent. in February 1929 we had to revalue our securities in the Gold Standard Reserve at a lower rate than we had expected, and we were able to obtain as revenue a much smaller sum from this source. But the result is that we really now obtain a picture of the year 1928-29 more in its true colours, and the result is, instead of a surplus of 30 lakhs, a deficit of 106 lakhs, and instead of being able to add 30 lakhs to the revenue reserve fund which stood at 74 lakhs at the beginning of the year, the whole of the revenue reserve fund has been absorbed in meeting the deficit and we are left with an uncovered deficit for that year of 32 lakhs.

I now pass to the current year. It is within the knowledge of every Member of this House that we have had in the current year a number of factors

to deal with which have been extremely difficult. There have been factors both in India and outside. In India we have had shortage of rain in some areas and floods in others, but, more important than all, we have had an atmosphere of political uncertainty which has placed an obstacle in the way of commercial enterprise and has made itself felt in our financial position at every turn. When these clouds blow away, as we all trust and expect that they will in the near future, the financial position of the country will be immeasurably improved. As regards external factors, by far the most important was the orgy of speculation which took place in the stock exchanges of the United States of America which resulted in the flow of large amounts of capital from all over the world to America at extremely high rates of interest. It was followed in October by a sensational collapse as a result of which there has been prolonged business depression in America which has contributed to the great fall in commodity prices everywhere. In India we have felt the effect of the monetary conditions all through the year and now we are beginning to feel more and more the effect of the great fall in world prices. As a matter of fact, if you take the first nine months of the current year, the balance of trade in India's favour has been considerably more than in the two preceding years. But if you look at the figures in detail, we shall see that exports declined by 8½ crores while imports declined by 4½ only. And the balance of trade in India's favour was due solely to there being smaller imports of treasure. Turning to our revised estimates for the year, we have first of all the fact that there is no revenue reserve fund available to meet the deficit of 90 lakhs which was provided for in the Budget. We have to add to that a further deterioration, taking all our heads together, of 66 lakhs which would point to a deficit in the current year of 156 lakhs. The position would have been very much worse but for two exceptional circumstances. The first again was the Gold Standard Reserve, where owing to very high rates of interest in the course of the year, we were able to obtain much larger receipts to revenue on this occasion and the second was the phenomenal imports of sugar from which we expect to earn no less than 835 lakhs of revenue which means 135 more than we budgeted for. Our accounts, as a matter of fact, will not show either a surplus or a deficit because we are enabled to take to revenue a large amount—156 lakhs in fact—which was lying in suspense in the German Liquidation Account. As a result of the arrangements recently arrived at at the Hague we are now enabled to take that sum to revenue so that the year will close on the figures I have given without either a surplus or a deficit. But if we look back over the last three years, in the year 1927-28 there was a deficit of 221 lakhs, in the year 1928-29 as I have stated there was a deficit of 106 lakhs, and in the current year there would have been a deficit of 156 lakhs, if there had not been these exceptional receipts from the German Liquidation Account. I think the conclusion is inevitable that the gap which was caused by the remission of contributions in 1927 has not yet been made up. And this brings me to the Budget for the coming year.

Budgeting as we had to do in the conditions which I have just described and which are still continuing, we have not been able to take an unduly optimistic view. We have, in fact, budgeted with what I should call moderate caution. Taking our main sources of taxation we estimate that after allowing for the reduction in our opium revenue which declines as the House knows from year to year, we expect to get an increase of 5 lakhs only from these main sources. But it is when we come to consider the main commercial departments—the Posts and Telegraphs and the Railways—that a serious deterioration has to be allowed for. From the Railways under the operation of the

[Sir Arthur McWatters.]

Convention we shall get in the next year 51 lakhs less than was budgeted for in the current year. As regards the Posts and Telegraphs, the experience of the current year has shown us that they have been running on a substantial loss and we have had to allow 48 lakhs less than in the current year's Budget. So that on these two heads alone, we anticipate a deterioration of 99 lakhs. I now come to the expenditure side. Government's expenditure can be clearly divided into two main classes. The first is our normal administrative expenditure, where we have some choice at any rate between economy and retrenchment on the one hand or a forward policy on the other. And the principle which the Honourable the Finance Member has followed in preparing this Budget has been to admit only such new items as are either essential or productive, and even then only to admit them if they can be counterbalanced by corresponding economies elsewhere. The House will no doubt have followed the proceedings of the Standing Finance Committee and they will have been able to obtain a very fair idea of the type of expenditure which we have admitted. There is, first of all, of course, an unavoidable growth in the pay of our establishments owing to normal increments. As Members know, most of our establishments are now on time scales of pay and we have not yet reached the peak. As regards other items, I should like to mention a few which, I think, will interest the House. First of all, there is the obligatory item of 11 lakhs for the census for which preparations have to be made this year. There is 7 lakhs to be provided for the Banking Enquiry Committee; an additional 5 lakhs for the Labour Commission. Then there is a big item of 24½ lakhs for civil aviation. But I should like to point out here that the greater part of the ground organisation and the meteorological services which come within this grant were really inevitable in any case if we were to fulfil our international obligations. And it is impossible not to contemplate large expenditure on civil aviation if the country is not to lag behind in this modern development. Then, there is another item which I think would interest the House—a grant of 5 lakhs to the Aligarh University, which is in accordance with promises which have been made to the Legislature. We have for the first time in the Budget the recurring grant of 5 lakhs to the Agricultural Research Council, in addition to the 2½ lakhs on their establishment expenses, and there is one extra item in the same connection to which I want to draw special attention,—we have allowed 10 lakhs for special measures for the production of sugar and sugar research. There is also an additional 5 lakhs in addition to the previous 10 lakhs that has been allowed in previous years for carrying out further the schemes of the Territorial Force Committee. Besides these there are a large number of items dealing with administration in the areas under the Central Government, nearly all of which are of a beneficial or productive character, such as reclamation in the Andamans, timber extraction in the Andamans, forest conservancy in the North-West Frontier Province, agriculture in Baluchistan, and so on, and I think that the description I have given of some of these main items is sufficient to show the House how far they fulfil the criteria which the Finance Member has laid down. The total amount of new items included in the Budget is Rs. 146 lakhs and we have been able to effect economies practically corresponding to this, first of 62 lakhs in Civil Administration, which represents of course in a large measure non-recurring items of the previous year which no longer will be included in the present year's Budget and secondly of a reduction in the Military Budget of Rs. 80 lakhs. This requires a little explanation. As the House knows, the Military Budget is a contract Budget of 55 crores for a period of years of which two more are still to run. This arrangement was made in order to allow of the carrying out of

certain schemes of reorganisation and re-equipment. It has been arranged now with His Excellency the Commander-in-Chief that the contract Budget will extend over three years more instead of two, but at a rate Rs. 80 lakhs lower than the previous 55 crores. I think that this is eminently satisfactory. It will not in any way prevent the carrying out of the schemes of reorganisation and re-equipment but it will be fairer to the tax-payer of to-day and it also does point the way to the ultimate economies which we hope to make when the contract period comes to an end.

I now turn to the second class of expenditure connected mainly with our debt services and financial security. This expenditure is not in the same category as the other class. It is not a question between economy and extravagance. The expenditure is either obligatory or else it is accepted solely with the object of improving our credit. There are one or two items under this head to which I want to draw special attention. First of all, there is the Interest on our ordinary debt. Here, partly as a result of larger sales of Treasury Bills and partly because we have to allow for larger conversion operations, we have an increase over the current year's Budget of Rs. 46 lakhs. As regards Interest on other obligations, which includes the amounts that we have to set aside for meeting the bonuses on cash certificates and paying interest on Provident Funds, and items of that kind, we have to allow an extra 61 lakhs. Interest on Provident Funds, I may mention, has recently been increased to 5 per cent. These two items account for an increased expenditure of 107 lakhs. At this point I should like to mention our Interest receipts. The figure in the Budget for Interest receipts will be the same as in the current year's Budget, but we are introducing an important change of procedure in connection with the Gold Standard Reserve to which I have already referred twice this afternoon. The receipts from the Gold Standard Reserve have been so erratic that the House will realise that they seriously disturb our Budget estimating. In the year 1928-29 we got £1,240,000, in the current year it is £2,400,000 and next year we expect to get £1,700,000. What we are proposing to do is to institute an Equalisation Fund. The basic figure will be £1,600,000 which represents 4 per cent. on £40,000,000. Any amount that is received in excess of the £1,600,000 will be taken half to revenue and half to the Fund so that it may be utilised in later years if the revenue from the Gold Standard Reserve comes below the figure of £1,600,000. We are able to make a start this year by taking £100,000 from the current year to this Fund and that was allowed for in the figures which I gave the House just now. In the coming year we hope to put aside £50,000 to the Fund.

Another very important matter which I shall refer to is in connection with the accrued liability on cash certificates. In several of the recent Budget speeches it has been admitted that we are not making adequate provision for meeting the accrued liability on cash certificates. We only set aside each year sufficient to meet the actual payments falling due. We are setting aside for that purpose a crore this year. But when the House realises that the total amount of cash certificates outstanding is over 35 crores, it will be seen that this is scarcely 3 per cent. We have therefore decided that we should make a beginning in setting aside adequate sums to meet the accrued liability. We do not propose to provide for the accrued liability of past years because we consider that the very adequate sums which are provided for reduction and avoidance of debt are sufficient to cover the past. But for the coming year and the future we propose to set aside enough to cover the real accruing liability and this for the Budget year will require an extra 88 lakhs which we have included in the Budget.

[Sir Arthur McWatters.]

Finally, there is the question of reduction or avoidance of debt. Here we are making two changes. On sterling debt incurred since the 31st March, 1923, we take 1/80th to the provision for reduction and avoidance of debt, but we have hitherto been calculating that 1/80th in rupees at 1*s.* 4*d.* We are now making the calculation at the proper ratio of 1*s.* 6*d.* and thereby we shall save 12 lakhs. The second point is this, that under the Finance Act of 1926, we have been adding to the provision for reduction and avoidance of debt the amounts which are received under the Dawes Scheme from Germany. We consider, especially in view of the fact that we are making such ample provision for the accrued liability on cash certificates, that we need no longer add this amount to the ordinary provision for reduction and avoidance of debt. Rs. 32 lakhs is the figure in the Budget for Reparations. Even after taking out of the redemption provision 12 lakhs and 32 lakhs above referred to, we still provide 6 crores which is actually 27 lakhs more than in the current year.

The figures which I have now given to the House enable us to take stock of the position. As compared with the Budget of the current year there is a gap to be made up of 320 lakhs and to that we have to add the deficit of the year, 90 lakhs, so that the gap to be made up is 410 lakhs. This is the figure which I would ask the House to bear in mind. The first question that we have to ask ourselves obviously is whether we are justified in asking the Legislature to make up the whole of this amount by new taxation or not. We have to consider it from two points of view, from the point of view of the revenue and the point of view of expenditure. If it were true that the short fall in revenue was merely temporary or if it were true that we can in the near future make substantial reductions in expenditure, it could legitimately be argued that we need not make up the whole of this amount by new taxation. If, however, we look at the revenue position, it is true, I think, that we may in the future hope for improved receipts from the commercial departments, Posts and Telegraphs and the Railways. But we have on the other hand the certainty of losing some other sources of revenue. Opium exports is one. There are also export duties of various kinds several of which, I think, are likely to be threatened. In connection with income-tax too, the Finance Member has already announced that he is desirous, if the financial position permitted it, to make certain changes in income-tax which would be for the benefit of commerce and industry; particularly he would be glad to adopt the principle of allowing business losses to be carried forward. Apart from this, I think it is certainly true that we have for some years past been running on a very narrow margin. India is a country subject to climatic vicissitudes and it is years since we had a bad monsoon. Taking the expenditure side, Government intend to pursue economy wherever they can. We have, as the House knows, agreed to the appointment of a specially experienced officer to assist the Finance Department next year to help us to pursue the search for economy. But I think we should be deluding ourselves if we did not take into account the fact that there are many new services, services of importance and of value, which are being and will be pressed upon us; for instance, civil aviation; then there is agricultural research; and it is I am sure the desire of the whole country that Government should embark on a forward economic policy. More important than all, we are at a stage in India's history when it is almost certain that as a result of constitutional reforms there will be large additional expenditure necessary for developing the provinces and I think that the Central Government will have to face the position in the fairly near future of having to give

up some of its sources of revenue. Taking all these circumstances into account Government have come to the conclusion without any doubt whatever that we should make up this gap by taxation and make it up fully, so as to arrive at a position in which the finances of the Government of India will be above suspicion.

But before I tell the House what our proposals for taxation are there is one proposal which we have to make which acts in the direction of increasing the deficit. It is a proposal which the House will welcome. We propose to reduce the export duty on rice by one quarter, that is, from three annas a maund to two annas three pies a maund. We regard this proposal at the present moment as particularly opportune, because the price of rice has fallen very seriously and the cultivator in Burma has been very hard hit. The proposal we are making has the effect of removing the disparity which exists at present between our export duty and the export duty which is levied by Siam, which is one of Burma's principal rivals. We shall lose by this proposal 30 lakhs, so that the figure which has to be made up is now 440 lakhs. I now come to our proposals for taxation. First of all a duty on cotton piece-goods. If this was merely a matter of obtaining additional revenue it is a fairly straightforward business, and so far as this is concerned, our proposal is to increase the tariff on cotton piece-goods from 11 to 15 per cent. to bring it up to the level of the general tariff. But there is also the question of protection for the industry, and particularly the industry in Bombay, and here Government after very careful consideration have come to the view that in the circumstances existing in Bombay it is essential that some temporary protection should be given. I do not wish to say very much on this subject because the Honourable the Finance Member in another place on behalf of the Honourable the Commerce Member is making a very full and considered statement on this subject to which I would refer Honourable Members. But we have in framing our protective proposals kept two things in mind. One is that the protection should be purely temporary and that before the end of the period there should be an inquiry by a Tariff Board. Secondly, that the protection should so far as possible be confined to what is actually required ; that in the interests of the consumer we should not give more protection or a different kind of protection than what is necessary. So our protective proposals are these, that for a period of three years, during which there will be an inquiry by a Tariff Board, there will be an extra five per cent. *ad valorem* levied on imported piece-goods, and there will be a three and a half annas per pound minimum specific duty on ordinary grey goods. Both these duties will be levied on all goods except those coming from the United Kingdom. I wish to explain quite clearly to the House that we are not asking them to accept the principle of Imperial preference. The duty is a temporary duty and there will be an inquiry by a Tariff Board ; but we have kept in mind the interests of the consumer and we ask the Legislature to consider impartially these proposals on their merits and with the Legislature the decision will rest. What we shall obtain from these cotton duties is estimated at 125 lakhs. The proposal for increasing the tariff from 11 to 15 per cent. will be included in the Finance Bill in the ordinary way, and the protective proposals will be included in a separate Bill which will be introduced by the Commerce Member.

The second item which we have selected for taxation is sugar. We propose an all-round increase in the import duty on sugar of one rupee eight annas per cwt. We do not propose to make any change in the existing classification, that is to say, sugar of 23 Dutch standard and above which at present pays Rs. 4-8-0 per cwt. will pay Rs. 6 ; sugar below 23 Dutch standard which at present pays Rs. 4 per cwt. will pay Rs. 5-8-0, and sugar below 8 Dutch standard and sugar candy which at present pays 25 per cent. *ad valorem* will

[Sir Arthur McWatters.]

pay a composite duty of 25 per cent. plus Rs. 1-8-0 per cwt. We thus retain due correspondence between the different kinds of sugar. I might add that molasses, which is at present classed along with low grade sugar and pays 25 per cent. will continue to pay 25 per cent. duty, because it must be regarded as in a different category from sugar being used mainly for industrial purposes. These sugar duties we estimate will give us 180 lakhs. But in estimating the effect of this fairly heavy increase on the consumer it has to be borne in mind that the price of sugar at the present time is exceptionally low. The landed price actually is lower than it has been at any time in the last ten years, so that we do not expect that this duty at present will have very much effect on the consumer. It must ultimately have some protective significance and perhaps in this there is some benefit because in the production of sugar we have one of the most valuable sources of increasing agricultural production in India and it is appropriate I think that in this same Budget we find a proposal to give the special grant of 10 lakhs which I mentioned before for improving the cultivation of sugar and sugar research.

The next item is kerosene. We propose to increase the excise duty on kerosene from one anna a gallon to one and a half annas a gallon, and at the same time to reduce the import duty from two and a half annas a gallon to two and a quarter annas a gallon. This will give us 35 lakhs. The proposal has been framed in this form mainly for two reasons. First of all, because by the combined reduction of the import duty at the same time that the excise is increased we shall secure that the price of ordinary kerosene to the poor man is, if not reduced, at any rate not increased ; and secondly, we think that by reducing the disparity which exists at present between the excise and import duty by one half we are going as far as is wise or fair at the present moment to the indigenous oil companies, particularly the smaller companies, and we shall not be likely to retard production.

In view of the fact that we are proposing such substantial indirect taxation we consider it only fair that there should be some direct taxation, and we are therefore proposing a small increase in the rates of income-tax and super-tax. We are framing the proposals deliberately so as to avoid throwing any handicap on industry and commerce, and therefore our proposal is an increase of one pie in the rupee on incomes of Rs. 15,000 and upwards and a similar increase of one pie in the rupee on super-tax of all grades, with the exception of the flat rate of super-tax on companies which will not be touched. We expect to get from this Rs. 56 lakhs from income-tax and Rs. 14 lakhs from super-tax, making 70 in all. The taxes which I have described to the House so far give exactly 410 lakhs and if it had not been for the proposed reduction by a quarter of the rice duty, the deficit would have been covered. But as there is still Rs. 30 lakhs outstanding, and also for other reasons, we have another proposal to make, which is the last. We propose to reintroduce the duty of 4 annas an ounce on silver. The silver duties have a long history in the Indian tariff. Up to the year 1910 silver paid duty at the ordinary tariff rate of 5 per cent. In 1910 the duty of 4 annas an ounce was first introduced and it was maintained at that rate until the outbreak of the war when the import of silver was prohibited. After the war as a result of the recommendations of the Babington-Smith Committee at the time when the prohibition on import of silver was removed, the duty was also removed. The Babington-Smith Committee advocated its removal mainly for two reasons, first, because there was a fairly strong feeling that the existence of the duty operated to prevent the creation of a free silver market in Bombay, and,

secondly, they thought it unfair to the consumer of silver in India and put him at a disadvantage with the consumer of silver in other countries. We propose to meet the first of these objections now by allowing a full rebate on re-export of silver which has paid duty. In the past a drawback of 7/8ths only was allowed, but we have been able to make administrative arrangements which will allow full rebate to be given now. As regards the second, we consider that the sensational fall in the price of silver which has reached a point lower, I think, than at any time in the last century has completely altered the position. Silver is a commodity in which the masses of the country very largely keep their store of value and we think it is in their interests to raise the internal value of silver at the present time. The silver duty at a very conservative estimate will give us a crore, so that if all our proposals for taxation are accepted, we should end the year with a surplus of 70 lakhs, and this would put us in a position not merely to face bad times with equanimity if our anticipations turn out to be optimistic, but if times are good it should provide us with a substantial reserve to meet the heavy obligations which we anticipate under the reformed constitution. I should also add that as the changes in the tariff which will be contained in the Finance Bill will take effect from to-morrow under the Provisional Collection of Taxes Act, we shall obtain in the current year an extra 35 lakhs, so that the current year will close with a surplus of 35 lakhs and the Budget with a surplus of 70.

I should now like to say a few words about Ways and Means, which are really the critical test of our finances. I will confine myself to the prospects of the coming year. We have, as the House knows, made considerable reduction in the capital programme of Railways, but even so we are allowing for a fairly substantial figure of 16¾ crores which includes 2 1/3 crores of the sanctioned programme of the current year. We have other capital obligations of nearly 4 crores and the capital required for Provincial Governments is nearly 8. We have to meet permanent debt maturing which amounts to 18 crores 84 lakhs including 15 crores and 77 lakhs of the 1930 bonds which come due for payment in India this year ; so that our total liabilities are 49 crores 35 lakhs. To meet this we have as assets the provision for reduction or avoidance of debt, we have our net takings under cash certificates, we have our depreciation and reserve funds and we have worked down as usual our balances to the normal minimum. The result is, assuming that the 6 million Sterling Bills which were raised in England this year will be provided for by some form of sterling borrowing in the course of the next year and allowing also for reduction in the Treasury Bills outstanding of 4 crores from 24 crores to 20 crores, we shall have to raise a loan in India of 23½ crores, of which, however, 7·4 crores only will be new money, since the greater part of the rest is covered by the 1930 bonds which I have just mentioned. It is also important to take into account the fact that we shall be returning to the market 4 crores of Treasury Bills, so that I think this position is not one which need cause us any concern and it should not have a depressing effect upon the security market. As regards remittances, we have had to remit to England this year 35¼ millions. We expect to meet this firstly by remittances through the market of 19 millions. We have also undertaken certain sterling borrowing in London and we have already remitted through the Paper Currency Reserve 9½ millions. Next year we have to remit 3½ millions less, that is, 31¾ millions. The actual method by which that remittance will be made it is of course impossible at the present moment to say, but it is a slightly smaller obligation than we have had in the current year.

[Sir Arthur McWatters.]

In conclusion, Sir, I should like to re-emphasise very shortly what appear to me some of the main principles inherent in this Budget. There is first of all the principle which the Honourable the Finance Member had laid down with regard to civil expenditure, that he has admitted no expenditure except those items which are essential or are of a productive nature, and even then only when they can be covered by corresponding economies; that as regards expenditure on our financial security and credit, we have not hesitated doubly to reinforce that credit. I should point out particularly the extra provision we are making for cash certificates, the full amount we are allowing for the reduction and avoidance of debt and the introduction of the Equalisation Fund for the Gold Standard Reserve; and particularly I should point out the fact that we are asking the House to agree to the full amount of new taxation required to cover our liabilities with an adequate margin. Thirdly, as regards that taxation itself, I think that there is not a single item in it, with the exception of the income-tax and super-tax increase, which does not carry with it some corresponding advantages. In fact, I shall be surprised if I do not find support for everyone of those items from different quarters of this House. I think, Sir, that the Honourable the Finance Member has presented a Budget of unassailable strength, a Budget which will add confidence and which will increase the credit of this country both here and abroad. We are told that it is not in mortals to *command* success, but I think we will all agree that the Honourable Sir George Schuster has done all that financial foresight could do to *deserve* it. (Loud applause.)

STATEMENT OF BUSINESS.

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH (Leader of the House): Sir, with your permission, I desire to make a statement regarding the probable course of business for the next week. On Tuesday, the 4th March, the Council will meet to transact Government business when the Honourable Mr. Shillidy will move a Resolution on the Report of the Indian Road Development Committee. Thereafter motions will be made to take into consideration and to pass the Transfer of Property (Amendment) Bill, the Indian Sale of Goods Bill and the Indian Contract (Amendment) Bill, as passed by the Legislative Assembly, copies of which were laid on the table of the Council on the 17th February, 1930. On Thursday, the 6th March, the House will discuss the General Budget. Wednesday, the 5th, was allotted for non-official business, but so far no notice of any business, which can be put down for that date, has been received.

The Council then adjourned till Eleven of the Clock on Tuesday, the 4th March, 1930.

COUNCIL OF STATE.

Tuesday, 4th March, 1930.

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* ROAD DEVELOPMENT.

THE HONOURABLE MR. J. A. SHILLIDY (Industries and Labour Secretary): Sir, I move:

"That this Council, after taking into consideration paragraphs 70 to 79 of the Report of the Indian Road Development Committee, recommends to the Governor General in Council that:

(1) The increase in the import and excise duties on motor spirit from 4 to 6 annas per gallon, introduced by the Indian Finance Act for the current year, shall be maintained for a period of five years in the first instance;

(2) The proceeds of the additional duty during the same period after deducting such amounts as may be required for grants-in-aid to users of petrol for aviation purposes according to rules issued by Government on a scale not exceeding the additional duty on petrol actually consumed for such purposes shall be allotted as a block grant for expenditure on road development to be credited to a separate road development account, the unexpended balances of which shall not lapse at the end of the financial year;

(3) The annual grant shall be divided as follows:

(*a*) A certain proportion shall be retained by the Government of India as a reserve, and such proportion shall be 10 per cent. for the two years ending March, 1931, and the position shall be reviewed thereafter and the balance, if any, on 31st March, 1931, or any subsequent date of review, which is not required for the purposes approved in paragraph 75 of the Report, shall be distributed among the Governors' provinces and the Government of India in the manner provided for the remainder in sub-clause (*b*);

(*b*) Out of the remainder—

(i) An apportionment shall be made among the Governors' provinces in the ratio which the consumption of petrol in each such province bears to the total consumption in India in the preceding calendar year;

(ii) The balance, representing the consumption of petrol in provinces other than Governors' provinces, administered areas and Indian States, shall be allotted as a lump sum to the Government of India;

(4) If any part of the amount apportioned to a Governor's province in any financial year remains unexpended at the end of that year, it shall be carried over for expenditure in that province in the following year;

(5) Grants shall be made to each Governor's province, up to the amount available for it in each year, for expenditure on schemes approved by the Governor General in Council with the advice of the Standing Committee for Roads. 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; but if at any future time the question of road connection with India becomes a live issue, the position shall be reconsidered;

[Mr. J. A. Shillidy.]

(6) A Standing Committee for Roads shall be constituted every year after the financial year 1929-30 consisting of one nominated official member of the Legislative Assembly, a second nominated official member, three members elected by the Council of State from their body, and six members elected by the Legislative Assembly from their body. The Member of the Governor General's Executive Council in charge of the Department that deals with roads shall be the Chairman of the Committee; and the members of the Committee who are members of the Legislative Assembly shall form its Finance Sub-Committee which shall be presided over by the Chairman of the Committee if he is a member of the Legislative Assembly, and otherwise by the official member of the Committee who is a member of the Legislative Assembly;

(7) The functions of the Standing Committee for Roads including that appointed in pursuance of the motion adopted in the Legislative Assembly on the 2nd September, 1929, shall be—

(i) To consider the annual budget and accounts of the separate road development account of the Government of India;

(ii) To consider all proposals submitted by Governments of Governors' provinces to the Government of India, for which grants from the road development account are requested; provided that the function of the Standing Committee and of its Finance Sub-Committee shall be confined to determining whether the scheme is one for which an allotment from the Central Road Development Account should be made;

(iii) To advise the Government of India generally on all questions relating to roads and traffic on roads and, in particular, on—

(*a*) any action to be taken by the Government of India on the proceedings of periodical Road Conferences;

(*b*) central research in all matters connected with roads, road construction and maintenance;

(*c*) statistics and intelligence, the preparation and publication of maps, and the collection and dissemination of information relating to road development, administration and finance in India and in other countries;

(*d*) proposals other than those relating to Indian States on which it is desired to incur expenditure out of the portions of the annual grant referred to in clauses (3) (*a*) and (3) (*b*) (ii);

(8) All proposals for expenditure from the annual grant or its accumulated balance shall be transmitted by the Standing Committee to its Finance Sub-Committee for approval before recording its final acceptance; and the Standing Committee shall not record its acceptance to any such proposal unless it has received the approval of the Sub-Committee."

Sir, I think the Report of the Indian Road Development Committee is familiar to all the Members of this Council and it is not necessary for me to go at any great length into it. It has been printed and published for some considerable time and the Council will remember that in April, 1929, on a Resolution by the Honourable Sir Arthur McWatters, this Council elected a panel from which members were to be chosen for the Standing Road Committee. Afterwards, last summer, in Simla, there was a Road Conference to which representatives of Local Governments came. The whole question of the constitution, the method of allocation of funds and the duties of the Standing Road Committee were then discussed at considerable length. I will not say there was complete unanimity, but it was as a result of those discussions that this Resolution which I have read out to you has been framed. To those Members who are conversant with the Report of the Indian Road Committee it will be clear that for each paragraph of this Resolution there is a corresponding resolution in the Indian Road Committee's Report. I need not go through it all, but I might just mention that paragraph (1) will find its counterpart in paragraph 71 of the Report, paragraph (2) again will find its

counterpart in the same paragraph of the Report, paragraph (3) in paragraph 75, and so on. There are, however, three points to which I think it is necessary to call the attention of this Council. Paragraph (3) (*a*) states that a certain proportion shall be retained by the Government of India as a reserve and such proportion shall be 10 per cent. The Road Committee recommended in paragraph 75 that this proportion should be one-sixth, and there stated what would be the duties of the Government of India in regard to the money which was to be so allocated to them. At the conference, however, there was considerable difference of opinion as to the amount which should be allotted. Various Local Governments demanded that this should be reduced from one-sixth to one-twelfth, while one Local Government demanded that it should be reduced as low as one-twentieth. As a result of the discussion a figure of one-tenth was arrived at, and it will be seen that it is not final, but has been so fixed for two years ending 31st March, 1931, and the position will be reviewed thereafter. It is not possible at this stage to say what will be the cost of the duties the Government of India will have to undertake, because there are such questions as research, collection and dissemination of information, and it gives us time to see whether this ten per cent. is a correct and fair share for the duties which the Government of India will have to perform.

The next point to which I wish to draw the attention of the House will be found in the second paragraph of the Resolution, which runs :

"... after deducting such amounts as may be required for grants-in-aid to users of petrol for aviation purposes according to rules issued by Government on a scale not exceeding the additional duty on petrol . . . etc."

The Road Committee were not very certain about this particular question. In paragraph 68 they said :

"The case of aviation is more difficult but has not yet become a live issue. It is sufficient now to note that aviation spirit is easily distinguishable from motor spirit and being more expensive could probably be exempted from all or a part of the additional duty on motor spirit without inconvenient consequences. Secondly, it is understood that a successful system of aviation is itself partly dependent on an adequate road system."

The question of exemption has been examined and it has been decided that practically it would not be possible to secure exemption of petrol used for aviation purposes without the risk of very considerable fraud, and it has therefore been necessary to retain aviation spirit within the scope of this tax. As regards the other point which they raised, it was represented during the discussion of the Finance Bill that it was not fair to charge petrol used for aviation purposes and use the money on the development of roads. When that was brought forward the Finance Member stated :

"I fully recognise that a tax which is intended to be levied on the users of roads for the improvement of roads cannot fairly be levied on people who fly through the air. Therefore our intention is that if we are to observe principles of equity in this matter our action should take the form of ascertaining roughly what is the amount of the tax on petrol used for aviation and using that for the purpose of encouraging the development of aviation on exactly the same principle as we are using the tax on petrol used by cars and lorries for the special improvement of roads."

I think, Sir, there is no need for me to elaborate this. It is perfectly clear and equitable that the tax which is levied on petrol used for aviation purposes should be used for the development of civil aviation.

The last point that I wish to draw the attention of this Council to will be found in paragraph (7) (*ii*). In the course of the conference last year there was a considerable amount of discussion as to the precise relations between the

[Mr. J. A. Shillidy.]

Central and Provincial Governments in regard to revenues and subjects. I do not think I need enter into that very intricate question at this stage. The Road Committee in paragraph 76 of their Report had given their opinion :

"It does not however appear to us to be proper that the Government of India and the Indian Legislature, which will be responsible for imposing this additional duty, should divest themselves of all responsibility for the manner in which the proceeds are spent."

They go on to say :

"We do not think that the approval of projects on which grants may be spent in the manner proposed could reasonably be regarded as undue interference in the responsibility of a Local Government for the roads in its province."

And if there should be any doubt in anybody's mind as to what exactly the Road Committee did mean, I can only refer to the words of the Chairman of the Committee, who, arguing in the Assembly a short time ago upon this very point, stated quite clearly :

"What we recommended was this, that the control of the Government of India should be limited to only one single consideration, namely, that the schemes which come up from the provinces asking aid for road development should be analysed and tested on one important particular only, namely, whether it is a scheme of such a nature that the Government of India could sanction the money on it from central revenues. That is the only interference of the Government of India."

And so, we have accordingly laid down in paragraph (7) (ii)

"provided that the function of the Standing Committee and of its Finance Sub-Committee shall be confined to determining whether the scheme is one for which an allotment from the Central Road Development Account should be made."

Sir, these are all the points to which I think it is necessary for me to draw the attention of the Council.

I move the Resolution.

THE HONOURABLE MR. P. C. DESIKA CHARI (Burma : General) : Sir, if you would permit me, I want to move an amendment to clause (5) of the Resolution.

THE HONOURABLE MR. J. A. SHILLIDY : I rise to a point of order. No notice has been given of this amendment.

THE HONOURABLE THE PRESIDENT : The Rules and Standing Orders do not definitely lay down that notice should be given of an amendment to a Resolution. On the other hand, it is open to any Honourable Member of this Council to object to the moving of an amendment of which two days' notice has not been given. Automatically the Chair does not disallow an amendment of which notice has not been given, but it has to exercise its discretion only in the case where objection is taken. Do I understand that the Honourable Member takes objection to the moving of the amendment ?

THE HONOURABLE MR. J. A. SHILLIDY : Yes, Sir.

THE HONOURABLE THE PRESIDENT : In that case I require a little information to enable me to exercise my discretion. In the first place I should like to know exactly on what date the list of business for this morning was made available to Members, if the Leader of the House could give me information on that point ?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH (Leader of the House) : It was three or four days ago that this was circulated to Honourable Members.

THE HONOURABLE THE PRESIDENT : There is one more point that bears on the case and that is that it is the custom in the office of the Council to circulate a list of Resolutions as they are admitted by the Chair. It is within my recollection that a circular was issued to Honourable Members giving the terms of this Resolution and I think I am correct in saying that that circular went out at least a week ago.

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH : Yes, that is so, Sir.

THE HONOURABLE THE PRESIDENT : Further, in that circular it is the practice to enter in a column of remarks the date on which the Resolution is to be set down for discussion in the Council. Whether in this particular case there was a note of the date of discussion I am unable to say not having the circular at my disposal at the moment ; but I think in view of the fact that the terms of the Resolution have been in Honourable Members' hands for at least a week, it is not fair to the Mover of the Resolution that I should allow an amendment to be moved of which notice was given to me only two minutes before the meeting, and of which I understand from the Honourable Member, he has not yet had notice at all. The Honourable Member may speak, but I am afraid I cannot allow him to move an amendment to the Resolution now.

THE HONOURABLE MR. P. C. DESIKA CHARI : It is unfortunate that when I got the agenda on Saturday I had no time to give notice of an amendment. In fact I was under the impression that the 3rd was not a holiday and I wanted to give notice of an amendment on the 3rd. But since the amendment is objected to for want of notice I can only say a few words, though I cannot formally move my amendment. I oppose this Resolution and especially clause (*5*) of the Resolution. There it is stated that :

" As an exception to this (the general) 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."

Honourable Members are aware that in the original Resolution asking for a Committee to go into the question of road development it was made clear from the outset—and I believe a perusal of the report of the Road Development Committee will make it clear—that the object of this fund to be realised out of an additional duty on petrol was the developing of a scheme of road development connecting the various provinces with each other. It was for the purpose of inter-provincial road development and the fund was not meant for the purposes of normal road construction in the various provinces. Honourable Members are also aware that the Road Committee did not go to Burma and Burma did not participate in any of the proceedings of that Committee.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY (West Bengal : Muhammadan) : Burma sent a representative.

THE HONOURABLE MR. P. C. DESIKA CHARI : Burma sent a representative. I mean the Burma Government might have sent a representative ;

[Mr. P. C. Desika Chari.]

and I believe representation consisted in the fact that Burma did not want to co-operate with the Roads Committee for the purpose for which the Committee was formed.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY: His evidence is there in the Committee's Report, and that is co-operation.

THE HONOURABLE MR. P. C. DESIKA CHARI: As a result of the deliberations of the Committee they came to the conclusion that though the fund which was recommended to be formed by the additional duty on petrol was intended for inter-provincial road development an exception should be made in the case of Burma; in other words, though there is no need to levy this additional duty for the purpose for which it is intended so far as Burma was concerned it was after all decided to levy this duty also in Burma and to use it for a different purpose altogether. That is a purpose which was not in accordance with the general scheme of recommendations made by the Committee; so that we have got a very unusual condition here that a fund formed for one purpose is sought to be devoted to a different purpose. I only want to refute the statement contained here that the road connection between India and Burma is not a live issue and the idea of utilising this fund may be reconsidered at a later date when the road connection between India and Burma becomes a live issue. My submission to the Council is that Burma is absolutely isolated from the rest of India. I have been agitating for railway connection between Burma and India and for some reason or other, mostly for reasons of stringency of money, the railway connection between Burma and India has been unfortunately put off. The people of Burma would at least like to have some sort of connection with India at least by way of road connection. It is a well known fact that wherever roads are formed in Burma large towns spring up; and wherever there is railway communication large towns have been formed; and I say that if there is road connection between India and Burma, all along the inter-provincial road large centres of villages and towns will be formed and the roads are certain to be used; I cannot understand why this question of road connection between India and Burma should be indefinitely postponed till there is evidence of the question of road connection becoming a live issue. I say it is rather putting the cart before the horse. Unless there is road connection the roads would not be very much used and I do not know if in these border tracts people are so alive to what is going on at the centre of the Government as to create agitation to make roads in that quarter. But seeing that this fund is meant for this particular purpose it will be in the fitness of things that Burma is not made an exception and that the fund which is being formed out of which Burma is to get a share should be utilised for the purpose for which it ought to be utilised, that is, for the purpose of road development, which will be a part of the scheme of all-India roads; and unless the funds are utilised for the purpose of a connection with India Burma cannot take part in this scheme of inter-provincial road development. I am therefore obliged to oppose this Resolution because the people would be unnecessarily taxed for one purpose and the funds will be utilised for a different purpose altogether. And the first clause refers to the levy of the tax. An opportunity will be available when this Finance Bill is introduced. But my difficulty is that in the case of these duties, in the case of tariff rates there cannot be a special exemption for a province because it will have other economic complications. So Burma would have to submit to this extra duty on this account. But if Burma has to submit to this duty

it would be fair that the proceeds of the duty should be utilised for the purpose for which it was intended. If this cannot be done the revenue realised may be handed over wholesale without any deductions to the Local Government for the purposes of development. That at least would give Burma the fullest benefit of this taxation if Burma is not to take part in this inter-provincial scheme.

With these words I oppose the motion.

THE HONOURABLE SIR ARTHUR FROOM (Bombay Chamber of Commerce): Sir, I only wish to ask one question of the Honourable Member who has just spoken. Should the Members of this Council take his speech as an argument in favour of the separation of Burma from India ?

THE HONOURABLE MR. P. C. DESIKA CHARI: My speech was only an argument for keeping on the present link. In fact I say that, with a view to keep Burma in India and with a view to continue the present position, the road connection with India is an absolute necessity.

THE HONOURABLE MR. J. A. SHILLIDY: Sir, the Honourable Member has said that in this Resolution we are putting the cart before the horse. After listening to him my only difficulty is to know what particular cart is being put before which particular horse. I am really not quite certain what are his objections.

THE HONOURABLE MR. P. C. DESIKA CHARI: It is a live issue.

THE HONOURABLE MR. J. A. SHILLIDY: One was about the live issue. Then having said that it was a live issue, he asked would it not be fair and just that the whole of the proceeds should be handed over to the Local Government ? That is exactly what is being done.

THE HONOURABLE MR. P. C. DESIKA CHARI: The whole amount without deductions ?

THE HONOURABLE MR. J. A. SHILLIDY: On the other hand, deductions are being made for certain purposes from which Burma will get advantage as much as anybody else. He then went on to say that the money was levied for one purpose and is now going to be used for another. I am not quite certain but I think he tried to suggest that we were doing something contrary to what the Road Committee had recommended. Now, the principles recommended by the Road Committee were as follows :

"Strictly speaking, it might perhaps be correct to confine expenditure from central revenues to projects which may fairly be regarded as benefiting India as a whole, or as aiding the proper administration of a central subject. And ultimately it may be found desirable to restrict grants to roads classed as arterial or to roads, for instance, which are definitely feeders to railways. But until the road system of India takes firmer shape, considerable latitude will probably be found necessary; and any project in a provincial programme might be approved which is part of a consistent plan of road development."

That, Sir, I think, hardly justifies the very categorical statement of the Honourable Member that the tax was intended from the very outset to be applied purely to the development of inter-provincial roads. He then went on to deal with the problem of Burma. I am not quite sure whether the Honourable

[Mr. J. A. Shillidy.]

Member said or meant that Burma was isolated or not isolated. At one stage he seemed to suggest that it was isolated, at another stage that it was not isolated; still again that it was so isolated that the money should be handed over to the Local Government. What the Road Committee said was:

"It has been represented by the Government of Burma that the province of Burma is separated from the rest of India by a wide stretch of hill and forest which is entirely roadless, and that its road system is not likely to be connected with the Indian road system within any calculable time. It follows that road development in Burma is a self-contained problem and has no all-India aspects. Recognising the special circumstances, we consider that for the present the amount apportioned to Burma might be spent on any scheme of road development that is approved by the local Government and the local legislature."

I find it rather difficult, Sir, after reading that to agree with the Honourable Member that money has been raised with one end in view and is now being spent on a different object. It has been clear from the beginning that, so far as Burma is concerned, this petrol tax was to be left free to be spent by the Local Government with the consent of the local Legislature on any roads which they considered necessary for Burma. I do not think, Sir, I need say anything more. It is rather difficult to speak clearly to the Honourable Member's objections because I find some difficulty in understanding what exactly his objections are.

THE HONOURABLE THE PRESIDENT: I referred just now to the circular which is commonly issued in regard to Resolutions admitted by the President. I now have the circular connected with this particular Resolution in my hand. It sets out in full the Resolution in the terms in which it has been moved this morning. It is dated the 26th February and in the column of remarks are printed the following words: "To be moved on the 4th March, 1930." I think, therefore, that the Honourable Member has little cause to complain that the moving of the Resolution this morning has taken him by surprise.

The question is:

"That the following Resolution be adopted, namely,

'This Council, after taking into consideration paragraphs 70 to 79 of the Report of the Indian Road Development Committee, recommends to the Governor General in Council that:

(1) The increase in the import and excise duties on motor spirit from 4 to 6 annas per gallon, introduced by the Indian Finance Act for the current year, shall be maintained for a period of five years in the first instance;

(2) The proceeds of the additional duty during the same period after deducting such amounts as may be required for grants-in-aid to users of petrol for aviation purposes according to rules issued by Government on a scale not exceeding the additional duty on petrol actually consumed for such purposes shall be allotted as a block grant for expenditure on road development to be credited to a separate road development account, the unexpended balances of which shall not lapse at the end of the financial year;

(3) The annual grant shall be divided as follows:

(*a*) A certain proportion shall be retained by the Government of India as a reserve and such proportion shall be 10 per cent. for the two years ending March, 1931, and the position shall be reviewed thereafter and the balance, if any, on 31st March, 1931, or any subsequent date of review, which is not required for the purposes approved in paragraph 75 of the Report, shall be distributed among the Governors' provinces and the Government of India in the manner provided for the remainder in sub-clause (*b*);

(*b*) Out of the remainder—

(i) An apportionment shall be made among the Governors' provinces in the ratio which the consumption of petrol in each such province bears to the total consumption in India in the preceding calendar year;

(ii) The balance, representing the consumption of petrol in provinces other than Governors' provinces, administered areas and Indian States, shall be allotted as a lump sum to the Government of India;

(4) If any part of the amount apportioned to a Governor's province in any financial year remains unexpended at the end of that year, it shall be carried over for expenditure in that province in the following year;

(5) Grants shall be made to each Governor's province, up to the amount available for it in each year, for expenditure on schemes approved by the Governor General in Council with the advice of the Standing Committee for Roads. 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; but if at any future time the question of road connection with India becomes a live issue, the position shall be reconsidered;

(6) A Standing Committee for Roads shall be constituted every year after the financial year 1929-30 consisting of one nominated official member of the Legislative Assembly, a second nominated official member, three members elected by the Council of State from their body, and six members elected by the Legislative Assembly from their body. The Member of the Governor General's Executive Council in charge of the Department that deals with roads shall be the Chairman of the Committee; and the members of the Committee who are members of the Legislative Assembly shall form its Finance Sub-Committee which shall be presided over by the Chairman of the Committee if he is a member of the Legislative Assembly, and otherwise by the official member of the Committee who is a member of the Legislative Assembly;

(7) The functions of the Standing Committee for Roads including that appointed in pursuance of the motion adopted in the Legislative Assembly on the 2nd September, 1929, shall be—

(i) To consider the annual budget and accounts of the separate road development account of the Government of India;

(ii) To consider all proposals submitted by Governments of Governors' provinces to the Government of India, for which grants from the road development account are requested; provided that the function of the Standing Committee and of its Finance Sub-Committee shall be confined to determining whether the scheme is one for which an allotment from the Central Road Development Account should be made;

(iii) To advise the Government of India generally on all questions relating to roads and traffic on roads and, in particular, on—

(*a*) any action to be taken by the Government of India on the proceedings of periodical Road Conferences;

(*b*) central research in all matters connected with roads, road construction and maintenance;

(*c*) statistics and intelligence, the preparation and publication of maps, and the collection and dissemination of information relating to road development, administration and finance in India and in other countries;

(*d*) proposals other than those relating to Indian States on which it is desired to incur expenditure out of the portions of the annual grant referred to in clauses (3) (*a*) and (3) (*b*) (ii);

(8) All proposals for expenditure from the annual grant or its accumulated balance shall be transmitted by the Standing Committee to its Finance Sub-Committee for approval before recording its final acceptance; and the Standing Committee shall not record its acceptance to any such proposal unless it has received the approval of the Sub-Committee'."

The motion was adopted.

TRANSFER OF PROPERTY (AMENDMENT) BILL.

THE HONOURABLE SIR LANCELOT GRAHAM (Secretary, Legislative Department): Sir, I move that the Bill to amend the Transfer of Property Act, 1929, for a certain purpose, as passed by the Legislative Assembly, be taken into consideration.

Honourable Members will be aware that, in the last Simla Session, they were parties to the passing of a Bill extensively amending the law relating to the transfer of property. Just about the time or shortly after the passing of that Bill, it was brought to the notice of Government by an officer connected with registration in the Madras Presidency that there was one slight defect in a portion of clause 4 of that Bill which dealt with the subject of notice, especially that part which dealt with the making or constituting of compulsory registration notice, that is to say, where there is an immoveable property and registration in connection with any transfer is compulsory, a document so registered constitutes notice. We had provided against one source of difficulty or possible inequity in our explanation in that section and it was pointed out to us afterwards that there was a second possible source of inequity arising from a case where properties dealt with by one act of transfer were separate properties scattered over different districts. It is to remove that possible cause of inequity that this amending Bill was introduced and passed in the other House.

I now, Sir, move that this Bill be taken into consideration.

The motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

THE HONOURABLE SIR LANCELOT GRAHAM: Sir, I move that the Bill, as passed by the Legislative Assembly, be passed.

The motion was adopted.

INDIAN SALE OF GOODS BILL.

THE HONOURABLE SIR LANCELOT GRAHAM (Secretary, Legislative Department): Sir, I move that the Bill to define and amend the law relating to the sale of goods, as passed by the Legislative Assembly, be passed.

Honourable Members, Sir, have had this Bill before them for some days. Attached to the Bill in the form as passed by the Legislative Assembly they will find—or they have found, I trust—in the Statement of Objects and Reasons the Report of the Special Committee which was appointed to consider this very important subject. The Special Committee, in preparing their Report, also set out a very complete table of Notes on Clauses. These too have been reproduced as Appendix C and therefore, Sir, I would say that all that I could possibly say on the subject of this Bill has already been far better said in the Report of the Special Committee. I shall therefore, Sir, content myself in moving my motion, with giving the House a short summary of the Report of that Committee.

The law, Sir, relating to the sale of goods is at present contained in Chapter VII of the Indian Contract Act, 1872. At the time when that Act was enacted, the object of codifying the law of sale—or rather of contract generally—was in the words of Sir James Stephen :

"that of providing a body of law to the Government of the country so expressed that it might be readily understood both by English and Native Government servants without extrinsic help from the English law libraries."

The law relating to sale of goods appertains mainly to mercantile transactions and during the last half century conditions in this country relating to trade and business have undergone material changes. The methods of business have largely altered and the passage of time has revealed many defects in the existing law. On various occasions the courts have held that the provisions of the Indian Contract Act are not exhaustive—and indeed they were not intended to be exhaustive—and they have therefore been compelled to import analogies from the decisions of the English courts. To remove these defects and particularly to bring the law enacted more than 50 years ago into line with the requirements of modern business relations an exhaustive examination of the case law bearing on certain portions of the Indian Contract Act was made in the Legislative Department in the years 1926-27 under the supervision of the late Mr. S. R. Das, the Law Member at that time. In 1928 the results of that examination were considered by Sir Dinshaw Mulla, at that time officiating Law Member, and under his guidance a draft Bill was prepared, following very closely the lines of the English Sale of Goods Act, embodying the law relating to sale of goods in a separate enactment. In 1929, that Bill was referred for scrutiny and examination to a Special Committee of experts composed as follows : The Honourable the present Law Member as Chairman aided by Sir Dinshaw Mulla, Mr. Krishnaswamy Ayyar, Advocate General of Madras, and Mr. M. R. Jayakar whose name is well-known to Members of this House. The Committee agreed to the proposal that the law relating to the sale of goods should be embodied in a separate enactment. It generally approved of the draft prepared by Sir Dinshaw Mulla but made certain additions and alterations, and as I have already said, the Report of that Committee is attached to the Bill which is now before the House as a Statement of Objects and Reasons.

In adopting the English Act as the basis of the present Bill, the Special Committee were influenced by the following considerations. In the first place, the English Sale of Goods Act is well known to be a very successful and correct codification of that branch of the mercantile law. From time to time it has been highly praised by the English courts. That Act has been adopted and re-enacted with very slight variations in most of the Colonies and Overseas Dominions and also has been made the basis of the Uniform Sales Act of 1906 in the United States of America. In the second place, the uniformity of law in various countries, particularly in those which have business or trade dealings with one another, is highly desirable.

It must not, however, be supposed that the Special Committee has slavishly followed the English law. The Committee was not unmindful of the special needs and exigencies of this country and whenever it found that a rule obtaining in England such as that relating to market overt was not suitable to Indian conditions, the Committee has not hesitated to reject it. At the same time, the Committee has been at pains to improve on the language of certain provisions of the English Act and to remove ambiguities.

[Sir Lancelot Graham.]

The main principle on which the English Act has been based is that in mercantile matters the certainty of the rule is often of more importance than the substance of the rule and this principle has been kept carefully in view in framing the present Bill. It purports to leave unfettered the freedom of contract and it does not in any way prevent the parties from making any special kind of bargain they please. Its object is to lay down clear rules for the cases where the parties either have no guiding intention, or if they have one, have failed to express it. If they know beforehand what their legal position is, they can provide for their particular wants by express stipulations. The Bill also purports to save particular usages of trade and has provided that such recognised usages can over-ride the provisions of the Bill.

The main points of difference between this Bill and the existing law contained in Chapter VII of the Indian Contract Act are the following: In the first place, it is made clear in the Bill that the question whether a contract for sale of goods does or does not pass the property in the goods from the seller to the buyer must in all cases be determined by the intention of the parties. On this, Sir, the provisions of the existing law in Chapter VII of the Indian Contract Act are, it must be admitted, both vague and conflicting. In the second place, the Bill makes it clear that a contract of sale can be made by a mere offer and acceptance; neither payment nor delivery, which are incidental to the contract, are necessary. In the third place, the existing difficulty of distinguishing between warranties and conditions have been removed in the present Bill. Fourthly, the law relating to sales by ostensible owners which has led to a conflict of decisions has been simplified. That is the provision which was formerly in section 108 of the Indian Contract Act. Fifthly, the provisions relating to delivery to carriers, stoppage in transit and auction sales have been elaborated.

It is from the point of view of the Government of India most gratifying that the Bill has received what without undue vanity I may describe as uniform approval, both in legal and commercial circles. In the other House the Bill was referred to a Select Committee, as a Bill of such magnitude naturally would be, and the Committee approved the lines on which the Bill was drafted and generally agreed with its provisions. The principal change of substance which was made by the Committee in the other House was in regard to the provisions in clauses 27 and 29 relating to sales by ostensible owners. In deference to the opinions of some of the commercial bodies it has been made clear that a sale by a person under a voidable contract passes a good title, if such a contract has not at the time of the sale been avoided by the real owner. This provision, as explained in the Report of the Select Committee, is in consonance with the provisions in the English law and will, it is submitted, be found convenient in practice. This, Sir, is the history of the Bill up to the stage when it has reached this House. I have only to observe that I have not received notice of any amendments and I take it, Sir, that I need not expect any opposition to my motion that this Bill, as passed by the Legislative Assembly, be taken into consideration.

THE HONOURABLE DEWAN BAHADUR K. SUNDARAM CHETTIYAR (Madras: Nominated Official): Sir, I rise to say a few words in support of the Bill which the Honourable Mover has placed for consideration before this House. I need hardly say that this Bill relates to an important branch of mercantile law in which the large bulk of the mercantile population of

India is deeply interested. The chief business of merchants lies in sales and purchases and contracts to sell and to purchase. This branch of law deals with an important subject, and the principles of law governing this subject which were embodied in a Code which came into existence more than half a century ago could not be found to be wholly adequate or suitable to the present needs of the country. That being so, this Bill has in my opinion supplied a long-felt want. As the mercantile business is evolving, the principles of law governing it should, in the fitness of things, undergo such modifications and developments as are required, in order to keep pace with the growth and evolution of trade. In applying Chapter VII of the Indian Contract Act, 1872, to the law relating to the sale of goods, the courts in India met with some difficulty in administering it, in order to suit it to the present conditions of India. The difficulties were felt not only by the courts; they were also experienced by the litigant public on account of the vagueness and ambiguity and also the inadequacy of some of the provisions contained in that Chapter. This Bill will, I hope, be found to be very beneficial to the mercantile public of India, and it redounds to the credit of the members of the Special Committee and also the Secretaries who have rendered valuable assistance in bringing this Bill into existence. Sir, I have to say that this Bill contains the principles of law explained in a lucid and elaborate manner. The legal acumen of the Honourable the Law Member and his learned colleagues has manifested itself in the methodical and logical arrangement of the several provisions of this Bill, and I may even say, that some of the complicated principles relating to this subject have been embodied in the rules which are characterised by clarity, brevity and fullness. This Bill has in the main adopted the provisions of the English Sale of Goods Act, with due regard to the present conditions of India and the requirements of the mercantile public. Under the old Act it was a vexed question when the title in the goods passes from the seller to the buyer. But in the present Bill, clauses 20 to 24 have laid down the rules on this subject in the best possible manner, and I hope the formation of such clear rules in this Bill will obviate unnecessary litigation and will also be an effective check on speculative litigation which is ordinarily carried on by taking advantage of the uncertainty or ambiguity in the existing law. Sir, this Bill is in my opinion a substantial improvement on the old law contained in the Indian Contract Act, and has also embodied several important pronouncements of judicial opinion. This is the first of a series of Bills which the Government has undertaken to introduce for the benefit of the mercantile population of India, which, I should think, will hail the introduction of such Bills. I therefore commend this Bill to this House for acceptance. (Applause.)

*THE HONOURABLE MR. NARAYAN PRASAD ASTHANA (United Provinces Northern : Non-Muhammadan) : Sir, in supporting the motion which has been made for taking the Bill into consideration, I have to congratulate the Government on the initiation of this Bill, and I have also to congratulate the Special Committee which met and prepared the Bill in a form as acceptable as that in which it has been presented to-day. The Bill affects the every-day life, I think, of every citizen in India and as such to put it in language which is at once unambiguous as well as lucid is one of the functions of the Legislature. The Indian Contract Act was passed in 1872 and since then much water has flown under the bridge. There has been a great evolution of trade in India as well as with foreign countries; and, as has already been remarked, it was necessary that our legislation should be brought into line with the legislation of foreign countries, and I am glad to

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*Speech not corrected by the Honourable Member.

[Mr. Narayan Prasad Asthana.]

find that the Bill has been modelled on British legislation as well as on American legislation. I do not know how far the Honourable Dewan Bahadur Chettiyar's expectations will be realised, because there will be lawyers to interpret the clauses of this Bill. However, if the Bill makes a more satisfactory progress in legislation I hope that the relations of the mercantile agents and of every-day purchasers will be improved and that the Bill, when placed on the Statute-book, will go far to improve trade and to ease the situation of the purchasers.

With these few words, Sir, I commend this Bill to the consideration of the Council.

THE HONOURABLE THE PRESIDENT: The question is:

"That the Bill to define and amend the law relating to the sale of goods, 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 to 17 were added to the Bill.

Clauses 18 to 24 were added to the Bill.

THE HONOURABLE THE PRESIDENT: The question is:

"That clause 25 do stand part of the Bill."

THE HONOURABLE SIR ARTHUR FROOM (Bombay Chamber of Commerce): Sir, I should like to draw the attention of the Honourable Mover of this Bill to clause 25 which, in my opinion, presents something of an anomaly. If Honourable Members will turn to clause 2 of the Bill, sub-clause (*4*), they will find that railway receipts are included with other documents and bills of lading as a "document of title to goods". Now, turning to clause 25, sub-clause (*1*), sub-clause (*1*) obviously includes both railway receipts and bills of lading, and it provides:

"Where there is a contract for the sale of specific goods or where goods are subsequently appropriated to the contract, the seller may, by the terms of the contract or appropriation, reserve the right of disposal of the goods until certain conditions are fulfilled."

It goes on to say:

"Notwithstanding the delivery of the goods . . . . . the property in the goods does not pass to the buyer until the conditions imposed by the seller are fulfilled."

That clause I think is perfectly clear. Then we come to sub-clauses (*2*) and (*3*) where there are special provisions for bills of lading, presumably in the absence of any such contract as is referred to in sub-clause (*1*). If Honourable Members will look at sub-clauses (*2*) and (*3*), they will see that sub-clause (*2*) runs:

"Where goods are shipped and by the bill of lading the goods are deliverable to the order of the seller or his agent, the seller is *prima facie* deemed to reserve the right of disposal."

And sub-clause (*3*) provides:

"Where the seller of goods draws on the buyer for the price and transmits the bill of exchange and bill of lading to the buyer together, to secure acceptance or payment of the bill of exchange, the buyer is bound to return the bill of lading if he does not honour the bill of exchange and if he wrongfully retains the bill of lading the property in the goods does not pass to him."

Now, Sir, it appears to me that by the omission of any reference to railway receipts in sub-clauses (*2*) and (*3*) of this clause 25, in the absence of any contract referred to in sub-clause (*1*) the seller of the goods would be led to understand that in case of goods sold F. O. R. (free on rail) the property in the goods passes as soon as they are placed on rail and would be at the risk of the buyer. On the other hand, the High Courts in India have ruled that when a railway receipt is dealt with in a similar manner as bills of lading in sub-clauses (*2*) and (*3*) the property in the goods does not pass. I contend, Sir, therefore that in order to clarify this issue it would have appeared advisable to recognise the rulings of the High Courts and to include railway receipts in sub-clauses (*2*) and (*3*) of clause 25 of this Bill. I feel somewhat diffident in raising this point with so many eminent lawyers in this House and I understand that in the English law the law relating to railway receipts and bills of lading differs considerably, but what I do contend is that by the absence of any reference to railway receipts in sub-clauses (*2*) and (*3*) there is the *implication* that the conditions that are set forward in sub-clauses (*2*) and (*3*) do not apply in the case of railway receipts.

Sir, this is not a controversial Bill. I congratulate the Honourable the Law Member on having introduced this Bill before the Central Legislature and I congratulate the Honourable Sir Lancelot Graham for bringing the Bill before this House. It is a Bill which appears to me to be one which has been wanted for a long time and we all welcome it wholeheartedly. For that reason I have been loath to delay the passing of the Bill by introducing an amendment to clarify the issue which I have just described as one presenting some difficulties in regard to railway receipts. I am very glad to see the Honourable the Law Member in this House to-day. Perhaps he, with the Honourable Sir Lancelot Graham, would assist me in my difficulty in this matter with an explanation and if they find my contention has weight behind it, it would be possible to put the matter right at some later date. I have nothing further to say, Sir, but I will wait and listen with interest to what the Honourable the Law Member, or perhaps the Honourable Sir Lancelot Graham or perhaps both of them, has to say in reply to my contention.

THE HONOURABLE SIR BROJENDRA MITTER (Law Member): Sir, Sir Arthur Froom was courteous enough to mention to me a few days ago the point which he has advanced in this House and I have had an opportunity of examining it. Sir, clause 25 of the Bill is a reproduction of section 19 of the English Sale of Goods Act. Section 19 of the English Act has been considered in a number of reported cases and the net result of judicial decisions is that the first paragraph lays down the general rule applicable to all documents of title, whether bill of lading, railway receipt or other documents mentioned in clause 4. Sub-clauses (*2*) and (*3*) are merely particular instances of the general rule which is contained in sub-clause (*1*). Therefore, if any document of title is omitted from sub-clauses (*2*) and (*3*) it does not follow that such document of title does not come under the operation of sub-clause (*1*). Sub-clauses (*2*) and (*3*) deal merely with particular instances. If Honourable Members will look at sub-clause (*2*) they will find that all it says is this :

"The seller is *prima facie* deemed to reserve the right of disposal."

That is to say, an illustration is given of the reservation of the right of disposal. Sir, in this connection I will draw the attention of the House to what Halsbury says with regard to this clause. He says :

"The right of disposal is known as *jus disponendi*. This has reference to the Sale of Goods Act, 1893. Section 19 (*1*) is a general provision not confined to cases of shipment,—notwithstanding that sub-clauses (*2*) and (*3*) are so confined."

[Sir Brojendra Mitter.]

Therefore, cases which do not come under sub-clauses (*2*) and (*3*) would be governed by sub-clause (*1*).

Similarly, in the great work on Sale of Goods by Benjamin, we find :

"The first of the sub-sections is of general application and is not confined to cases of sea carriage. Illustrations of reservation of right of disposal in cases which would fall under this clause have already been given."

Therefore, my submission is this, that to the lawyer there is no anomaly because railway receipt would come under sub-clause (*1*). But when I say that, I also feel, that when a commercial man of the standing of Sir Arthur Froom entertains a doubt, this is a matter which requires further consideration. It may be that to the lawyer there is no doubt or ambiguity ; but the Sale of Goods Act will concern not merely the lawyer but the commercial man also. We want to ensure that no doubt is entertained by commercial men, even if lawyers may not entertain any doubt. From this point of view, it is necessary that the matter should be further examined. Sir, all I can say at the present moment is this, that I shall at the earliest possible opportunity examine this point in the light of the criticism which Sir Arthur Froom has made and, if necessary, shall introduce a small amending Bill to make the point clear, which to my mind is not ambiguous, but, which, to other minds, may appear ambiguous.

THE HONOURABLE SIR ARTHUR FROOM : Thank you very much.

Clause 25 was added to the Bill.

Clauses 26 to 30 were added to the Bill.

Clauses 31 to 44 were added to the Bill.

Clauses 45 to 54 were added to the Bill.

Clauses 55 to 61 were added to the Bill.

Clauses 62 to 66 were added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

THE HONOURABLE SIR LANCELOT GRAHAM : Sir, I move that the Bill to define and amend the law relating to the sale of goods, as passed by the Legislative Assembly, be passed.

The motion was adopted.

INDIAN CONTRACT (AMENDMENT) BILL.

THE HONOURABLE SIR LANCELOT GRAHAM (Secretary, Legislative Department) : Sir, the third Bill which I have the honour to present to this House to-day is really a pendant to the measure which the House has just accepted. Clauses 27 and 29 of the Bill which the House has just passed deal with sales by ostensible owners and reproduce in a rather different form section 108 of the Indian Contract Act. The position as regards pawn by ostensible owners obviously should be precisely the same as sale by ostensible owners and what this Bill does is to insert in the proper place in the Indian Contract Act, by an amendment of section 178 of that Act, provisions governing transactions of pledge by ostensible owners cognate to those provided in clauses

27 and 29 of the Bill which we have just passed relating to sale by ostensible owners.

Sir, I move that the Bill to amend the Indian Contract Act, 1872, as passed by the Legislative Assembly, be taken into consideration.

The motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

THE HONOURABLE SIR LANCELOT GRAHAM: Sir, I move that the Bill, as passed by the Legislative Assembly, be passed.

The motion was adopted.

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH (Leader of the House): Sir, there is no business to be transacted to-morrow. There is, therefore, no necessity of a meeting of the Council.

The Council then adjourned till Eleven of the Clock on Thursday, the 6th March, 1930.

COUNCIL OF STATE.

Thursday, 6th March, 1930.

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 Rao Bahadur D. Laxminarayan Pulaya (Central Provinces : General).

QUESTIONS AND ANSWERS.

SLUMP IN GOVERNMENT SECURITIES.

59. THE HONOURABLE MR. SURPUT SING: Will Government be pleased to state :

(*a*) whether there is a great slump at present in the transaction of all kinds of Government securities ?

(*b*) whether these securities have decreased in value by 15 to 20 per cent. ?

(*c*) if the answer is in the affirmative, what steps Government propose to take to safeguard the interests of investors in those Government securities ?

THE HONOURABLE SIR ARTHUR McWATTERS: The Honourable Member is referred to paragraphs 104 to 108 of the Budget speech of the Honourable the Finance Member, in which the reasons for the fall in the prices of Government securities are examined.

REMOVAL OF THE OFFICE OF THE COMMERCIAL MANAGER, EAST INDIAN RAILWAY, FROM CAWNPORE, ETC.

60. THE HONOURABLE MR. SURPUT SING: With regard to question No. 30 asked by me on the 19th February, 1930, will Government be pleased to state :

(*a*) whether a Commercial Manager's Office of the East Indian Railway was once located at Cawnpore ?

(*b*) if the answer to (*a*) is in the affirmative—

(*i*) what the total strength of that office was ?

(*ii*) what led to the removal of that office from Cawnpore ?

(*c*) whether a complete office of a District Traffic Superintendent of the East Indian Railway has been in existence at Allahabad for the last 40 years or so ?

THE HONOURABLE MR. J. A. WOODHEAD: The information asked for is being obtained from the Agent of the East Indian Railway, and I will communicate it to the Honourable Member.

PRINTING WORK DONE FOR GOVERNMENT BY PRIVATE FIRMS OR PRESSES.

61. THE HONOURABLE MR. SURPUT SING: Will Government be pleased to state:

(*a*) which of the seven firms and presses mentioned in the answer to question No. 29(*b*) asked by me on the 19th February, 1930 are purely European, Anglo-Indian and Indian owned?

(*b*) which firm or press got which specific amount?

THE HONOURABLE MR. J. A. WOODHEAD: (*a*) Government are not in possession of the information asked for.

(*b*) The following amounts were paid during 1928-29 to the Presses noted below:

	Rs.
(1) The Times of India Press	1,52,000
(2) British India Press	2,000
(3) Liddell's Press	300
(4) Claridge & Co.	200
(5) Hindustan Times Press	50

Orders were also placed with the Calcutta Chromotype Company to the value of Rs. 2,500 and with the Calcutta Printing and Publicity Company to the value of Rs. 2,000 and it is expected that payment will be made during 1929-30.

LEASE TO THE CALCUTTA TURF CLUB OF A PORTION OF THE MAIDAN IN CALCUTTA.

62. THE HONOURABLE MR. SURPUT SING: With regard to question No. 45 asked by me on the 19th February, 1930, will Government be pleased to state:

(*a*) what led Government to grant the portion of the Maidan to the Calcutta Turf Club to be used as a race course free of any rent?

(*b*) what special consideration led to the granting of a lease to the Club in 1907?

(*c*) the terms of the lease of 1907 together with the details of the correspondence between the lessor and the lessee which led to the granting of that lease?

(*d*) whether that lease has been registered?

THE HONOURABLE MR. H. G. HAIG: (*a*) The Government of India have not been able to trace the records of the grant of the original license to the Calcutta Turf Club.

(*b*) As already explained in the statement appended to the answer given by His Excellency the Commander-in-Chief on the 19th February, the lease was granted to place the title of the Club, which had been in occupation of the land for approximately half a century, on a proper footing so that it could make improvements for the better accommodation of the public attending the races.

(*c*) I will send the Honourable Member a copy of the lease. There was no direct correspondence between the Government of India and the lessee. The proposal for the grant of a lease was recommended by the Local Government.

(*d*) Yes.

THE HONOURABLE THE PRESIDENT: The Council will now proceed to the general discussion of the Budget, Part II.

THE HONOURABLE MR. P. C. DESIKA CHARI (Burma : General): Sir, we are grateful to the Honourable the Finance Member for the vivid and full picture of the real financial situation in India, after a very close scrutiny and examination and skilful diagnosis of the real situation. I think the Finance Member by his able analysis and lucid explanation has taken the Legislature fully into his confidence and, so to speak, placed his cards on the table candidly. One cannot but be struck with the remarkable skill with which he disarms suspicion and misunderstanding, which has made it rather difficult for his critics to properly criticise him very adversely, inasmuch as he has anticipated criticisms and has answered them in advance. It has fallen to the lot of the present Finance Member to meet with rare courage a very difficult situation. He had to propose and he has proposed very drastic measures. On the other hand the position of the representatives of the people in the Legislature is also difficult indeed. On the one side we find many of the representatives impressed by the full statement and by the vivid picture of the real financial situation. They are impressed with the necessity for consenting to additional, not to say a large measure of, taxation to provide for the necessary gap between revenue and expenditure. On the other side, they have the cheerless prospect of meeting the electorate soon after, an electorate which will not readily forgive them for consenting to this heavy taxation—a taxation which will add considerably to the already heavy burden of taxation, reaching almost to breaking point. That is the situation which the elected Members will have to face. But the real position as disclosed in the Budget speech of the Honourable the Finance Member in the other place and in the speech of the Honourable the Finance Secretary here shows that we have to face the situation irrespective of consequences. It is patent that in spite of all attempts to reduce the gap between revenue and expenditure, even after taking into account receipts from German reparations and after using up the revenue reserves, we find that there is a wide gap. That gap must be filled if healthy conditions in the financial position of the country are to be restored. The normal growth of revenue has come to a standstill and we are told and I believe that there are no hopeful signs of a possible retrenchment in expenditure, and so it is not possible, circumstanced as we are, to arrest the growth of expenditure. We are also told that even after a careful scrutiny we cannot count on being able to find a substantial margin of reduction in the cost of administration of the Central Government on the Civil side. We cannot really blame the Finance Member if he cannot effect retrenchment on the military side, knowing as we do that the extravagant military expenditure is under the protecting wings of Whitehall. It is regarded as sacrosanct and except in matters of detail to a very limited extent the Finance Member cannot touch this huge military expenditure. But we cannot refrain from making our own remarks as regards the extravagance of the military expenditure even though the Government of India as at present circumstanced cannot help us very much in the matter. We hope that the Finance Member and the Government of India will transmit our message to the people responsible, to the military authorities at Whitehall, to impress upon them that in the interests of mutual co-operation, in the spirit of co-operation which is necessary between England and India, it is necessary that the British authorities should strike a note of response in acceding to the reasonable demands of the representatives of the people. The

[Mr. P. C. Desika Chari.]

Army in India is really an army of occupation and it is in no sense a national militia. It is maintained very largely in Imperial interests and it is more or less the watch-dog of the Empire ; and we find that it is not possible to have any effect on the military policy, particularly in the matter of bringing about reasonable retrenchment. We find the unanimous and modest recommendations of the Skeen Committee in the matter of officering of the Indian Army have been turned down. We have been repeatedly urging that if in the matter of Indianisation of the Army they cannot accede to our proposals they can at least Indianise the rank and file of the Army and thereby give us a considerable decrease in the military expenditure. It is well known that the cost of a British soldier is as much as five or six times that of an Indian sepoy, and in the matter of fighting efficiency the Indian sepoy is, it has been demonstrated, as good as the British soldier. I would put it at that ; and the loyalty of the Indian sepoy is beyond reproach. It would go a long way in reducing the expenditure if the whole of the rank and file in the Army is Indianised as a first step or at any rate a large section of the European soldiery is replaced by Indian sepoys. It is well known that the military expenditure incurred in India is out of all proportion to the real needs of the country or the resources available.

I now come to the question of the proposed burdens. We find that the most important proposal relates to the cotton duties. In view of the revenue position, the increase from 11 to 15 per cent. is perfectly justified. The average consumer finds consolation in the fact that while shouldering the burdens for the purposes of revenue he provides a much needed protection to a very great national industry. Coming next to the proposal to add 5 per cent. protective duty, the position becomes rather difficult, and it is very complicated by the introduction of the principle of preference in favour of British goods. It must be frankly admitted that to the average consumer of cotton goods this additional duty will certainly be a severe strain. It is also patent that unless immediate emergency measures are taken the great textile industry of Bombay would be in great peril. There is this paramount necessity for giving protection to this industry and India must perforce submit to this additional burden to save this industry. Coming to the question of British preference, various considerations are involved. Analysing the position we find this measure is intended only for a limited period of three years. It is regarded as a temporary measure to give a temporary shelter to this industry which for various reasons stands in need of protection. The real competitor for the class of goods which are produced by the Bombay mills—and in fact by all the indigenous mills—is Japan, and dumping has been going on which threatens to destroy our national industry altogether. The production in India of the class of goods which the United Kingdom has been selling us is very small indeed and it is true that for some years the national mill industry cannot produce the class of goods which the United Kingdom has been sending us. And we are also told that the Government of India is prepared to advocate this protective duty only in case the Legislature is prepared to exempt British goods from the operation of this protective duty. We are frankly told that the Legislature is not asked to accept this proposal and it is necessary that we should make it plain that in accepting this position which necessarily involves preference to the textile industry of the United Kingdom we are not accepting Imperial Preference as a policy. I do not say that there can be no objection to preference as preference, nor do I say that preference as preference is desirable. The question of the objection to or desirability of preference

depends upon numerous other factors which need not be gone into. We are merely concerned with taking an emergency step in a particular manner without committing ourselves to the policy of preference, in this matter there is recognition once again of this principle of fiscal autonomy for the Government of India acting in conjunction with the Legislature. Unless the Legislature is prepared to extend the protection on the lines indicated by the Government of India, there cannot be protection accorded because the fiscal autonomy principle depends on the concurrence of the Government of India with the Legislature. And seeing that the interests of the consumer and of the producer are reconciled in accepting for the present this principle of protection excluding the prohibitive duty on British manufactured goods, I think the Legislature would be well advised to accede to this proposal as a purely emergency measure without considering the implications or the desirability of Imperial Preference as a policy which can be considered at a later date when a suitable opportunity occurs. Of course, Imperial Preference as a policy has not so far been accepted by the self-governing Dominions and when the time comes for a consideration of this question of Imperial Preference the various factors which have to be taken into account may be considered and if it suits the economic conditions of India, it can then be acceded to or rejected when the proposal is brought forward then. For the present we are only concerned with the appeal made by His Majesty's Government. There is no question of dictation from Whitehall. In other words, there is a friendly gesture and a friendly response from the representatives of India in the Legislatures will, I think, be greatly appreciated by the British public. In view of our present position and of the wider national interests it is desirable that we should approach the British public in a very friendly spirit and we must be careful to cultivate that spirit of harmony and friendship which is so essential for our constitutional evolution. I think public opinion in England is genuinely alarmed at the prospect of autonomous India doing injury to their commercial interests. Whether there is a justification or not, the fear is there and it is necessary for the representatives of the people here to reassure the British public that autonomous India is not likely to do any serious injury to British interests and would not take measures to injure British interests unless such measures were essential for India's own development. On grounds of expediency therefore and with a view to strike a responsive note in that spirit of co-operation I am in favour of accepting this proposal without accepting the principle involved. I am also convinced that this protective duty would be of great help to the handloom industry.

Coming now to the question of the duty on kerosene oil, the proposed duty I am afraid will hit the smaller companies. I believe there will not be room for genuine complaint on the part of the bigger companies, but really the smaller companies have just cause to complain that this duty is likely to hamper development. But I am sure this rise in the duty will not enhance the price to the consumer in India and as a revenue duty this has to be submitted to. I welcome the duty on sugar which will not seriously affect the consumer. As a measure of protection to the indigenous sugar industry, this burden will be cheerfully accepted. I am gratified to find a provision for 10 lakhs for the encouragement of sugar research and sugar production and I would ask the Honourable the Finance Member to continue this grant in years to come and I hope and believe that it may be possible to continue this grant.

Coming to the proposed duty on silver, I believe it is a step in the right direction, having regard to the position of silver as a store of value in India and having regard to the position of the Government of India in the silver

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market. I believe there will be a surplus as a result of these various proposals and I hope that when the surpluses are realised the Finance Member will not forget his promise to the provinces in the event of surpluses by the imposition of silver duty.

Then, we come to the proposal to increase by one pie the super-tax and tax on incomes as low as Rs. 15,000 and upwards. No doubt according to the recognised canons of taxation whenever there is indirect taxation there must be some direct taxation also and this extra income-tax may be justified on this ground. But I am not impressed by the statement of the Finance Member that it is necessary to have a margin of safety. I do not know if it justifies the levy of taxation to have a surplus Budget. It is true that the proceeds of this extra taxation on incomes is likely to be just as large as the estimated surplus. I would suggest that, having regard to the large increase in taxation and having regard to the incidence of indirect taxation pressing heavily upon commerce and industry, the Honourable Member will do well to give up this proposal as regards the taxation on incomes.

Then we come to the reduction in the export duty on rice. Representing as I do the constituency of Burma, I feel gratified that after all these years of agitation the just claims of Burma have been recognised to some extent at least, and though it is a tardy recognition and though full justice has not been done, I congratulate the Finance Member on doing some little measure of justice to this province which is not adequately represented in the Central Legislature. But I cannot help thinking that this export duty on rice is really falling upon the producer and the producer in Burma is not in a position to shift on the burden of this duty to the foreign buyer. If he has to continue this taxation to produce a surplus Budget, I would request him to be just to Burma and reduce to half at least this export duty on rice if the financial condition does not justify the removal of this duty altogether. In this connection I would point out that an estimated sum of Rs. 35 lakhs is expected from the present duty on kerosene and this will come mainly from Burma and it is in the fitness of things that at least an additional Rs. 30 lakhs be provided for reducing the export duty on rice especially in view of the fact that Burma, circumstanced as she is, is forced to accept these protective duties in which no advantage is likely to accrue to her directly and this heavy taxation will be felt all over Burma. I believe that greater justice should be done to the peasant of Burma who is in a very sorry plight owing to the low level of the prices of paddy.

I would like to touch on one or two other points.....

THE HONOURABLE SIR SANKARAN NAIR (Madras: Non-Muhammadan): Is there any time-limit, Sir?

THE HONOURABLE THE PRESIDENT: I am perhaps not altogether surprised that that question has been put to me. The answer is that hitherto I have never found occasion to exercise the powers vested in me under Standing Order 70 to fix a time-limit for speeches because I have felt that I can always rely upon Honourable Members being reasonable in their demands upon the time of the Council. I hope I shall still be able to place that same reliance on their reasonableness. The Honourable Member has already spoken for nearly half an hour. If he bears in mind that at the outside five hours are at the disposal of the Council for the discussion of this Budget, I think he will perhaps realise that he has taken more than his fair share of the time.

THE HONOURABLE MR. P. C. DESIKA CHARI: I shall just finish, Sir. I very much regret that the Finance Member has not been able to follow the wise policy in the matter of avoiding borrowings abroad. In this connection I would like to know whether the sterling loan of Rs. 12 lakhs floated in England was an absolute necessity and, if so, whether it could not have been floated in India. I have always thought that our debt position is very satisfactory as our deadweight debt bears only a small proportion to our productive debt and I have always believed that in the scheme of debt redemption adopted in 1925 for the five years from 1925-26 to 1929-30, the provision has been unduly large and the interests of the present generation have been sacrificed to the interests of the future generation. I hope that the Honourable the Finance Member will be able equitably to adjust the incidence of this burden between the present generation and the future generation. We are assured that this question will be re-examined concurrently with the review of the Railway Convention.

I do not propose to take more of the time of the Council and I bring my remarks to a close.

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces: Nominated Non-Official): Sir, there is no gainsaying that this year's Budget is of supreme administrative, political and economic importance. There is no doubt that it is one of the gloomiest Budgets that has been presented for many years in the Legislature. But I know that this Council will deeply sympathise with the Honourable the Finance Member in his present predicament. No doubt, this Budget is of an extremely disconcerting and distressing character. But, on the other hand, it will be acknowledged that the present financial position of the country is not of the Finance Member's own making and that we the Members of the Indian Legislature are primarily responsible for the present position of our finances. During the last ten years, since the establishment of the reformed Councils, with one voice Members here as well as in the other House have been echoing and insisting on the improvement of the different services and on the general amelioration and progress in this country, and if we ask for that volume and measure of improvement, it is only right and proper that we should be prepared to pay for it. This year's Budget has provided a programme of taxation to the extent of nearly 5 crores and in a very lucid speech the Finance Member has explained the exact position. He has pointed out that we have to fill up the gap, and the gap which we have now to fill up is one which all the Honourable Members are fully aware of. It is the gap created by the wiping out of the provincial contributions. At the time, over three years ago, when our provincial contributions were finally wiped out, I sounded a note of warning in this Council that in our enthusiasm for helping the provinces, we were somewhat hastily adopting a step which we might hereafter have to regret and that we might have also to pay heavily for it. It is that gap which we have now to fill and I am not a bit surprised that the Honourable the Finance Member should go in for a scheme of taxation to fill up that gap. His predecessor was fortunately very optimistic about the elasticity and the normal expansion of our revenues. Sir George Schuster differs from his predecessor, as I can see from his Budget speech. He does not believe in the normal expansion of our revenues and he thinks that it is much better to be on the safe side by providing a sufficient margin of safety for the purposes of meeting and adjusting expenditure and revenues. Probably, Sir George Schuster is right, but I will not say that Sir Basil Blackett was wrong. He at that time believed—he had some good years and he believed—that our good fortune in the matter of revenues

[Sir Maneckji Dadabhoy.]

was to continue and that normal expansion of revenues would enable us to tide over our difficulties. Another matter of regret is that we have now to deal with a heavy series of taxation. Nobody ever likes taxation of any character. We all dislike it. But the Government of India has to be carried on in this country and money has to be found. What are the different sources which could be safely tapped is another question. My own idea is—I refer to it again on this occasion—that the Indian Legislature made the biggest blunder when out of sickly sentimentality it sacrificed its salt revenue. All our trouble was due to the reduction of salt duty from Rs. 2-8-0 a maund to Rs. 1-4-0 a maund, which incidence of taxation did not trouble anybody and made no difference in the scale of living. Purely for sentimental reasons that taxation was lowered. If it had not been lowered we would have had no necessity to impose these additional taxes; even now by again raising the salt tax by one rupee and four annas a maund we could get a clear seven crores of rupees.

Sir, I shall now proceed to examine some of the propositions for new taxation which the Honourable the Finance Minister has recommended. I must say that he has been extremely cautious and the guiding principles which he has placed before himself are entitled to our greatest respect. He has clearly stated to us that he will admit no expenditure which is not essential or of a productive character and if he has to go in for any new expenditure he will see that it is counterbalanced by corresponding economies. If this principle is borne in mind and adopted religiously I do not think any Member in this House will have any reason to quarrel with it. Though it is very unfortunate that in the second year of office he should be placed in such a position of financial perplexity, we still hope that with reasonable and cautious management of our finances with proper economies duly and rigorously enforced and practised, we shall be in a position to tide over this great financial trouble. Sir, I am very grateful to him and to the Government of India for recognising one of the greatest needs of this country at this stage, and that is the desperate position of the mill industry of Bombay. In the new scheme of taxation the Government of India have decided to raise the general revenue duty from 11 to 15 per cent. and at the same time a special protective duty has been promised and proposed if the Indian Legislature is pleased to accept it. Two years ago I should never have dreamt that the Government of India would have acquiesced in a fiscal proposition of this character. But two great men at the helm of affairs who have the deepest sympathy for India, Lord Irwin and Sir George Schuster, have in combination succeeded in prevailing upon His Majesty's Government and of convincing them of the essential and emergent necessity of this protective duty and of the fact that they who are responsible for the good government of India are bound to see that the interests of India are scrupulously safeguarded. This duty is divided into two categories. So far as the increase in the revenue duty is concerned, it is required for purely revenue purposes, though it will also tend to help the industry to a certain extent. As Honourable Members are aware, the essential principle of our tariff system is that all tariffs are regulated primarily for revenue purposes. It was with that object in 1922 that a general increase was effected in this duty from 11 to 15 per cent. Unfortunately, on account of the past history of the cotton industry that 11 per cent. duty was allowed to remain on piece-goods which were excluded from the general category of 15 per cent. Since then the duty on cotton piece-goods has stood below the level of the general revenue tariff. At last the Government of India have

perceived not only the necessity but the justice of raising this duty, for which the country is extremely grateful. As regards the 5 per cent. protective duty, I am glad that the Government of India have decided to put it against all countries except Great Britain. In this decision they have my hearty concurrence. I am not going to sit on the fence, as has been done in the other House, and not say anything about this duty. I warmly thank the Honourable the Finance Member for the justice which has prompted him to take this action, and I am sure he shall have the whole-hearted co-operation of this Council. Another reason, and a very sound reason, why Great Britain has been excluded from this will be readily understood by men who are engaged in the industry. British goods really do not come into general competition with Indian goods at all. The British manufactures are generally of a superior class, and the Indian industry—I am not talking of a few mills, but of the textile industry as a whole—does not really compete with the British product. Our biggest competitor is Japan. Following Japan, Italy has been making rapid progress is putting its goods in the Indian markets. China has been dormant for the last two years on account of internal troubles, but in China alone there are now 45 mills owned by Japanese and there are more and more mills coming into existence in China, and as soon as China gets out of the wood she is going to be one of our biggest competitors so far as our coarser goods are concerned. It is therefore only right and proper that the Government of India should think of putting up this special duty of 5 per cent. as an emergency measure for the protection of the indigenous industry. In doing so they are equally right in excluding Great Britain. I need not dwell at length on this occasion on the political aspect of this question. Sir George Schuster in his admirable style has dealt with it and has put the proposition before us in clear and unambiguous language. He has placed all his cards before this House. He has concealed nothing. He has been absolutely frank, not only in the preparation of his Budget but in unfolding that Budget in the Indian Legislature. He has made a full disclosure of the present and future policy of Government and the steps which they propose to take, and we admire him for the candour which has marked his policy on the present occasion. I think, Sir, from the political aspect too, it is only right and proper that we should impose this extra 5 per cent. special duty not irrespective of the country of origin. I think we have done well in showing our friendship and in proving that our clearest intention is to co-operate with Great Britain in a matter like this where really our financial interests are not seriously affected, and that we propose to stand by Great Britain in its present industrial crisis.

Sir, in the short time which is at my disposal I am unable to review all the measures of taxation. My friend the Honourable Mr. Harper who possesses an intimate knowledge of Burma and this kerosene industry will be in a position to enlighten the Council with regard to that measure of taxation. But it appears to my mind that that piece of taxation is not in the interests of the consumer in this country. I cannot further understand why a free gift of several lakhs of rupees should be made to foreign oil industries as against our local and indigenous industry which needs protection and support. Sir, as regards the silver duty, nobody will be surprised that it has been imposed. It has been necessitated by the substantial fall in the price of silver and also for administrative exigencies. Every country in the world is now demonetising silver. China is about also to enter upon a policy of demonetisation of silver and is going on a gold standard policy. It is not therefore surprising that this duty has been re-imposed. It existed formerly. It was removed at the instance of, or rather on account of the clamour created by, Bombay commercial men who stated that they were prevented from competing

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in the silver market owing to the existence of an obstacle to the establishment of a world market for silver in Bombay. I have no time to refer to the past history and the circumstances under which that duty was abolished. But I can only say that this duty will not only give a good slice of revenue to the Government of India but it will raise the savings of the poor people invested in trinkets and jewellery to a considerable value and put them financially in a sounder position. Sir, as regards income-tax, I beg to differ very strongly from my Honourable friend the Finance Member, not that as a small capitalist I loath that tax ; very far from it. I would welcome it if I found that the tax was right and just and I would not oppose it. I oppose on this occasion the increase for various significant reasons, and I do not think that even my Honourable friend the Finance Member can question those reasons. Firstly, what is happening now ? One important underlying principle of this Budget is the industrialisation of India. He is anxious that the economic prosperity of this country should be restored. He is zealous that India should hold its own against the competing nations of the world and with that object he is now putting an additional two-fold duty on cotton piece-goods. Are you not, I respectfully ask you, Sir, making your Budget somewhat inconsistent by levying at this particular juncture a duty, small as it is, on income-tax and super-tax ? What will be the result ? From an economic point of view, Sir, liquid capital is now very urgently needed in this country. Liquid capital is the source of the strength of any nation. Without liquid capital no scheme of industrialisation is possible ; and to-day by putting this small duty, as it is, which is supposed to give you Rs. 56 lakhs, you are taking away from the pockets of the capitalists at this present juncture the only available means of industrialisation and preventing them, by the enhancement of this duty, from financing schemes of industrialisation. Sir, further, all the countries of the world since the war are reducing and have been reducing the incidence of income-tax and super-tax. This super-tax was introduced as a war measure. It was after the war that taxes were increased very considerably and to-day, when all the other countries are trying to make this duty less oppressive, so that the industries of the world may be promoted, you are, Sir, asking that this duty should be enhanced. I shall not speak about the oppressive character of the super-tax, which practically means to-day 7 annas in the rupee over a certain income. My Honourable friend is going to add a further pie to that seven annas. It looks very small, but I tell you that from an economic point of view it is going to retard the progress which no other person than the Honourable the Finance Member has sincerely at heart.

Sir, I would like to say a word or two about the bank rate. I may be allowed to express an opinion on the abnormal and somewhat stiff advance in the bank rate this busy season. The bank rate was increased early in October from 5 to 6 per cent. and within a fortnight it was raised to 7 per cent. and since the middle of October it has continued to stay at that level. Last year I took the Finance Member somewhat severely to task for having raised the bank rate to 8 per cent., but I must confess in fairness to him that the raising of the rate this year was fully justified at an early period of the trade season and was in the interest of the country. From 1928 up to very recently unrestrained and feverish speculation in America supported by a policy of arrant inflation created a situation of international danger which has since brought about its retribution and punishment with the demoralization of trade and the usual dislocation and ruin of all business. In normal times America supplied funds both to London and the monetary markets of Europe, which had been previously a significant post-war feature of American finance,

but about September last year the Stock Exchange fever and unmeasured speculation brought disaster to that country. Rates of interest on brokers' loans soared so unusually high that the financial position altogether got quite out of control. Many financial institutions, many companies and even individuals who attempted to get rich quick and build up colossal fortunes in a short time from the abnormal call rates which at times even reached to 15 per cent. have come to grief. Trade bills at bank rate were simply a drug on the market and the Federal Reserve Bank completely lost its power of usefulness and control. The result was that the internal wealth became scarce and funds were attracted from London and other European countries and even to a considerable extent from India. This state of affairs forced the sterling below the lower gold point and it became a remunerative proposition to export gold to the United States. The Bank of England to protect itself was compelled to take drastic measures and to raise its bank rate of discount and London's financial difficulties were reflected in the rupee exchange. In order to protect our currency and to raise the Indian credit position, the Imperial Bank of India was compelled to raise our rate to 7 per cent. though the money market was comparatively easy in the commercial centres of Bombay and Calcutta. It might be said with some reason that it was not the real bank rate, not the reflection of the actual monetary situation in the country. It is true the raising of the rate inflicted some hardship on the struggling industries of India and in financing our cotton, jute and grain trade, but there is no doubt that our policy of enhancement of interest was very effective and substantially collapsed the New York market, which resulted in colossal forced liquidation there. We had the satisfaction to find an immediate improvement in sterling exchange in relation to the dollar. The rupee, however, unfortunately remained weak as our normal export season was at its height and the Imperial Bank of India has not yet seen its way to recommending a reduction in the bank rate which still remains at 7 per cent. If we take into consideration many important factors which always regulate and control the movement of currency in India, namely, the Government's statutory obligations to maintain the ratio within comparatively narrow limits, the divorce control of currency and credit and plenary powers and authority of Government to force the bank rate to any figure considered necessary by contraction of currency and otherwise and the obligation of the Imperial Bank of India under existing financial arrangements to keep a close and active co-operation with Government, I feel certain that the wisdom of the Bank's action though somewhat unpleasant will be readily acknowledged by the commercial communities in India. The panacea for the removal of these anomalies can only be found in the early establishment of a Reserve Bank or the conversion of the Imperial Bank of India into a Reserve or Central Bank.

12 NOON.

I shall not detain the Council any further in view of the decision of our Honourable President. I am sorry there are many important points on which I should have liked to address the Council, but I can assure the Honourable Member that, though we may disapprove of certain schemes of taxation which he has laid before the country, we are all unitedly in favour of helping Government to tide over this trouble which, as I have already pointed out, is not of the seeking of the Finance Member. I only hope that he will reconsider the situation and that he will not ask this Council to vote for a surplus Budget. One important canon of taxation is that in difficult times when you want money you are only entitled to tax people to the limit of the actual sum required. There is no justification for keeping any surplus and I therefore request him to reconsider the whole situation from the standpoint not

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only of the producer and the consumer but from the various other aspects of the question.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan): Sir, I thank the Finance Member, the Honourable Sir George Schuster, for his vivid picture of the financial position of India. The Budget presented to us has some disappointing features. India during the last few years has been the victim of trade and industrial depression, successive failures of crops, floods, locusts, and a high bank rate. But, notwithstanding all these facts, new taxation has been proposed on the people who are getting poorer every year. The additional taxation is estimated to yield about 4¾ crores. To me, Sir, this taxation seems greatly under-estimated. Why I say so, Sir, is that according to my calculations the difference between the estimated income by fresh taxation is nearer 7 crores than 5 crores or 4¾ crores. Sir, the amount of sugar imported in the year 1926-27 was 8¼ lakhs of tons. In 1927-28 it was 7½ lakhs of tons. In 1928-29 it was 8¾ lakhs of tons and I believe that in 1929-30 it will be about nine lakhs of tons, because in the past nine months the import has been seven lakhs of tons. In case, Sir, we take even an average of 8½ lakhs of tons or say even 8 lakhs of tons, which, according to the new taxation of Rs. 30 per ton, will bring in 2½ crores of revenue as compared to 1·80 crores which shows a difference of 70 lakhs. As regards silver, Sir, we find that in 1926-27 the import was 124 million ounces. In 1927-28 the import was 93 million ounces. In 1928-29 it was 86 million ounces. Even, Sir, taking 60 million ounces in the coming year, the duty on it at four annas an ounce will amount to a crore and a half of rupees against one crore estimated—a difference of 50 lakhs in this, Sir. As regards piece-goods, according to the estimate of 1930-31, the yield from fresh taxation will be 2¾ crores. And, Sir, even in case we take 2 crores there is a difference of 75 lakhs. So, Sir, I am rather convinced from these facts that the estimate of yield from fresh taxation is nearly 7 crores instead of 4¾ crores. I have given these figures to enable the Finance Member to correct me in case I am wrong in my assumption. For four successive years, Sir, we had a deficit of 16 crores, of which 7½ crores, being the revenue deficit on postal certificates, has been converted into a permanent loan. To this in case we add the German reparations amount, it leaves a deficit of about 4 crores to be made up by fresh taxation. What a tragedy of fate that instead of the surplus which was promised by Government to those who voted for the 1*s.* 6*d.* ratio, there is a sure need for fresh taxation. To keep up this artificial ratio of exchange has resulted in India frittering away 140 crores of its gold. The new taxation requires 4½ crores, and the estimate, as I put it down, is 7 crores, so I think in case my figures are correct, fresh taxation to the amount of the difference will be reduced. No nation-building schemes have been taken in hand with this money but only the finances of the Government are to be reinforced and put on a solvent basis ; that to me seems the object in using this fresh taxation.

As regards Imperial Preference, I simply want to say, Sir, that this preference can be accepted only under special circumstances. This is the second occasion on which India has given preference to England. On the first occasion it gave preference to England in the matter of steel and iron. Now it is giving preference to England in the matter of cotton goods. This should not mean that India has agreed to Imperial Preference in principle. It has been the practice in the British Empire to give to each self-governing unit fiscal

autonomy. The British Cabinet has now agreed that India possesses fiscal autonomy. India should therefore be free to shape her tariff policy in any way she likes. India ought to agree at the present juncture to give to England preference in the matter of steel, iron and cotton only because there is at present serious unemployment in England and India considered it her duty to come to the help of England ; but it should be purely on a voluntary basis. When, Sir, the policy of Imperial Preference has been introduced, I would like that the United Kingdom should reciprocate in giving Indian wheat, Indian cotton and Indian linseed a preference over the produce which is imported from other countries which do not form the Dominions of the Empire. Then, Sir, it will be a thing for India to rejoice in and be grateful for. But what do we find ? The prices of our produce have fallen very heavily. *Kapas* has now come down to Rs. 5-4-0 a maund and wheat at the end of the season is selling at a much lower price than that at which it was selling when the crop was being put on the market. The price of wheat now ranges between Rs. 3-8-0 and 3-10-0 a maund. Argentine wheat and wheat from other countries is pouring into England and owing to the 12½ per cent. difference forced on us in the exchange ratio by this artificial 1*s.* 6*d.* basis, India has been put in a very weak position as regards its competition with the all-world markets in the matter of her produce. I think, Sir, that we should aim at removing the root of the evil and bring down the exchange to 1*s.* 4*d.* by which India would, I think, prosper.

As regards the silver duty, I must say that it will only have a temporary effect in raising the price of silver. In India, and particularly in the Punjab, the masses accumulate their wealth in silver ornaments . . . . .

THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI (Punjab Sikh) : Have they any wealth to accumulate ? The masses are living from hand to mouth.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : My friend asks me a question whether they have any wealth to accumulate. I quite agree with him, and I have in the beginning of my speech observed that India is getting poorer every day. I do not deny that fact, but I say this, that in the case of a small proportion of the people who can accumulate their wealth in the Punjab, the shape of that accumulation of wealth is mostly in silver ornaments. By one stroke of legislation silver has been forced to depreciate heavily and now, unfortunately, it has touched a point which it has not touched before. My Honourable friend Sardar Bahadur Shivdev Singh Uberoi also says, when the country has suffered the bitterest experience and is being impoverished by this exchange ratio, Government have after all wakened from their sound sleep and tried to help the poor people who did heavily suffer from the silver reserves in the shape of ornaments. But, Sir, we will at the end of the year see how far this duty will really affect the poor people. I understand that this fresh taxation of four annas an ounce on silver will also apply to imported silver articles and silver ware. In case that is not done, it will put our silversmiths in an awkward position and instead of encouraging the silver industry in India, Government will be discouraging it.

Now I come to the military expenditure. The Indian Retrenchment Committee recommended that the military expenditure ought to be brought down to Rs. 50 crores. This year we have been told that a reduction of about Rs. 80 lakhs has been effected in the military expenditure and that this reduction or that this arrangement will run till 1931-32. I cannot understand, Sir, how a reduction of Rs. 80 lakhs has been effected. I would like

[Lala Ram Saran Das.]

the Honourable the Finance Member to explain how he works out this reduction. To me, Sir, it seems that simply the gain owing to the exchange ratio being 1*s.* 6*d.*, on all the stores purchased in England amounts to 12½ per cent. I find in the figures given to us that the total stores purchased in England and the total expenditure incurred in England for the Army amount to about Rs. 13·45 lakhs. If we deduct on this item 12½ per cent. it amounts to over a crore and a half of rupees. In addition to this, Sir, the price of foodstuffs and other commodities has also gone down in India, and so the purchase of foodstuffs for the Army must have gone down also simultaneously. If we take these two items together, the automatic reduction in the expenditure on the Army ought to be more than two crores of rupees, and instead of saving two crores only Rs. 80 lakhs have been taken into account. According to the present arrangement this new principle is to extend over three years. In case we take a gradual reduction of even a crore of rupees a year, even then, Sir, the average for three years will be much less than 54·20 lakhs a year. I shall be obliged if the Finance Member or His Excellency the Commander-in-Chief would throw some light on this point. Now, Sir, when such heavy expenditure which amounts to more than 50 per cent. of the total revenues of India is being spent upon the Army, what is India or the Indian youth gaining in the way of the Territorial Force, Rifle Clubs, Cadet Corps, and so on? When I see the figures of expenditure in other countries in those directions, I would ask His Excellency the Commander-in-Chief to be more sympathetic towards Indian aspirations towards military training. In New Zealand, Sir, in the year 1928 in the Territorial Force there were 805 officers and 20,140 other ranks; in the cadets on the 31st March, 1928, there were 525 officers and 33,939 other ranks. All the male inhabitants of New Zealand who have resided there for six months and are British subjects are liable to be trained as follows. In the senior cadets from 14 years of age, or from the date of leaving school if later, to 18 years of age; for the Territorial Force from 18 to 25 years of age. In New Zealand there are 156 Rifle Clubs with 4,360 members. Expenditure there on the training of the Territorial Force amounts to £16,000 or £17,000 annually and on Rifle Clubs from £2,000 to £3,000. In Australia, Sir, on the universal military training which was inaugurated there by the late Lord Kitchener the expenditure now amounts to £135,000, that is, Rs. 20,25,000; and on Rifle Clubs to about £50,000, that is, seven and a half lakhs of rupees. In Canada the figures are, on cadets 15 lakhs; on non-permanent active militia and Territorial Forces Rs. 69,45,000. In the non-permanent militia and Territorial Forces in Canada there are 9,424 officers and 1,15,455 other ranks. Besides these there are junior and senior cadets who receive training. In Australia, Sir, the total number of citizens in the Territorial Force and under training in 1928 was 85,612; senior cadets under training in 1928 numbered 14,980. On the 30th June, 1928, there were 1,137 Rifle Clubs with a membership of 40,187 and there were miniature Rifle Clubs with 2,740 members. I do not want to take up much time of the Council with these figures, because I know that His Excellency the Commander-in-Chief is more conversant with those figures than I am. But still I give these figures to give His Excellency an idea of how slow and snail-like progress we are making in this direction.

Then, Sir, from the paper before us we find that the Army Department has got several manufacturing departments—a metal and steel factory at Ishapore, a rifle factory at Ishapore, a gun and shell factory at Cossipore, an ammunition factory at Kirkee, a gun carriage factory at Jubbulpore, a harness and saddlery factory at Cawnpore, a cordite factory at Aruvankadu, clothing

factories at Shahjahanpur and Madras, a filter factory at Rawalpindi, 23 dairy farms, 45 grass farms, bakeries, butcheries and manufacturing medical stores departments at Madras and Bombay. Out of all these different factories only the medical stores departments are making a profit, the rest are all running at a loss. I would, therefore, beg His Excellency, when presenting the papers to the Legislature in future, to be so kind as to give us commercial accounts and profit and loss statements for each of these factories. All the factories should be run in such a way as to show a profit. Indians should be trained in those factories and technical scholarships should be given by the civil authorities to suitable Indian students who should be given training in these Government factories.

Now, Sir, I will turn to the North-West Frontier Province. We find that the total expenditure on the administration of that Province is Rs. 3,79,40,000, while the income is Rs. 91,29,000; so the net deficit is Rs. 2,88,11,000. If we make a deduction for the South Waziristan Scouts, the Tochi Scouts, the Kurram Militia Levies, the Chitral Scouts and other watch and ward, which amounts to Rs. 1,45,15,000, then the real deficit will be Rs. 1,42,96,000. Something should be done to develop the revenues of this province, for unless that is done and the province stands on its own feet financially the new Reforms cannot be applied to the province.

Now, Sir, I come to the sugar duties. These duties have been consistently and successively asked for by the people of India for several years past. Our sugar-cane industry has suffered from the lack of increase in this duty for many years. All our representations have failed in the past, but now I am glad that the Government has moved in the right direction and I hope that by this step the Indian sugar industry will revive and perhaps thrive.

It is a pity that I find no further taxation on the export of petrol. Petrol, Sir, sells in India at a much higher rate than it sells in England. I mean that the Burma Oil Company's petrol, which is produced in Burma, is sold at a cheaper rate in London than it is in Delhi. This is very surprising, and I consider that if an increased duty had been imposed on petrol it would not have been felt by India and it would have brought in some revenue.

I quite agree with all the remarks which my friend Sir Maneckji Dadabhoy has made as regards the new income-tax and the bank rate. I do not want to take up the time of the Council on that point, because he has explained it fully. I hope the Honourable the Finance Member will consider the advisability of withdrawing the extra income-tax and will see his way to reduce the taxation by at least two crores.

THE HONOURABLE SIR ARTHUR FROOM (Bombay Chamber of Commerce): Sir, the final accounts of the financial year 1928-29, which show the entire disappearance of the balance of Rs. 74 lakhs standing to the credit of the Revenue Reserve Fund and leave an uncovered deficit of Rs. 32 lakhs, must have been a keen disappointment to the Honourable Sir George Schuster, although the Budget estimates for that year were not of his making. The current year 1929-30, I am afraid, has brought but poor consolation to the Honourable the Finance Member seeing that the original deficit of Rs. 90 lakhs has been increased in the revised estimates to Rs. 156 lakhs. There is a bright spot, however, in the 1929-30 figures in that an unexpected windfall from the German Liquidation Account is expected to exactly offset the deficit and the current year is expected to close with Expenditure and Revenue evenly balanced. It is marvellous how some unforeseen windfall from time to time materialises to assist Government's revenues and I could wish that one's personal budget were similarly blessed at stated intervals.

[Sir Arthur Froom.]

Turning for a brief moment to the proposals of the Finance Member for 1930-31, it will be seen that, if the suggestions are adopted, it is anticipated that the current year's revenues will be benefited to the extent of Rs. 35 lakhs so that, taking the years 1928-29 and 1929-30 together, the uncovered deficit of Rs. 32 lakhs in the former year is wiped out and we start 1930-31 with a clean sheet.

I now come to the Budget estimates for 1930-31 and, although the figures are to be deplored, I greatly admire the clear and explicit manner in which the Honourable the Finance Member explains how he arrives at the gap of Rs. 552 lakhs when comparing the position in which he finds himself to-day with that provided for in the Budget for the current year. I also congratulate the Finance Member in meeting the essential additions for new services and demands, amounting to Rs. 146 lakhs, with an economy in the civil estimates of Rs. 62 lakhs and a reduction of Rs. 80 lakhs in the military expenditure, thus reducing the gap from Rs. 552 lakhs to Rs. 410 lakhs. No one, I think, will cavil at the relief of Rs. 30 lakhs afforded to the Burma rice trade, bringing the extra amount to be found in the 1930-31 Budget to Rs. 440 lakhs.

Now, Sir, I entirely agree with the Honourable Sir George Schuster's view that this year of all years we cannot go forward with a deficit Budget. It is obvious that at no very distant date there will be constitutional changes in India with an increasing demand from the Provinces for more money and it would be not only wrong but negligent of the Central Government, as it would be wrong and negligent of the Central Legislature, to proffer an unbalanced Budget as a christening present to any new born Constitution.

This being so, we must examine the Finance Member's proposals. It is obvious that he cannot extract anything more out of the military expenditure than the Rs. 80 lakhs he has budgeted for. It is the fashion, in and out of season, to declaim against the military expenditure and to demand a reduction. There is nothing more I would like to see myself than a further saving under this head, but I am doubtful whether it would be wise or practicable at the present juncture. I am inclined to think that the demand for reduced military expenditure is the outcome of peace on our frontiers for a considerable period of years which has lulled many into a state of fancied security from which they would be rudely awakened were the ever-watchful forces on the frontier to be reduced. Then there are the internal security troops,—whose pay would appear to be more rightly chargeable to Provincial Civil funds,—is it suggested that now is the time to reduce these when seditious preachings and Communist propaganda are rife throughout the country? I think we must accept the Army Department's announcement of the minimum number of troops which are necessary for the prevention of external and internal aggression, always remembering that it is more economic to ensure peace than to run the risk of war or uprisings.

As regards other heads of expenditure, the Finance Member has announced the appointment of a special officer to examine in detail where further economy can be effected and I think we should leave it at that, bearing in mind, as my Honourable friend Sir Maneckji Dadabhoy has pointed out, that the acceptance of continual representations for improvement in the pay and conditions of service in the many departments under the control of the Central Government results in a bill of considerable magnitude which has to be faced.

Turning to the proposals of the Finance Member for increased taxation, it is difficult to pick a quarrel with any of them. Doubtless we shall hear something from Burma on the proposed increased excise and import duty on kerosene, in spite of the plum received by that province in the shape of a present of Rs. 30 lakhs off the export duty on rice. The existing prices of sugar and silver are abnormally low compared with those ruling for many years past and the proposed duty on both these commodities, in my opinion, will not inflict a hardship on anyone. In fact, should the price of sugar rise, there should be advantage accruing to the indigenous sugar industry which has fallen on evil times and has been in a bad way for many a long day.

I am sorry that the Finance Member has thought fit to attack income-tax and super-tax,—there is nothing personal in this as the end of my speech will show,—not so much on account of any great hardship involved in the increase of one pie, but on principle. Income and super-tax should be reserved for any grave emergency and the existing rate would have been better left untouched. The example of Great Britain, where the high rate of this form of taxation is largely responsible for unemployment and industrial distress, had best be looked upon as a warning rather than as a pattern to follow. I notice in his speech the Honourable Sir George Schuster has laid some stress on the increase of one pie being applied to *personal* incomes of Rs. 15,000 and upwards, but I take it that it is intended that the proposed one anna seven pies rate should be applied to the profits of companies irrespective of what proportion of the profits is distributed by means of dividends or placed to reserve. It is gratifying to note that next year, 1931-32, it is hoped that the principle of allowing business losses in any one year to be carried forward to the next year will be introduced : also that the present double super-tax on companies in genuine cases will be removed. I should have liked some announcement from the Honourable the Finance Member as regards the company super-tax which I am informed represents no less than 280 to 285 lakhs of the 506 lakhs shown in the Budget figures under the heading of super-tax. In the past the Honourable Sir George Schuster's predecessor announced he would give the earliest consideration to the removal of this imposition which to-day represents close upon three crores of taxation on industrial development, at a time when industries in this country are in a far from satisfactory condition. Honourable Members of this Council must be aware that a similar tax was imposed in England shortly after the war but a recognition of its adverse influence on the economic condition of the country led to its speedy withdrawal. I venture to think that an increased rate in the salt tax would prove economically less detrimental to India than the continuance of this tax on industrial development.

Sir, as the representative here of the Bombay Chamber of Commerce and as a Bombay man, I am sure that no Member of this Council will expect me to take any other veiw of the Honourable Finance Member's proposals for an increase in the import duty on piece-goods but one of strong support. A clear case has been made out for both the revenue duty and the protective duty, and since the revenue duty assists protection and the protective duty assists revenue, what a happy combination of interests is provided for in Sir George Schuster's suggestions. Be that as it may, I take it that no Honourable Member of this Council will deny that the Bombay mill industry is in a parlous state nor will it be refuted that the utter collapse of the industry would be catastrophic not only for Bombay but also in its repercussions throughout India. Now is not the time to enquire why the patient is sick but it is necessary to act quickly to save him and during the three year period of a protective

[Sir Arthur Froom.]

5 per cent. tonic the patient, it is hoped, will either acquire sufficient stamina as to warrant the tonic being discontinued or will show unmistakably that, while he is making a brave struggle to recover, it is necessary and not unreasonable for the somewhat expensive medicine to be continued.

Criticism will no doubt be made against the preference shown to the United Kingdom in the protective duty. I would remind such critics, however, that it is a Labour Government which has fought for such exemption and not a capitalistic Conservative Government and I would advise them to accept the situation as it presents itself in no niggardly or carping spirit, remembering that nowadays Manchester competes but little with the Indian mills and what little competition there is should be covered by the increase of 4 per cent. provided for in the revenue duty.

I now come to "Ways and Means" and have read with considerable interest the remarks of the Honourable the Finance Member on this portion of the Budget which always commands my close attention. Sir George Schuster's exposition of his capital requirements, sterling borrowings, and currency operations, is so complete that I have no remarks to offer beyond expressing my full agreement with his policy in curtailing, as far as possible, capital expenditure in view of the existing conditions of the world's money market. It is gratifying to learn that the loan requirements in 1930-31 are expected to be satisfied with 23½ crores, of which about 7½ crores only will be new money.

Sir, I have been a Member of the Council of State since its inauguration in 1921 and I was present when the first Finance Bill under the Montagu-Chelmsford Reforms was brought before the Council in the month of March of that year. In 1922 the privilege of a general discussion of the Budget was introduced in our Chamber and I had the honour then of taking part in the debate and have done so each successive year, with the exception of last year when I was touring India under the guidance of my Honourable friend, Sir Sankaran Nair. This, however, is the last occasion on which I shall enjoy the privilege of discussing India's Budget in this Council, as, after the close of the present Sessions, and after 35 years' work in India, I propose to settle down in England. Perhaps, Sir, as one of the oldest Members of this House, or at any rate as one of its original Members, I might be permitted to utter one word of warning, one word of advice, before I make my final bow. The future prosperity and well-being of India lies mainly in her credit in the world's financial circles. That credit, which for many decades has stood high, has recently received a severe shaking. Wild words, such as repudiation of debt, non-payment of taxes, have recently been given voice to. A feeling of insecurity has arisen and money, which has hitherto been invested in India's funds, has been pouring out of the country. It is up to the Honourable Members of this Council, it is the duty of every right-minded patriotic Indian, to see that this state of things does not continue. The separation of India from the British Empire is an impracticable demand at any rate for very many years to come, if ever, and those who shout for it under the name of patriotism are no real patriots but are merely rocking the solid foundations on which India has rested for many a long year. We must all of us, Indians and Britishers alike, take every step we can to counteract this revolutionary ripple which is disturbing the placid calm of this great country. It is not yet too late, but once India's credit is shaken to its foundations, her economical and industrial collapse will surely follow.

THE HONOURABLE NAWAB SIR MUHAMMAD MUZAMMIL-ULLAH KHAN (United Provinces West : Muhammadan) : Sir, with your permission I rise with a feeling of hesitation and nervousness, because I have never been educated in English. I am sure that my speech will be full of mistakes. It is not creditable to me to speak in such a language in this Honourable House in addressing so learned an audience. But anyhow I have to speak English because if I do not speak in English many of my Honourable friends will not understand me and the reporters will also boycott me if I speak in my mother tongue. Sir, my hesitation is also due to the feeling that I have to congratulate the Honourable the Finance Member and his able and experienced lieutenant, my old friend, the Finance Secretary, on their trying to meet a deficit Budget in this trying time. Sir, I will not attack the Army Headquarters and will not ask the gallant Chief here to reduce his Budget because the Army is the only thing which can keep order and peace in the country and the present moment, as my other Honourable friends have said, is not suitable for reducing expenditure. I will say only a word to him and to the Honourable the Finance Member, that whilst they have chosen to reduce their Army Budget by Rs. 80 lakhs, can they not make some more reduction in it, say of 20 lakhs, to bring the amount of reduction to a round figure one crore ? The reduction, however, should be consistent with the efficiency of the Army, and follow the example of the Home Government who by their reducing their national pride, the Navy, have set an example to the whole world. Sir, I will not follow the bad example of the old story which runs as follows. There was a King who was advised by his *pir* (priest) to dismiss all his army and thus save so much expenditure. The saving was to be spent in engaging some more Maulvis and priests who would pray to God Almighty for the safety of his kingdom. The poor King acted accordingly. He accepted this advice and made a considerable reduction in the army. The enemy who was just on the frontier learnt of this and he began to invade the country. The news reached the King and he asked his priest's advice. He said, " Very well, we all will assemble and offer prayers for the safety of your kingdom and for the destruction of the invading army." The priests gathered and began to offer their prayers while the enemy was invading the country. When the enemy reached the door of the city, the King knelt before the priest and asked him what could be done. He said, " Never mind if the enemy is entering the capital from one door, you walk out through the other "..." *Tumhara mulk gaya, uska iman gaya* " (" You lost your kingdom and he lost his faith "). So, Sir, I will not advise the gallant Chief to follow the story. I will only advise him that the order of the day is economy—all-round economy—and if they can show any economy in their Budget, it would be very acceptable.

There is another very mild and humble assault on the peaceful fortress of our Finance Member's Budget, and it is this that among other taxes about which I am not in a position to speak, they have imposed a further increase in the income-tax. This is the time of Bolshevism. The capitalists are attacked all round. Perhaps our friends of the Finance Department thought that these poor capitalists will not be supported by anybody. No paper, no public oratory will support them. Bolshevists attack them as the enemies of the world.

THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI : May India be saved from Bolsheviks and Communists !

THE HONOURABLE NAWAB SIR MUHAMMAD MUZAMMIL-ULLAH KHAN : Our friends are no better. But we do not want to be killed by the

[Nawab Sir Muhammad Muzammil-Ullah Khan.]

sweet poison and blunt knife of our friends, but we prefer the sharp sabre of our foes. A wise man has truly said, " Save us from our friends ". You can have hundreds of ways of reducing the expenditure. You have got hundreds of ways of imposing other taxes to meet your deficit, but pray do not touch your friends, do not touch the people who are already suffering from the jealousy of the people who are not capitalists. The trade of the country is to-day going down. The Income-tax Department will be able to give accurate evidence of this, because every year the income of the Income-tax Department is decreasing because trade is in great danger and at this critical hour to impose an addition to the tax does not look nice but it looks very very unfair and unjust. One more word. I as the Musalman and worker in the cause of education for more than 45 years and as the late Vice-Chancellor of the Aligarh University, as the Honourable the Leader of the House knows very well, have to thank the Finance Department for having made a grant of Rs. 5 lakhs to the Muslim University. Sir, it is a saying " *Bad az sari man kun fayakun shud, shuda bashad* ", which means that " After my death, let happen whatever may ". I was in great need of the money then. My University was the only institution in the whole of India which was not shaken even by a hair's breadth during the non-co-operation days and during the days of the black flags. We were in great need and not a single pice was given to us. Last year, I was very very surprised to hear from the generous lips of the Honourable the Finance Member that because the Muslim University was in the period of new organisation so the grant was deferred. Sir, the organisation period was the most suitable time for help. But you deferred your help when we were making our organisation, and now you think it is organised, and so you are giving the money. Well, better late than never, but there is another word to submit and it is this that there is a saying " *Neki kun dar chab andaz* " (" Do good and throw it in a well "). Do charity and forget it. There is a saying in the Koran " *La tubtilu sadaqatekum bil mannu wal aza*" (" Do not destroy your charity by expecting gratification or threatening beggars "). You have imposed humiliating conditions on the Muslim and Hindu Universities by giving Rs. 5 lakhs and promising more money ; you have put on their heads certain conditions which are humiliating. If you do not trust them, do not give them a pice. If you do not trust them, please take back your magna charta from them. You are imposing such humiliating conditions by stipulating that one of the officers of Government will go there to look after their finances, and so on. Anyhow, we are needy and we have to accept your conditions and your money, but not with feelings of pleasure or thankfulness but with feelings of necessity, because " necessity is the mother of invention ".

With these few words, Sir, I congratulate you in your great undertakings to meet the deficit in the Budget. I can assure you that there are other people who also know something of finances. When distinguished persons like my Honourable friends, Sir Arthur Froom, Sir Maneckji Dadabhoy and the Honourable Rai Bahadur Lala Ram Saran Das say something in criticism of your Budget they are worth listening to. I do not think that Members of this Chamber can say anything to impress you any more than what has been said in the other House. The only difference is that they are there apt to say things more strongly while we only submit our humble opinion here in this House. At the end I will only say that " *Man nagoyam ke in makun an kun. Maslehat been kar asan kun* " (" I do not say do this and do not do that ; I only say seek an easy way and do it with ease ")".

1 P.M.

THE HONOURABLE SIR JAHANGIR COOVERJEE COYAJEE (Bengal: Nominated Official): Sir, I venture to suggest that the financial conditions and difficulties before us are best envisaged in the light of a review however brief of the financial tendencies of the day. There has been a remarkable parallelism indeed in the financial histories of the advanced countries of the world since the war. Up to the year 1924-25 budgetary deficits and heavy taxation were universally the order of the day. After that year 1924-25 there have been great financial improvements and the installation of new financial machinery in every country, and in this process of economic progress and reform India has borne a leading part. Since the last year or so, however, the world in general, and India in particular, have entered on another financial phase; that is the phase of the adaptation of the new financial machinery and arrangements to the slower economic tempo of the day. The newly formed mechanism is being tested and overhauled in various places in view of the great financial strain of the last two years. Many countries have witnessed economic troubles, reduction of production and demand, and banking crises; and the year 1928-29 will long be remembered as the *annus mirabilis* of the present decade in the region of finance.

This might give a clue to the true cause of our present financial difficulties. In India we find that on this topic public opinion is divided sharply into two schools of thought. One school summarily attempts to make the ratio and currency policy responsible for all the multifarious troubles of the day; the other emphasises, in the main, the operation of economic depression abroad, the fall in production and the gradual slowing down of the economic rhythm. Now, how shall we decide between these two opposite contentions? I submit that in a case like this, where doctors disagree, we should be guided in our decision principally by the statistics of trade and finance. And fortunately in this case the various lines of statistics are convergent and unanimous, and speak with no faltering voice. Right up to the year 1928, that is, full four years after the advent of the new ratio, our financial position showed a remarkable progress, and we went on remitting contributions and taxes. In the second place, our main exports—competitive exports be it noted—made one record after another. I would point to the figures of exports of oil-seeds, tea, hides and skins, and indeed of piece-goods. In the third place, there is the evidence of the financial figures for railway management. If the ratio and the currency policy were the sources of trouble, it is unthinkable that for full four years an ill-adjusted and ruinous ratio permitted and even promoted a notable growth of prosperity on all these lines. On the other hand, Sir, let me emphasise the fact that the year 1928-29—the very year which witnessed financial trouble and capital shortage abroad—was also the beginning of our present financial and other difficulties. In fact, Sir, that year forms the dividing line, a sort of economic watershed, between the fat and the lean years. That consideration by itself can be claimed to be decisive in pointing to the true casual sequence as regards the present troubles both in India and abroad. It has often been repeated by former Finance Members that an Indian budget is but a gamble in rain. I would submit, however, that that was only a great half-truth, and with the growing solidarity of the world, the general trade cycle and foreign economic conditions are as important for Indian finance as the amount of the rainfall and the conditions of the harvests.

When appraising the merits of the new taxation we shall be less than just if we neglect two important aspects of it—its possible effects on industrial and agricultural development, and its bearings with reference to the past as

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well as the future of our provincial finance. To an important extent, indeed, it may be designated as *vicarious* taxation. As early as 1925 Sir Basil Blackett observed that "the provinces were the one claimant whose claim for financial assistance must by common consent come first". He made a heroic effort to meet the claim fully. But even heroic and successful efforts bring about some measure of exhaustion; and last year the Honourable the Finance Member pointed to the necessity of finding new sources of revenue in order to fill the gap. This year he has taken a new step forward in the development and progress of our provincial finance, and it is contemplated that some of the surplus from the silver duty is to go to assist the nation-building services in the provinces. Thus the new taxation is not merely meant to solve the financial difficulties of the day but to assist in the ultimate solution of the long-standing problem of provincial finance. We are not dealing here with a scheme of hand-to-mouth finance, but with an integral portion of a well-developed plan which will terminate the long struggle for financial resources between the Central and Provincial Governments. It is very likely that these troubles of ours will be remedied on the same lines as in South Africa, partly by increased provincial taxation and partly by subsidies like the present from the Central Government.

The protection granted to the textile industry had of course to be adapted to the special difficulties under which it laboured. The main difficulties consisted of the general depression and, for the rest of the superior organization of as well as the unfair competition from certain foreign countries. Under those circumstances the case for the imposition of differential duties is unanswerable, whether we have regard to practical expediency or to theoretical considerations. To have inaugurated a heavy all-round system of protection would have only added needlessly to the burden on the consumer and would have also been equivalent to breaking with our sound basic principle of discriminating protection. It is obvious that judicious protection should be proportioned to the amount of the danger, and should be directed against the quarter from which that danger menaces. Any demand for an all-round and equal increase of protection, irrespective of the range, course, and intensity of the competition argues only a doctrinaire mentality. A student of economics is bound to protest against the attempts to confuse differential duties with Imperial Preference. Indeed such confusion is based on the common fallacy called *ignoratio elenchi*. While all Imperial Preference, of course, implies the use of differential duties, it does not follow that all use of differential duties has the character of or amounts to Imperial Preference. For in any policy of Imperial Preference the ruling motive and main object is to benefit the mother country, while the policy of differential duties is most often the outcome of a regard for local contingencies, conditions and necessities. It is significant and surprising that at present all effort here is concentrated on discussing this preliminary issue rather than on arrangements for making the best use of that timely and large measure of protection which has been given.

The topic of an import duty on silver engaged the attention of the Indian Legislature in the years 1921-22. But in the last decade the character of the silver problem has been radically transformed, and many arguments which were then urged against the duty have lost their force. A great many factors have caused the present heavy decline in the price of silver, and under their inexorable action a further great fall is imminent. In fact the seventies of

the last century saw the first rush towards demonetisation of silver, and the second decade of the present century is seeing a second rush. While the former took place in Europe, in this second rush even the countries of Asia have been participating. Persia has been recently taking steps to go over to the gold standard and has diminished drastically her demand for silver. The currency arrangements of China too are in the melting pot, and it is significant that the President of the Commission which is sitting for their reform is the greatest living advocate of the gold exchange standard. Under such circumstances the choice for this country lies between two courses. The first, and far the preferable one, is to restrict our imports of a rapidly depreciating metal, gradually but continuously, and to sell our stocks of silver while yet there is time. This is the only way to cut our losses. The other course is that of becoming the dumping ground of the white metal and facing the great and inevitable loss of value ultimately. Thus there is a strong case for a pretty heavy duty on silver, both on the ground of finance and of checking the unrestrained entry of the depreciating and doomed metal into the country.

As to the income-tax measure, capital might be more far-sighted than to object to the imposition of an additional pie in the shape of income-tax when the poor man is called on to pay a 20 per cent. duty on his very clothing in the interests of industrialism.

Coming to military expenditure, the trouble in this region of finance is that it is just here that we cannot cut our coat exactly according to our own cloth, or even according to our own ideas and tastes. Very recently, copious references have been made to the Inchcape Report and to the proposals contained in it, and the fall in the prices of raw materials and food have been emphasised. That is, however, one aspect of the matter. There is, however, another aspect. Mechanisation and re-equipment are particularly costly affairs, and the history of military expenditure in all countries in the last decade shows a great rise. Nevertheless, it is our duty to our country to explore all possible avenues of economy here. Last year a very promising avenue of this character was discovered when by an arrangement or contract between the Finance Department and the Army the discovery of economies in expenditure was made a sort of condition precedent of any further progress in the modernisation and re-equipment of the Army. What is aimed at by that measure is the whole-hearted co-operation and interest between the Army authorities and the Finance Department. A sort of race has been organised between the progress of military economies on the one hand and that of military equipment on the other, and even during the short period that has elasped we have a certain realised balance on the side of economies. This reduction of military expenditure by 80 lakhs is a matter for congratulation ; it is to continue for the next three years, and there is also the assurance of further substantial instalments of reduction following. This reduction, though some have called it small, is the more welcome when we consider the progress of military and naval expenditure in other countries, where the hopes of any diminution of that burden are bound up with the ultimate success of prolonged conferences and doubtful international disputations.

In concluding my remarks, I might be permitted to say a word on the borrowing policy of the day. The critics of the new sterling loan have failed to take full account of some important factors and elements of the existing financial situation. In the first place, it is forgotten when discussing the terms of the loan that the financial strain of the last two years has by no means absolutely become a matter of the past. Indeed, Professor Gustav Cassel—an authority second to none in the present economic world—has just reminded

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us that " scarcity of capital is the principal feature of the present situation ". While thus, on the one hand the supply of capital in Europe in general and in London in particular is short, the demand for capital in London is growing with the new policy of increased banking support for industries in the United Kingdom and the numerous and large calls which it entails. It was at such a moment of great scarcity of capital in Europe that we had to draw on the London market for new supplies. And let the critics also consider, Sir, the influence of the vigorous propaganda which aimed at nothing less than the decline and fall of the public credit of this great country. These local propagandists found welcome allies in the person of some doubting Thomases in England itself, and between them these two sets of men did their best to bolt and bar the doors of foreign credit of India. Under such circumstances nothing less was needed than a spectacular triumph for Indian credit; and the seven times oversubscribed loan is the emphatic reply given at once by London financiers and by the Honourable the Finance Member to the propagandists alike of Lahore and of London. And we must remember, Sir, that the situation was a somewhat grave one, and had the London loan failed an unprecedented blow would have been struck at Indian Finance. The possibility of an American loan had been put forward, as I well know; but if we had failed at this juncture in London, we might have scanned the world in vain from China to Peru for financial help on even tolerable terms. Under such circumstances, we may take it that it was a master stroke to get from London not only the much-needed loan but both an ovation for Indian credit as well as a sore disappointment for its enemies: and this was done at the minimum price too. For though the rate is high, yet, as has been well put, the loan is for such a short period that it amounts only to an issue of long-dated bonds and hence will cause no depreciation of our gilt-edged securities. In view of such a very advantageous position having been secured and having won all along the line, we cannot criticise the terms and rate offered, for even our critics admit that the market had already assumed a rate higher than 6 per cent. as a necessary one. Sir, a discussion on sterling loans is hardly the place for classical quotations. But in this case I am tempted to make a reference to a well-known couplet:

> " One shade the more, one ray the less,
> Had half undone her loveliness ".

These lines can be easily adapted to the circumstances of the present loan:

> " For even half a per cent. less
> Had *quite* undone its *usefulness* ".

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

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

THE HONOURABLE MR. SURPUT SING (Bihar and Orissa: Non-Muhammadan): Sir, as a new member of this Council, I naturally feel somewhat diffident to open my lips on an important subject like a general discussion of the Budget. Besides, the time allowed even for a cursory study of this difficult subject has been much too inadequate to enable me to do any

justice to it. But conscious as I am of my own deficiencies, I shall content myself only with a few observations by way of criticisms and suggestions on some of the salient points. But, before I do so, I cannot but be thankful to the Honourable the Finance Member for his straightforward and courageous presentation of the Budget. My thanks are also due to my esteemed friend, the Honourable the Financial Secretary, for his illuminating key to the Honourable Member's speech, as but for that, I would have been lost in a wilderness of facts and figures. But what I fail to do is to accord a fitting reception to the Budget itself, because it has come with a host of taxation proposals on the already over-taxed people.

Despite the ample apologies of the Honourable the Finance Member for a deficit Budget, I cannot help saying that there has been a lack of initiative, boldness and resourcefulness on his part in meeting the situation. Failure of rains in some places, flood conditions and political uncertainties in others, might have somewhat affected the revenue, but they have not really been of such an extent in the past year as to call for such a gloomy picture. Causes other than those are also accountable. Again, disastrous stock exchange speculations in the United States having indirect effect on Indian finances was too far-fetched an idea. In fact, for want of details, I cannot subscribe to that view. Again, while I deeply regret the fact that the fall in exports is about twice that in imports, I cannot think that the Honourable the Finance Member, whose reputation as a sound financier had preceded him to this country, could not have effected, if he had really chosen to do so, an improvement in those figures. India has admittedly the monopoly of the production of tea and jute and of the export of hides and skins. A reasonable increase of duty under these heads would have fetched a decent income under the head of exports. Similarly, a good amount of relief on imports could have been obtained had the duty on glassware, toys and requisites for games and sports, tobacco and liquors, which are all more or less articles of luxury, been enhanced to some little extent as well. Such a step would have been reciprocal in effect as it would have affected the producer and the consumer, both here and abroad, and no charge of injustice would have been raised against the policy. In fact, such a taxation would have been a step forward in financial equilibrium. Delighted as I am in the present state of stress and strain to hear about windfalls and forecasts, I should submit that it is not always advisable to rely upon windfalls and forecasts, as they not unoften belie expectations. To come to a significant instance, as was expected, the year 1928-29 did not close with a surplus of 30 lakhs but with a deficit of 156 lakhs. As a result, not only the Revenue Reserve Fund previously standing at Rs. 74 lakhs did not receive an increase of Rs. 30 lakhs as anticipated on account of 1928-29, but it was swallowed up in its entirety to meet the deficit of the year and thus the Revenue Reserve Fund stood at a deficit of 32 lakhs. Thus, although the Honourable the Finance Member fondly hoped that he would get through 1929-30 with the resources of that Fund, the Reserve Fund itself had to be used up twelve months in advance.

Then I feel jubilant over the unexpected announcement that after so many years of the Treaty of Versailles, not an insignificant amount, but so much as Rs. 156 lakhs have been placed at our country's disposal, in this state of financial stringency, from the German Liquidation Account. It affords me no less relief to find that an income of 30 lakhs is expected as the result of certain judgments of the Privy Council on Taxes on Incomes. Again, while I participate in the apprehension of the Honourable the Finance Member about the possible effects of coming political troubles, I cannot help contemplating that had the Government in their extreme wisdom made themselves

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amenable to repeated and reasonable popular demands, the threatening political situation could have been timely and tactfully tided over. I would repeat therefore that a far-seeing adjustment of the sources of revenue at the present juncture without levying any burden of taxation on the people would have much ameliorated the present depressing and disquieting situation.

I cannot let go this opportunity without expressing my gratification that one of the crying needs of the country, I mean the need of good roads throughout the country, is going to be attended to by the Roads Development Department shortly. Road development has been long overdue. Then again, development of roads may enable the Government to suspend some of its railway projects for some time to come in the interest of the country's credit.

The fall of revenue in Railways and in Posts and Telegraphs in such a vast and growing country with such immense possibilities is as much a matter of disappointment as it is of concern to us. It will not be feasible within the short space of time allotted to me to suggest the remedies for improving all such income. But I must say that if the Post and Telegraph Department had boldly adopted some schemes that would appeal to popular imagination, some change for the better in the present straining conditions could surely have been effected. By way of suggestion, I say that if a *four-in-the-rupee* telegram system had been reverted to, the cheapness of the proposed system would, I feel sure, have appealed to all business people, as a means of expediting their business transactions and contributed largely to the growth of the revenue. Similarly, if in compliance with the insistent popular demand the quarter-anna postage only had been restored, the yield from that head would have also shown a substantial improvement. The Government should not forget that correspondence has an educative effect of its own, and anything that is conducive to education among the masses should be placed within their easy reach. In my opinion the point of "vanishing return" has been reached so far as the revenue from Indian postage and stamps is concerned. An earnest endeavour ought to be made by the enhancement of rates to equalise the expenditure of the Indo-European Telegraph Department with its income.

The Honourable the Finance Member has dwelt on the normal increments in rates of pay for the existing staff of the Government with the adoption of the time-scale basis. I do not of course demur to the small increase of pay granted, but I feel that I must invite the pointed attention of the Government to the general and indelible impression in the public mind about the spread of corruption in the Civil, Criminal, Police and Revenue Departments of Government. The Government is better aware of this growing evil than the outside public and I urge on them not to play a hide and seek policy any longer in the matter, but to take bold and drastic measures to eradicate the evil from the country in the fair name of the Government and in justification of the increments granted.

So far as the Census operations go, they are in the vital interests of the people. But I must sound a note of warning to the Government so that these operations in different provinces may not be entrusted to honorary subordinate agencies to place an additional lever in their hands and that of the Police for purposes of oppression of and extortion from the poor and uneducated masses.

As regards administrative expenditure, I admit that there is a popular outcry for further retrenchment and economy, while at the same time there

is a persistent demand for increased expenditure under certain heads, especially in connection with the nation-building departments. But I am not convinced that there is any pressing demand for any increase in the case of the over-pampered Police. I am not prepared to show any consideration to the Police unless they can by their tact and ability, honesty and straightforward conduct, convert themselves into a popular institution in the country. Again, I may be allowed to echo here the popular insistence for a large provision for mass primary education and technical education all over the country. I believe we have had too much of the theoretical University education and that the present educational policy needs to be thoroughly overhauled in the interests of the teeming millions. But what I feel yet is that measures for general national amelioration have not been quite bountifully provided in the Budget.

What benefits might result from the present Labour Commission and the Banking Enquiry Committee is yet in the lap of the gods, but when the Commission has already been appointed and has been undertaking investigations and when the Banking Enquiry, about which the Government and Commerce are so very sanguine, is being pursued, I have no other option but to endorse the grants under those heads, although it is too premature yet to accept any optimistic views such as those held out to us by the Honourable the Finance Member.

I doubt whether I can approve of the grant under Civil Aviation at such a time of financial stringency. This item of luxury—I cannot call it a necessity in the national life—could have easily waited for a year of bright finances. Again I fail to understand how in the interests of international obligations the Honourable the Finance Member throws the liability upon the Indian Exchequer. Equity and policy would demand that such obligations should be shared by the parent country as well. For a like reason, I would say that England should share the expenses for Aden and for the Muskat subsidy. Again, since the existence of the League of Nations, our Exchequer has got to contribute annually about 1500 thousand gold francs and spend on the aggregate an equally large amount on the different delegations to that body from India. While I do not grudge the contributions, which are as regards the amount third or fourth in the list of contributing States, what I must place on record is that the popular outcry to employ a number of our Indian youth on the establishment of the League and to make the delegations more popular and representative in character has so far borne no fruit.

Too much of attention is evident for the Andamans and the North-West Frontier Province. As regards the Andamans, I should have felt happy had I been assured that the expenditure were really called for by the local needs of the island and that it would be subjected to popular scrutiny. While I do not grudge to my Honourable friends of the North-West Frontier Province the grants allotted to their province, I must say that it is unfair and unjust that such a small province as that should be allowed three crores of expenditure as against receipts of less than three-quarters of a crore, while the big province of Bihar and Orissa is being neglected and the big Presidency of Bengal, which yields a clear revenue of 35 crores, should have to rest satisfied only with 11 crores for all her expenses. I need hardly point out to the House that the unfair and inequitable position in which Bengal has been placed by the Meston Award for the last nine years is mostly responsible for the soreness and dissatisfaction of the people towards the Reforms. I fondly hope that in future the Government of India will be pleased to show the same degree of paternal solicitude for the other Indian provinces in their charge when in the grip of floods as

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they have been doing towards the North-West Frontier Province, in particular in the Budget before us.

While coming to the Military Budget, I am thankful for such small mercies as a reduction of 80 lakhs somewhere in the over-bloated military expenditure. But what I fail to account for is that while the Army is being re-equipped with modern appliances; while mechanisation of transport is being introduced all round; while the Air Force of a few squadrons is being added to the existing strength; while anti-aircraft and anti-gas operations are being undertaken and everything about the Army is being modernised, and especially when there are no active operations going on anywhere, I only wonder why the total strength of the forces is yet kept at its old level. Might I not reasonably expect that improved quality should now gradually take the place of quantity and a substantial reduction of the units should be effected? Again now that the old policy that the Army was for the maintenance of British supremacy and domination is giving way to a policy of confidence and trust, it is incumbent upon the military authorities to throw open the ranks of the Army freely to all Indians, in order to stimulate their martial and patriotic spirit, which decades of neglect and discouragement have depressed, as well as to afford employment to the growing numbers of our educated unemployed youths. Distrust must now give place to confidence and I feel sure, as already experienced in other spheres of service, confidence will beget confidence. Supporting as I do the grant to the Territorial Force scheme, I must impress upon Government the necessity for getting up a Militia composed of the children of the soil to stand by the country in her hour of need. Next to this I would request the Government to provide for the military education of our youths in their educational institutions. The Government of India, which provides finances for the Universities, can easily call upon them to submit their alumni to a military education as a condition precedent to future grants. But what I would urge upon the Government is not to employ too severe a test, no impossible conditions, at the outset for such a training. This is how we can enlist and quicken the sympathy of the youth of the country towards the Government. I may remind the House that the newly created Nagpur University has adopted military study in the B. A. course. I should fondly desire that other Universities will follow suit. I would also ask His Excellency the Commander-in-Chief to place before the House the final adjustment and reconciliation of war accounts.

The Honourable the Finance Member has laid himself open to severe indictment by his avowed fiscal policy of Imperial Preference as disclosed by his policy in the matter of taxation of textiles. But the exemption made in favour of the British textiles from the enhanced protective import duty while on the one hand affording no practical relief to the Indian manufacturer will levy an additional burden on the foreign competitors of England solely in the interests of Lancashire. The Honourable the Finance Member conveniently forgets that no country in the Commonwealth has accepted Imperial Preference and therefore he should have been guided in his tariff policy by the fiscal and economic interests of the country itself and not of the Empire. The trade depression, on which the Honourable the Finance Member has laid so much stress, is not to my mind attributable solely to the causes indicated by him. A good deal of the present gloomy outlook in that respect is due to the sinister fiscal policy of his predecessor in office, primarily with regard to Exchange and Currency in the teeth of violent opposition from the country, but to which policy I must own to my infinite shame and regret some of our distinguished

countrymen were parties. However much may be the emphasis with which British statesmen and British financiers maintain that our trade depression is in common with world conditions and due to causes natural and political, I cannot brush away from my mind the deep conviction that the selfish and arbitrary policy of the late Finance Member of the Government of India with regard to the country's Exchange and Currency policy has brought the whole country to the verge of ruin and bankruptcy. If the Government yet means well to the country and wants the outlook to brighten up, the Honourable the Finance Member must revise the present rate of Exchange and stabilize the Currency on the gold basis in the light of past experience solely in the interests of the country. That will be a bold step no doubt, but that will mean no camouflage. What I would next urge on the Government is to cry a halt in the matter of floating further loans at home and abroad for some time to come for the purposes of feeding railway and military projects. Our credit as a debtor country in the money markets of the world has been jeopardised not so much by reason of our natural and political causes as the Government would have us to believe, but greatly by reason of our Government's unsound and mischievous financial policy.

I would further submit that the Government should not add to our commitments but revise those already existing and terminate some of them if that is possible.

I support the duty on sugar because it indirectly promises to stimulate our dying indigenous industry and I should not have criticised the duty on textiles had the enhanced duty been imposed without any discrimination. The increase in income-tax and super-tax is expected to bring in an income of only 70 lakhs more this year. I think that in these days of uncommon depression in trade and industry—especially when the coming year too is not regarded with any degree of optimism—the Honourable the Finance Member should have left out those sources with a view to enlist the sympathy at least of those whose sympathy counts so much in his fiscal policy and who are already contributing quite a good lot under those heads. Any taxation that is kept up in the face of difficulties and misfortunes in a period of admitted excessive depression is evidently a matter which requires justification. As regards the duty on silver, I am not sure whether such a duty would have the desired effect on the silver market in the country as we had never been taken into confidence by the Government as to the exact value of the silver in the Paper Currency and the losses sustained under that head up to date in their sales. I was very much struck by the outburst of the Honourable the Finance Member about the Indian masses. The fault is not entirely that of the masses because they must make their investments in some precious metal—in this instance it is silver for want of gold. Thus the rebuke of the Honourable the Finance Member to the Indian masses is not justified. It is evident that his outburst is only an endeavour on his part to escape the scathing criticisms of some Members directed against his silver policy on the floor of the Assembly on the 4th February, 1930. Silver, I may say, will come out of hoarding as soon as the gold standard is substituted and I fully believe that this uncertain condition of the silver market and the rupee value will continue to trouble us so long as the currency is not stabilised by a gold standard.

Next I would respectfully submit to the Government that now that mints of money have already been expended in the teeth of violent popular protests and at the sacrifice of many national projects on the construction of New Delhi, and now that all the schemes are well-nigh completed, it is time to pause in that direction, especially in view of the fact that the expenditure has exceeded

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by more than 600 per cent. the original estimate. The items of expenditure under this head should be materially reduced as years roll on and the upkeep of the maintenance establishment should be reduced to a bare minimum. But the piles of unhewn stones and stacks of bricks and timber all round are calculated to dispel that fond hope from my mind.

Lastly, I would with all humility urge upon the Government to put high in their programme the urgency for a speedy Indianisation of all the services and the ample feeding of all nation-building departments as a panacea for all our evils, social, political and financial.

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: Sir, it is by no means the first time and I am quite convinced that it will not be the last time when we shall hear violent attacks made at the figure at which the Military Budget stands. As far as I can gather, those attacks have been nearly always based on the fact that in the Report of the Incheape Committee a certain figure was mentioned:—the figure of 50 crores; but people who have attacked the figure of the Military Budget because it exceeds 50 crores cannot, I think, have really read the Report carefully or realised what the Incheape Committee meant when they quoted that particular figure. I have myself on more than one occasion endeavoured to point out what the Incheape Committee then meant, but I am sorry to say that what I have said has never had the slightest effect. It has now again been referred to as a definite fact that the Incheape Committee recommended that army expenditure should not exceed 50 crores. What actually happened—I will repeat again—was this. When the Incheape Committee sat and made their recommendations, the Army Budget figure stood at 57·75 crores. The Committee recommended that the estimates for that year should be reduced to 57 crores. They went on to make the statement:

"We do not, however, consider that the Government of India should be satisfied with a military budget of 57 crores and we recommend that a close watch be kept on the details of military expenditure with the object of bringing about a progressive reduction in the future..."

These are the words that I should particularly like to emphasise—

"Should a further fall in prices take place, we consider that it may be possible"—

again I would like to emphasise the words:

"after a few years to reduce the military budget to a sum not exceeding 50 crores, although the Commander-in-Chief does not subscribe to this opinion."

The Commander-in-Chief, I need hardly mention, was the late Lord Rawlinson. Now, Sir, since those days it was decided to commercialise the army, and among other things, the Army Budget had to undertake expenditure of 45·64 lakhs for items which previously had been charged to other Departments, such as 32·45 lakhs customs duty, and 13 lakhs for printing, stationery, etc. Those, I say, were charges which we had not met from the Army Budget in days gone by. Since the recommendations were made by the Incheape Committee, these items are charged to the Army Budget and, as you see, they come to 45·64 lakhs. In addition to that I might mention that out of the Army Budget certain very considerable sums are returned to Government. From the Army Budget a sum of one crore is returned in the shape of customs duty, income-tax on officers' pay and other central taxes. In addition to that, there is a further sum of 180 lakhs which is debited to the Army Budget for services rendered by other departments, such as railway transport charges, posts

and telegraphs, etc. I think those figures alone will show that the Army has to meet comparatively very large charges which in previous years were not met from our Army Budget. Now, Sir, the point I want to emphasise from that part of the recommendation of the Inchcape Committee is "*if prices fall*". I have got the figures here of the prices in the year 1923-24 onwards. These are the prices of the chief items necessary for the feeding of men and animals; such things as wheat, ghee, barley and gram and also our stores generally. I find in the year 1923-24 the figure for those was 1·35 crores. In 1928-29 it was 1·718 crores. That you will see is a considerable increase on 1923-24. In 1929-30 it was 1·68 crores, a fall from 1·718 of the previous year. The actual fall you will see is not very great. But what I really want you to keep in mind is this—and I cannot help thinking that the Inchcape Committee themselves never realised—that the total sum which we expend over supplies and stores of all sorts is about 10 crores only. It must obviously have been utterly impossible to hope to save 7 crores within that figure and yet that was the recommendation of the Committee—that should prices fall, the Army Budget could be reduced by 7 crores. The whole figure available for reduction was only 10 crores, and that is a point I cannot think they ever recognised when making such a recommendation, which would amount to meaning that all stores, grain, etc., must be presented to us, or perhaps be paid for by some other Department!! It must obviously be impossible to save those very large sums out of 10 crores which alone is spent on stores.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: What about the saving in the exchange ratio, Sir?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: Does that effect the question of prices?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Yes; the purchase of stores in England.

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: That is included in the total figure, and on that we have gone down this year slightly from 1·71 to 1·68. In spite of that, Sir, in spite of the extra charges we have had to meet, and in spite of there being no real reduction in charges for supplies, our expenditure has been progressively reduced from 65·26 at which it stood in 1923 to 54·35 now, and the Honourable the Finance Member told us the other day that it is quite certain that there will be a very substantial reduction at the end of the stabilised period. I have no doubt about that whatever—I shall not be here when that time comes—but speaking as Commander-in-Chief I can assure you that we have made arrangements within our Army Budget so far as we can look forward, to the certainty that there will be a considerable reduction over the present figure. What I think you might perhaps bear in mind—and I can say with absolute truth—is that when the time comes, in fact even at the present time the Army in India is in a more efficient state for mobilisation than I believe it has ever been in before. We have during this period made provision for re-equipment necessitated by the Inchcape recommendation, the growth of mechanisation and the replacement of obsolete aircraft. As a result we certainly shall be able to mobilise much more readily than we were able to do in days gone by. As some of the commercial Members are probably aware, we have a scheme for subsidising motor transport which up to now has not met with any great success, but lately it has met with rather more response, and we hope that the time will come, when it will meet with real success when we should be able to reduce

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our standing charges by reducing our own transport. I dare say Lala Ram Saran Das knows all about the terms. The terms, I think, are very liberal. We pay the whole of the import duty on imported motors that come up to our specifications and in the first three years we return 25 per cent. of the value of the vehicles, whatever it may be. I am hoping that as time goes on we shall get a considerable reply to the terms offered.

Well, Sir, after talking about the reductions which we have made out here, I think it may interest the House to hear the figures of military expenditure in other countries. I will give you the figures of other countries as they stood in 1925 and the latest figures we have in 1929. In 1925 (all are in million pounds) in 1925 the French figure was 34·4 ; in 1929 it is 64·5. In 1925 the German figure was 28 ; in 1929 it is 34. In 1925 the Russian figure was 41·7 ; in 1929 it stands at 84. In 1925 the United States had a military figure of 52·1 ; in 1929 they had a figure of 59·3. In Italy in 1925 the figure was 21·5 ; in 1929 it is 28·5. I might mention in addition to that the Air Force expenditure in Italy has risen from 1·9 to 7·6 while the naval expenditure has risen from 6·1 to 13·3. As against these figures all showing increased expenditure I might mention that the expenditure for Great Britain has fallen from 51, at which it stood in 1925, to 40 at which it stands this year. I think, Sir, it can hardly be necessary, after quoting these figures, for me to explain any further in saying to the House, as I do in all honesty, that we are, I think, the only nation who have really made a definite effort to reduce our expenditure and we have reduced it. As I have said we hope to reduce it still further when the present terms of contract cease.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Can I ask Your Excellency whether these percentages are revenue percentages or so much of the total revenues of the various countries.

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : No. These are the total expenses of the various countries.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Can I ask the percentage they bear to the revenues ?—because then we should be able to compare.

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : I am afraid I have not got that information by me. Well, Sir, in addition to what I have said about military expenditure, there is only one other point upon which I will touch, with reference to a remark made by my friend, Mr. Chari. Mr. Chari mentioned the fact, when talking about what is known as the Skeen Committee's Report, I think he used the words " they had been unanimously turned down." By " unanimously " I gather that he meant to say, that they (the Committee recommendations) had been altogether turned down. Well, Sir, I cannot allow a remark like that to go by unchallenged because it really is the reverse of what has happened. I may say that with two exceptions the Government of India accepted the recommendations made by the Skeen Committee. We at once agreed to increase the number of cadets for Sandhurst in accordance with the recommendations made by the Committee. We opened the Air Force College at Cranwell and we opened the R. M. A., Woolwich, for Artillery and Royal Engineer officers. This we have done, and I think in numbers to which we had agreed. There were several other items which we also accepted. The only two points which I think we did not accept were (1) the recommendation

for Sandhurst to be established in India by the year 1933. But we are only in 1930 now ; so even had we accepted that recommendation there and then, you will see that the college itself was not proposed to be started till 1933.) The other recommendation which we did not accept was the abolition of the system of what is known as the 8-unit scheme or the scheme for the Indianisation of 8 units. As regards the former, we stated that we did not feel confident that the number of cadets coming forward for Sandhurst could be relied upon as being sufficient in quality and quantity to justify us in undertaking the very heavy expenditure which would necessarily be involved in starting a college out here with possibly a very small number of boys and a very large staff which would be necessary for the purpose, as long as Sandhurst could take and would take, the larger proportion of our boys than they had done heretofore ; and realising the excellent education there, we felt that our boys from here would receive the best education possible while at Sandhurst. The other point which certainly did affect us very much was the expenditure there. I think you all probably know that I am a very old Indian soldier and I believe there is no one here who has a great sympathy with or more real affection for my Indian comrades than I have—men to whom I am devoted for I well know their loyalty and courage. I say that in no boasting spirit, but simply because I have been very intimately associated with the Indian soldier for the last 45 years and it has been a source of real grief to me when any of my Indian officers have come to me and complained that the expenditure involved in sending a boy to Sandhurst has made it almost impossible to do so. In the necessity of rectifying this the Government entirely agreed and as a result we decided, that in the case of any boys going to Sandhurst, the parents of those boys should receive a cash grant and equipment, amounting to what we consider the difference between the cost of education in this country and the education at Sandhurst. That has been done in all cases, and we feel that having done that, we have to a great extent met one of the very strong points put forward by the Committee to start an Indian Sandhurst. The other point which I say we did not accept was the abolition of what is known as the 8-unit scheme. That scheme, as you all know, was started by my very distinguished predecessor. He, I think, had been pressed time after time to give a date when he could say that Indianisation could be effected. His reply was, that as long as the young boys coming out from Sandhurst were scattered all over the Indian Army, it must be impossible for very many years to come to judge as to their complete efficiency. But if we got particular units which would be officered entirely by these young Sandhurst boys who would rise in rank *pari passu* with British boys of their own standing—then when the time came for these to exercise the command, we should definitely be able to say whether Indianisation was a success or not. It was for that reason that we decided that we must give a fair trial to the system which had been in force for only a very few years and which had received the approval of His Majesty's Government.

I will not keep the House longer, Sir. I know there are many here who wish to speak and our time is limited.

THE HONOURABLE MR. K. B. HARPER (Burma Chamber of Commerce) : Sir, I should like first to congratulate the Honourable the Financial Secretary on the masterly manner in which he presented the Budget to us in this House. A more lucid statement of an intricate subject I think it would be difficult to imagine and the facility with which he delivered it, without note or reference, gave an added interest to it for us who had the pleasure of hearing it. My Honourable friend, Sir Arthur Froom, has particularly asked me to associate him with these remarks and also joins me in expressing the pleasure which I

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am sure we all feel at seeing Sir Arthur McWatters once again in his seat as Financial Secretary.

Last year, when the Honourable the Finance Member presented his Budget in the other House, he gave us a very clear warning that if he considered that the financial situation demanded it, he would not hesitate to propose the imposition of new taxation. To that extent, therefore, the heavy demands which are now being made on us have come in no way as a surprise. As for the justification he gives us for finding such a large sum as 510 lakhs—it is difficult to find fault with his case. The Army expenditure position which His Excellency has just put before us so clearly and the obviously sincere attempts which the Army and the Finance Departments are making to meet the wishes of the Legislature are, I think, matters for very warm congratulation. The appointment of a Retrenchment Officer is practical evidence of the Finance Member's attention to this important side of his duties, but I think that we can hardly expect any permanent retrenchment to come from this appointment until at any rate the form and functions of the Central Government under the new constitution are known to us. What I confess impresses me most in the justification the Honourable the Finance Member puts forward for his new proposals is his argument that it is of vital importance that at this stage nothing should be done which would upset India's credit, and that India's credit should be enabled to recover from the blow which some of her own nationals have contrived to inflict on it and that she should enter the next stage in her political advancement with her credit, as the Honourable the Finance Member puts it, above suspicion. If only for this reason, we must, I think, applaud his determination to find whatever finance is necessary to put us on to this most desirable basis. At the same time, while the tax-payer will no doubt with his usual grace submit to do his considerable bit towards this end, the commercial community expects that if any further attacks are made on the prestige and credit of India, the Government will not hesitate to grasp the nettle.

Now, Sir, to turn to the taxation proposals themselves, I should like first to welcome on behalf of my constituency, the Burma Chamber of Commerce, the proposed 25 per cent. reduction in the export duty on rice. My Honourable friend Sir Arthur Froom has called it a plum. I prefer the Finance Member's own wording, an act of justice and a step in the right direction. Honourable Members may be aware that there is at present an embargo on the import of Burma rice into Japan, Formosa and Korea which has been in existence all through 1929 and which has been renewed to the end of 1930. Our belief in Burma—I should like either confirmation of this or satisfaction that it is not so—is that this embargo was put on by Japan in direct retaliation for the recent import duty on cotton yarn into India. We have gained from that and other measures the impression that Burma's interests are not so well cared for as we should like at this distance from Rangoon. For that reason I heartily thank the Honourable the Finance Member for this step in the right direction and hope that further steps towards the complete removal of the duty will be taken as soon as the position permits it.

Then, Sir, I come to the cotton duties. Burma having no cotton milling industry is concerned in the cotton duties merely as an importer and consumer. Burma has a considerable trade in cotton piece-goods and her imports come roughly in the following proportions: 50 per cent. from the United Kingdom, 25 per cent. from Japan, 12½ per cent. from other foreign countries and 12½

per cent. from India. Although, as my Honourable friend Sir Maneckji Dadabhoy pointed out, a great deal of the imports from the United Kingdom is of a quality which has no other competition, there is still a considerable volume of other qualities which compete with imports from Bombay. The result must be that Burma prices will be increased and perhaps that there will be a certain amount of reduction in trade. Ordinarily, therefore, it would hardly be surprising if it were the wish of my constituency that I should voice some measure of protest against these duties. I have however been in telegraphic communication with them and they have instructed me to inform the Council that they are so much impressed by the opportunity which the preferential proposals give to the country to show what the Honourable the Finance Member describes as a gesture of friendship that they do not wish me to offer any opposition to either of the cotton duty proposals. (Hear, hear.)

Then, Sir, I come to the kerosene duties. My Honourable friend Sir Maneckji Dadabhoy has invited me to enlighten the House on the subject of the kerosene duties. Now, Sir, I feel that enlightenment is due to the House not from me but from the Government, from the Finance Member, for although these proposals seem to be entirely inconsistent with the protectionist policy of the Government and with the declared objects of the Budget proposals themselves, there is in the Budget speech no word of explanation or justification of what amounts to a radical change of policy. What do these proposals amount to ? They first of all ask for an increased revenue of 35 lakhs. This increased revenue is to come from an increase in the excise duty which is to give 50 lakhs and a reduction in the import duty which is to give away 15 lakhs, the net result being a reduction in the present margin of protection afforded to the indigenous industry by one-half. Now, Sir, I find it difficult to see the justification for these proposals. If it is merely a question of finding 35 lakhs of revenue that would quite well have been found by increasing both the excise duty and the import duty by an equivalent small amount. That apparently is not the only object, for the margin of protection is reduced. If it were merely a question of finding 35 lakhs and reducing the protection, that could have been done by increasing the excise duty only. But that is not the proposal. The proposal is to increase the excise duty and also to reduce the import duty—to take 50 lakhs from the indigenous producers and give 15 of them away outside India. The reason given for this is that the proposals are so framed as to ensure in the first place that kerosene prices are not raised, and in the second place that the indigenous industry, especially the smaller companies, is not hit too hard all at once. The proposals are indicated to be only the first step towards what one must assume to be the complete abolition of protection. Well, as regards the first object, to ensure that kerosene prices are not increased, if the Honourable the Finance Member's meaning is that he has so framed his proposals that the price cannot be increased, it means that he has delivered a direct attack on the indigenous industry. In this proposal he has done what has been done in no other proposal in the Budget. He has attacked an indigenous industry, whereas all the other proposals are designed to help indigenous industry. But it is an elementary truth that the price of any commodity is determined by the largest marketing interest in that commodity, and the largest marketing interest in the case of kerosene is the indigenous companies. Their prices to-day are, as they have been always, below the current market rate which importers from outside could get for their oil in any other market. If therefore the indigenous companies do decide to increase their prices I cannot conceive it likely that the importing companies would not be prepared to bring their prices up to the same level. As regards the second object—to avoid hitting the smaller indigenous companies too hard

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all at once—the Honourable the Finance Member is quite wrong in suggesting that the smaller companies will not be unduly hit if it is agreed to accept Government's suggestion that the price of kerosene should not be raised. One cannot help feeling that in this matter Government have let their better judgment become blinded by the relative success of the premier indigenous company, and if I refrain from telling the House of the many ways in which that company deserves well of the country it is only because I am a member of that company myself and I do not want the House to think that it is on behalf of that company particularly that I am talking. Government at any rate should not need to be told the history of the oil industry in India for all these years. But I do emphatically tell the House that the taxation proposals which are now made will unduly hit the smaller companies even with prices for oil products as they are at their present level. The oil market is a world's market. Contrary to ordinary belief, if one is to believe all one hears, there is no such thing as a monopoly in the oil world, and there is no security that the present level of prices will not be forced on to a still lower level by world conditions or on account of competition. In fact at the present moment the indications are rather to the contrary. (*An Honourable Member:* "Excepting petrol.") The Honourable Member says, excepting petrol. Sir, in the course of his speech he mentioned something about putting an export duty on petrol. His argument was, I think, that the price of petrol in London is lower than it is in India. As a matter of fact when you deduct the Government tax on petrol the net price is no lower in London than the net price here. It may be of interest while I am on this point to inform the House that for every tin of petrol which they buy for their motor cars they are giving 15 annas of the price to Government. If, Sir, by any chance it does come about that the prices of oil products in the world and therefore in India are further reduced, the reduction of the protection hitherto afforded to the indigenous industry may well result in some of the smaller companies going completely out of business. I assure the House that this is no fancy picture. Sir, we shall presumably have an opportunity later to discuss the actual merits of this tax, but I would ask the Honourable the Finance Member now if he would explain to us why it has been decided to alter a policy which has existed in India for 25 years. There is no mention of this point in his speech and it is one which the indigenous companies naturally wish to know and feel that they are entitled to know. I have three questions to ask the Honourable the Finance Member. The first question I would ask him is, what are the Government's reasons for this proposal? The second question is on what grounds do they justify it, and the third is, what is the exact significance of the words "the first step"? Will Government inform this House for the benefit of those outside whether it is the aim and intention of Government to remove the present protection altogether? I look confidently for a reply on this point from the Honourable the Finance Member, and it is in no carping spirit that I ask for it: it is a very important point for the indigenous companies to know. They feel they must know how they stand as regards the future and a statement from the Honourable the Finance Member on this point will be warmly welcomed by them.

THE HONOURABLE SIR SANKARAN NAIR (Madras: Non-Muhammadan): Sir, I propose to make only a very few remarks. Let me say at once that I would like to associate myself with Mr. Harper in all that he has said about the Budget speech. I shall not enter into any detailed criticism of the review of the financial situation by the Honourable the Finance Member. I do not want also to enter into the other questions which have been raised

by the other Members as to the possibility or the necessity of the reduction of expenditure in the civil departments, nor do I like to say anything at present about the reduction in military expenditure. But that is not because I think there is no room for reduction in the civil departments: I think there is ample room. And it is not because I think there is no room for reduction in military expenditure; because there is ample room. His Excellency has replied to the arguments which have been based upon the Report of the Inchcape Committee. But my reasons for reduction in the military expenditure rest on far different grounds. I had an opportunity of stating them and I have stated them. The real reason for my not referring to the reduction of expenditure either in the civil departments or in the military departments is this, that constitutional changes are now under consideration and if any responsibility is introduced into the Central Government, the whole question of expenditure will have to be reviewed. Civil departments are not going to be left in the condition in which they now are; and the expenditure in the military departments either is not going to be left in its present state. The question both of civil expenditure and military expenditure will have to be gone into and it is therefore desirable that those questions should be considered by the new Legislative Assembly under the reformed constitution and by an Executive Council which will be more amenable to the control of the Legislative Assembly. There is no use therefore in our going into those questions now. The decisions of the present Executive Government cannot be final. They would not be accepted, nor will the decisions of the Legislative Assembly or of this Council be paid much attention to by the new reformed Councils. I therefore leave them alone. Leaving them alone, it necessarily follows that I am bound to accept what the Finance Member says about the necessity for new taxation. Without new taxation we cannot balance the Budget. I accept therefore the necessity for new taxation under these conditions. Nevertheless, though I accept the necessity for new taxation, I cannot help deploring that necessity, because we know now practically the youth of the country, Hindu and Muhammadan—I do not speak of Anglo-Indians or Indian Christians—Hindu and Muhammadan boys are revolutionary in spirit. The women of the country so far as those who take any interest in these matters are concerned, they are all—Hindu and Muhammadan—anti-Government. In those circumstances it is very deplorable that new taxation has to be imposed. Then, if my view of the political situation is right, of all the proposals for taxation put forward by the Finance Member I am bound to accept the income-tax as the true and real and proper tax, because, as my friend Sir Maneckji Dadabhoy has stated, it means putting your hands into the pockets of the capitalists; it should be done. You must put your hands into the pockets of the capitalists if you want taxation for this purpose. I am only sorry that the Finance Member does not put his hands in deeper. Instead of imposing any taxation which would affect the poor, I am sorry he has not put his hands deeper into the pockets of my friends Sir Maneckji Dadabhoy and Sir Arthur Froom and the classes they represent. These are not the days when you can give a stick to my friend Mr. Gandhi and his friends to beat the Government. What is the present situation? We hear that there is an ultimatum presented to the Government, an ultimatum to the effect that the salt tax must go. Yet in the face of that, we have our friends Sir Maneckji Dadabhoy and Sir Arthur Froom asking for an imposition of a higher salt tax. What again is the other demand? That land revenue .....

THE HONOURABLE SIR ARTHUR FROOM: I do not pay any attention to the ultimatum.

THE HONOURABLE SIR SANKARAN NAIR : But the Government have to. Then, the other demand is that land revenue should be reduced by 50 per cent. Of course my friend does not pay any attention to that. The majority of the people in the country do sympathise with the demand that there must be a reduction of salt tax and land revenue. My two friends do not feel at all the salt tax, but then the masses do ; the same is the case with land revenue. Under those conditions it is deplorable that any new taxation has to be imposed.

Then, I shall confine myself to the customs duty. The Finance Member proposes to raise the customs duty from 11 to 15 per cent. We are assured that this is required in the interests of revenue, though it may serve also as a protection to the mill industry. There is an end of it. We have to accept it. If it is in the interests of revenue that the tax has to be imposed, there is nothing to be said against it. Then comes the more debatable question of further increase. What about the further increase of 5 per cent. with preference in favour of Great Britain ? If there had been no further taxation, there would have been no complaint on the part of the classes which I represent. If there had been taxation all round, raising it to 19 per cent., if the Government had satisfied themselves that that was necessary in the interests of the mill industry, then I would have agreed. But then the more doubtful question is, can you show any preference in favour of England in that respect ? In that matter I agree with my friend Lala Ram Saran Das that without an equivalent by Great Britain in favour of India we should not agree to it. If there is an equivalent, it is a different matter and Imperial Preference can be accepted. Otherwise why should India lose its legitimate customs duties which it is entitled to recover from the English goods that are imported into the country if there is taxation all round ? Why should the masses of the country be compelled to pay a higher price for goods which they might get from other countries at a cheaper rate in order to benefit the English workman ? Why should the mill-owners themselves suffer ? They may not suffer now. There may be no competition now, as my friend Sir Maneckji Dadabhoy has said. But with this preference in favour of England they will not be able to manufacture those goods for which there is preference. It is suggested here that as a gesture it will have beneficial effects in the coming Round Table Conference in London. The real gesture on the part of England would be some compensation to India, an equivalent for the preference which we show to England. Why do not our Government insist on it ? The Finance Member's speech, lucid, clear, in all other respects, if he would allow me to say so, becomes a little hazy when he comes to this question, for the simple reason that this Government do not want it. They did not want it but they put it forward because they were forced to put it forward by the Cabinet in England. The Honourable Member says that the final decision is left to the Government of India—I have been long enough in the Government of India to understand what that means. I feel little doubt myself that the India Government did not want it. I feel little doubt further that the Secretary of State does not want it because under the Government of India Act the responsibility is his. All the revenues of India are vested in him. It is he who has to advise the Government of India in this respect. But we see he is out of the picture altogether. He does not do this for the simple reason I presume that he does not like it. The Secretary of State goes to the Cabinet there and tells them : " Well, I do not take the responsibility. You had better negotiate with the Government of India yourselves. " And the communication goes to the Government

of India. Of course, the Cabinet cannot do anything else. They have got the unemployment question to deal with. They have got the Lancashire interest to tackle. They have a growing party—the Empire Trade Party. They cannot do anything else. Therefore, they tell the Government of India what in their opinion should be done. They agree among themselves to submit it to the Legislative Assembly. What Legislative Assembly? The fighting element has gone out of it. They know what is going to be the result. They know that the Bombay millowners' interests will prevail over the national interests. We find that in this Council.

THE HONOURABLE SIR MANECKJI DADABHOY: Are the national interests anything more than the millowners' interests?

THE HONOURABLE SIR SANKARAN NAIR: Certainly.

THE HONOURABLE SIR MANECKJI DADABHOY: No.

THE HONOURABLE SIR SANKARAN NAIR: Now, that being the case, the millowners' interests will in all probability prevail in the Legislative Assembly. I do not say that it is in that hope that it is left to the Legislative Assembly. But if four months ago, before December, this question had to be discussed, I doubt very much whether the Government of India would have left it to the Assembly. Well, I do not wish to take any more time. I only wanted to make this emphatic protest against any Imperial Preference being shown to England without an equivalent. The question should have been investigated by a Committee enjoying the confidence of the people of the country and the Legislative Assembly, and if they had reported in favour of Imperial Preference, then we may accept it, because I have no doubt they would report in favour of Imperial Preference only if India would not be a loser by it. But as long ago as the time of Lord Curzon the Government of India pronounced against Imperial Preference. I am not aware that the Government of India has changed that opinion now. The proposal is a half-hearted one. Over and over again throughout the Finance Member's speech he sought to make it clear—not in one place but in three or four places—that for revenue purposes they want only that tax to be raised from 11 to 15 per cent. The addition is simply to compensate England for the loss of the money which they might sustain by raising from 11 to 15. The *Financial News* says that England more than compensates herself by this 5 per cent. duty with Imperial Preference. For these reasons, Sir, I have to enter my emphatic protest against it. I do not wish to say anything about the specific proposals. The time for those will come if I want to say anything when the Bills are before us.

THE HONOURABLE MR. J. H. FYFE (Bengal Chamber of Commerce): Sir, the Budget as a whole is so admirably conceived and is so reasonable in its incidence that it is all the more remarkable that the proposed increase in the kerosene excise duty should have been dismissed in the Finance Member's speech in such a few words as if indeed the proposal was so reasonable and self-evident that it required no justification. Apart altogether from the departure from the principle of the protection of indigenous industries which has been accepted and applied even in the present Budget—as in the proposed cotton import and sugar import duties—and which has been so convincingly and modestly stated by the Honourable Mr. Harper, I should like to emphasise that there are struggling oil industries in India which even on the present scale of protection are hard put to it to make both ends meet.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: May I ask what is the dividend of the Burma Oil Company?

THE HONOURABLE MR. J. H. FYFE: I do not think the dividend of the Burma Oil Company comes into the question at all. I am talking about the struggling oil industries of India, not of the Burma Oil Company which is not the subject in question. The Finance Member appears to be unduly impressed by the success of the leading indigenous company, the Burma Oil Company, but one swallow does not make a summer and in the oil industry there are few prizes and many blanks. The proposals are not only inconsistent but seem to be unnecessary for revenue purposes since these could equally have been met by a small equivalent increase in both the import and excise duties or even by maintaining the present import duties and making a small increase in the excise duty. The grounds on which the Finance Member considers that his proposal will involve no increase in kerosene prices to consumers are not obvious. Kerosene produced in India dictates the price at which imported oil is sold and it is only reasonable to expect that if the Budget proposals go through and the price of indigenous oil is raised to make up for the proposed increase in the excise duty, imported oil prices will be increased accordingly and the consumer will have to pay. I submit, Sir, in conclusion that the House is entitled to a definite statement of Government's reasons and their justification before the present proposals as regards the kerosene duty are accepted. Otherwise, Sir, on behalf of the Bengal Chamber, I have no criticism to offer on the Budget proposals, which I think are very reasonable and quite justified.

THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI: I thank you, Sir, for permitting me to make a few observations of a general character about the Budget. When I consider the position of the Honourable the Finance Member who has been called upon by his duty to fill up the financial gaps which are in no way very small and for the creation of which he is not responsible, I feel sincere sympathy for him. I also have a word of admiration for him for the frankness and courage which he has shown in giving a true picture of the finances of India. But, at the same time, when I find that he has been placed in such a position as to recommend further taxation to meet the deficit and that his duty has compelled him to make such proposals, I feel that I owe it to my country and to my electorate, upon whom the burden of the increase in taxation would eventually fall, to make a few observations as regards the proposals made in the Budget. The Honourable the Finance Member has been frank enough to admit that these proposals will be subjected to the most searching scrutiny and the question will be asked on all sides as to whether there is any justification for imposing so heavy an additional burden of taxation. I think he is quite correct in his forecast of the criticism to which this Budget will be subjected, and I think he is quite right also in making the remark that his proposals include a heavy additional burden of taxation. I wish to draw the attention of the Honourable Members to another passage which appears in his Budget speech that the finances of India are suffering from the general wave of depression. The question arises, Sir, how far this deficit is to be met by further taxation upon the people and how far the Honourable the Finance Member has the interest of India as a whole in view when he makes suggestions for an increase in the taxes. I need not repeat the fact that is patent that India is one of the poorest countries of the world and that she is heavily taxed in many ways, and it is a question for very serious consideration how far India can bear another burden of taxes. Whenever such

circumstances do occur in the finances of a country or of individuals, there are only two ways of meeting them. One is by trying to increase the means of revenue and the other is by effecting possible retrenchment in the expenses. I admit that the Honourable the Finance Member has said in very clear terms that he has tried his best to find out if he can effect any retrenchment in any of the Departments of the Government of India, but has failed. He has given reasons for it. He is giving a ray of hope also. He has appointed an officer who will scrutinise the expenses of the Departments and will try to find out if any retrenchment can possibly be effected. I quite agree with the remarks which have fallen from the lips of my Honourable friend Sir Sankaran Nair that the whole administration of India is being run at top-heavy expenditure. Of course the Military Department has been made the target for many years because it is the biggest and the largest Department which comes before one's eye. I also cannot resist referring to that Department and the expensive way in which it is being run. His Excellency the Field Marshal has obliged the House by giving interesting figures showing the expenditure on military and defence in other European countries. We would have been much more obliged to His Excellency had he given the revenues of those countries so that we would have been able to find out how the ratio of expenditure in India to its revenues stands in comparison with the ratio of the expenditure of those countries to their revenues. I believe that His Excellency has passed all his life in India, he loves India and Indians look upon him with respect and affection. He would have certainly, in his time of command of the whole of the Indian forces, tried his utmost to effect retrenchments in the Military Budget. He has tried to show to the House that the recommendations of the Inchcape Committee were impossible of being adopted. I do not claim, Sir, to have any expert knowledge in scrutinising the expenditure on the military. But we have to rely upon the reports of those experts who have been appointed from time to time and in whom the Government or the Royal authority who appoints them has got faith and believe in their expert knowledge to tackle those special subjects. That Committee, Sir, has said in clear terms in the year 1922-23 that the military expenditure after a few years should be brought down to a sum not exceeding Rs. 50 crores. Seven years, Sir, have passed since then and we do not see the figure in the Budget to be anything like Rs. 50 crores. The Honourable the Finance Member has reduced the expenditure of the Military Department by Rs. 80 lakhs this year and he has tried to show that he has taken a very keen interest in the retrenchment of Army expenditure as he had promised last year. He is quite correct. But the question is, how far this reduction of 80 lakhs and the increase of the period from 2 to 3 years for the continuance of the Military Budget at the figure of Rs. 54,20 lakhs will serve as a real reduction in the expenditure of the military, because, I understand that in the next two years, *i.e.*, at the end of the year 1932, there would have been some substantial fall in the Military Budget, but by this arrangement, Sir, we cannot expect any substantial fall till the end of 1933.

4 P.M.

As regards the general aspect of the Army, Sir, I wish to make very respectfully the suggestion to His Excellency the Field Marshal, and to the Government through him, that Indianisation of the Army is one way by which the expenditure of the Army can be reduced. This question of the Army, Sir, is affecting India adversely both economically and politically—economically because it absorbs 50 per cent. of the whole revenue of India, and politically because we are told that India is not fit to have full representative Government because it is not fit to defend itself.

[Sardar Bahadur Shivdev Singh Uberoi.]

But how can India become able to defend herself and so deserve full responsible government unless facilities are granted to Indians to show their ability in the military line. Another thing is that if His Excellency would compare the expenses of the British units with those of Indian units he would come to the irresistible conclusion that the cost of the British unit is four or five times higher than the cost of the Indian unit, and the best way of reducing the cost of the Army is to increase the Indian units and reduce the British units. When I say this I am fully conscious of the responsibility of the remarks which have just fallen from the lips of my Honourable friend Sir Arthur Froom. I hold the same view as he does with regard to the independence of India. What he said was, was it expedient that one should dare suggest at this moment to the military authorities to reduce the military strength in India ? I quite agree with that view. The times are such that the responsibility of the military in regard to the gravity of the situation in India is very great. But what I beg to submit is, give India its due ; make it an equal partner in the Commonwealth of the Empire : place your trust in the Indian Army and I can assure you that that trust will not be misplaced. You will find the Indian sepoy and the Indian officer as loyal to the salt for the defence of his country and King as the member of any other nationality. What I mean to suggest is that one way of reducing substantially the expenditure of the Indian Army is to increase the number of Indian units and to mobilise again all those soldiers who were demobilised at the conclusion of the war. That would serve another very useful purpose. Those ex-soldiers would come into Government service again and would serve the King and country as loyally as they have done in the past.

Having said so much about the Army, I now turn my attention to the increase in the taxes on income. One of my friends on the left has objected to the increase in this tax, and my Honourable friend on the right has supported the increase proposed in the Budget. The Honourable the Finance Member has appealed to us to examine his Budget dispassionately and judicially. I can assure him that I have given my dispassionate and judicious thought to it. The burden of this tax on incomes would fall on the rich, and the poor would not be touched. Yet I venture to say that nowadays, owing to the circumstances prevailing in the country, the condition of Princes and peasants in the way of comparative incomes and expenses does not vary very much. Everybody is so hard put to it to meet his expenses that he will feel the pinch of any further burden thrown upon him to be paid out of his existing income. The income-tax law in this country when compared with the income-tax law in other countries has very many grave disparities. Many attempts have been made to bring our law into line with the English law of income-tax. There is one redeeming feature in the speech of the Honourable the Finance Member in regard to this matter where he says that if the finances of the country allow of some modification in the income-tax law he would see about modifying the law to the extent of allowing the setting up of the losses of the previous year against the income of the next year. That is one of the disparities which he has publicly recognised to exist between the law in this country and in England. That is well and good. I am sure the country will welcome that reform with great pleasure. But then, Sir, the question arises, what will be the finances of the country next year ? Will the Honourable the Finance Member find himself in a position to bring forward that reform in the law ? Apart from that, there are many other disparities which need to be removed. For this reason, Sir, I would not like

to give my whole-hearted support to this measure. Apart from this, I would like to submit to Honourable Members that the income-tax was first raised as a war measure. (*An Honourable Member*: " You mean super-tax ".) No, the first income-tax was raised—I speak subject to correction—when the first Kabul War was on. Super-tax of course was imposed as a war measure during the last Great War, and now the super-tax has also become permanent on the Statute-book of India. Of course this is very bitterly felt by those who pay income-tax, and it is a fact that an increase in the tax is not welcomed by anybody. Good reason requires that if there is additional taxation there must be some additional benefit to the people. In the present Budget, with the exception of two or three items which I would welcome, such as the grant of 5 lakhs to the Muslim University of Aligarh, 10 lakhs for the development of the sugar industry and research in sugar and 10 lakhs for agricultural research—these are the only few items which I can find which are really beneficial to the people. On the other hand the increase in taxes proposed amounts to about 5 crores. So on this ground I do not support the increase in the income-tax.

I now come to the increase in the customs duty on piece-goods and the further duty of 5 per cent. on cotton goods. Of course it is said that this has been done for two purposes, and I quite admit that. Firstly, it is for increasing the revenue, and secondly, for giving protection to the mill industry of Bombay. Of course I am not interested in the mill industry and I cannot say how far it will afford protection. It is for the millowners to find out how far the industry would be protected. But, Sir, speaking on behalf of the masses who have to purchase cloth for covering their bodies, I say that this additional tax of 9 per cent. would certainly increase the price of cloth in the country by that proportion, and that would certainly be felt by the consumers at large. Then, there is another principle involved in this, and that is Imperial Preference. I for one, Sir, who am very keen on having friendly relations between England and India, would not perhaps very much object to this, but this is a principle which of course interferes very much with free trade policy. One can rightly ask why a country should be placed in a better position than others. I think if the destinies of India and England are to remain together in future, there will not be much harm in showing a friendly gesture, as it has been put by the Honourable the Finance Member ; but the question is, how far this would go in the matter of friendly relations with England. If, as has been suggested to us, Sir, they are going to respond and this would help the industry in Lancashire—fortunately now the Government is a Labour Government—and they would benefit India, I will not object to it temporarily for three years ; but I would not agree to it on principle at all.

Lastly, Sir, I shall close my remarks by saying that although the Honourable the Finance Member had to fill the gap and he has tried his utmost, I hold the very strong view that this is not an opportune time for any increase in the taxation of India. It would certainly give a very strong handle to those bitter critics of the British Government, who in season and out of season calumniate it and try to impress on the masses the bad features of it. I say at this moment that it is the duty of every well-wisher of India to counteract those effects and as far as it lies in his power to checkmate it and he should not spare himself in this.

With these remarks, Sir, I resume my seat and thank you.

THE HONOURABLE SIR GEORGE SCHUSTER (Finance Member): Sir, I should like at the outset to express my great appreciation of the general tone

[Sir George Schuster.]

of this debate. It has been, in a difficult time, very helpful and encouraging to myself; and in expressing my gratitude to this House, I should like to include some expression of regret that this will be the last time that I shall have the pleasure of addressing this House with the present Honourable the Leader of the House sitting where he is. It is a matter of great regret to me, Sir, that this is the last occasion on which I should be sitting side by side with him on these Benches. I might perhaps also be allowed to take this occasion to say how much I regret this is the last occasion on which I shall have the pleasure of hearing my Honourable friend Sir Arthur Froom in these debates. His speech was particularly encouraging and I think a lucid and clear treatment of the financial position. I also might add again one further personal remark and that is my own regret that my Honourable friend Sir Dinshaw Wacha, whose contributions to these financial debates have always been of such vigorous and spirited character, that he for reasons of ill-health could not be present to-day. (Applause.)

Sir, in dealing with the impression which this debate has left upon my mind I think I may claim that the general sense of this House is that the case which I have made for my proposals has been made out. Even my Honourable friend Sir Sankaran Nair does not go further than to deplore their necessity. He admits the necessity, although he deplores it. I fully sympathise with the sentiment which was expressed in the opening speech of the debate by my Honourable friend Mr. Desika Chari, *i.e.*, the difficulty in which Members who have to go before their constituencies find themselves placed in having to support proposals which do involve a substantial increase of taxation. Any increase in taxation is of course regarded as a bad thing in itself and it will, I know, evoke criticism generally from the public outside. But I do think that in the present case, if we look at the actual taxes which are proposed, we may claim that there is no serious burden imposed on any particular class by any of these proposals. I ventured to state in introducing my Budget in the Assembly that in connection with all these taxes it could be claimed that there were some indirect advantages. I made perhaps one exception and that brings me to one of the chief criticisms which has been made in debate today, the criticism of the income-tax proposals. I think the best answer to that criticism has been given by my Honourable friend Sir Sankaran Nair. He in fact expressed very largely what had been my own views in dealing with the matter. I felt to come forward with a large programme of taxation and to include no form of direct taxation, no tax, which directly hit the people of our own class who are making these proposals, would be something which we could not justify either to our own conscience or according to principles of sound finance. I recognise all the objections to an increase in the income-tax, but I would ask Honourable Members to consider whether those objections in the form of impediments to industrial development do really apply to these very modest proposals. After all one pie represents only a shade above one half per cent., only a shade above one penny in the pound. It surely is not a burden which deserves the serious criticism which has been directed to it today. It is, I think, a balancing factor in our proposals, and taking the whole scheme of taxation together, I feel it would have been entirely ill-balanced and incomplete if it did not include this particular element.

Then I come next to the other tax against which criticism has been particularly directed, our proposals in regard to the duties on kerosene. On those proposals we have had a very clear, and I must say, a very moderately expressed criticism from my Honourable friend Mr. Harper, supported with vigour

and eloquence by the Honourable Mr. Fyfe. My friend Mr. Harper has asked three questions, why this alteration of policy, what are the reasons for the proposal and what is the significance of the words "as a first step". I think perhaps the two first questions which I have read can be dealt with together. The reasons for the proposals were purely and simply the desire to tap what seemed to us to be a justifiable source of revenue. The particular feature to which he has directed his attention is what appears to be an inconsistency—the reduction of the import duty at the same time as we are looking for more revenue by an increase in the excise duty. The sole object of that feature was that the effect might not be produced of increasing the burden on the poorer classes of the country. We felt that kerosene was one of the articles in which the very poor classes of the country are interested.. We felt that it is a legitimate source of taxation, but we also felt that if our action was merely confined to an increase in the excise duty, there might be some justification for an increase in prices. If, however, at the same time, we reduced the import duty, it seemed to us that the justification for an increase in price would disappear and the probability that an increase in price could be made would also become very much less. The subject is a highly technical one and I do not claim to be an expert on the organisation of the oil interests in the world, or the particular relations between local prices for yellow kerosene and the world market for white kerosene, or to what extent the margin between the two prices of the commodities can be approximated without bringing about a substitution of the one for the other. There are very many complicated issues involved in this on which my Honourable friend Mr. Harper can speak with very much more authority than I can. Nor do I think this is an occasion in which to attempt to go into these details, because the proper occasion for doing so would be on the Finance Bill. I think I have explained what was in our minds in making these proposals and it remains for me to deal with Mr. Harper's third question,—what is the precise significance of those words which we use—"as a first step". The significance is this. We are proposing changes in the duties which mean in effect a reduction in the effective protection which the oil industry has from a level of about 19 per cent. to a level of about 9½ per cent. That we recognise is a big reduction and may have an effect on the indigenous industry. We want to see what the result of that change is, and if the experience gained is such that we feel that it would not be possible to bring the margin of protection down to a lower level without dealing a serious and damaging blow to the indigenous industry, then I take it—I do not wish to commit my successors for all time—but I take it that the policy of Government would be to hold their hands and not carry the reduction of the effective protection any further. We have taken a first step—or rather we have proposed a first step and, if it is taken, we want to see what the result will be. I think at least that clearly explains what has been in the minds of the Government in this matter.

Now, Sir, apart from those two particular taxes and apart from the particular proposals in relation to the cotton duties, I think I can claim that there has not been much criticism of the actual taxation proposals. Perhaps I might now say a few words on the subject of the cotton duties. I do not wish to speak at length on that subject because again there will be another and more proper occasion for me to deal with it. But some remarks which fell from my Honourable friend Sir Sankaran Nair have made me feel that it is necessary to make some statement in reply. I think my Honourable friend was distinctly under a misapprehension and was distinctly unfair when he said that he read into my remarks the implication that the Government of India did not want these proposals and were half-hearted about them. I think he was still more

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unfair when he said that if the fighting element had not gone out of the Assembly we should never have brought these proposals forward. Now, Sir, speaking on behalf of the Government of India, I can say this ; that nothing causes us more regret in the present circumstances than that we should be putting these proposals forward at a time when it can be said that the Legislative Assembly is not properly representative of opinion in India. We should have far preferred it if the House had been a full one and the matter could have been fully and fairly debated with all parties represented. But it is not our fault that we are faced with the present conditions, and as a matter of fact before the Bill which we propose to introduce reaches its final stages all the by-elections will be completed and we may presume that we shall have a pretty full Assembly. Then again, Sir, on the point that the Government of India do not want these proposals and are half-hearted in the matter. The Government of India, who are entirely free agents in this matter—and I do want to emphasise that because in practice this fiscal autonomy convention is a reality—the Government, who are entirely free agents in this matter, have put this proposal forward on its merits because they think on its merits it is the best way of dealing with the situation. I want to explain how the particular proposal arose. We had given long and anxious thought to this question of the cotton mill position. We came to the conclusion that taking into account the revenue position on the one side and the position of the Bombay industry on the other, there was a clear case for a general all-round increase in the duty to 15 per cent. You can call it increasing the revenue duty but of course we were very largely influenced by the protective effect of that duty. That was our first decision, and it was a very substantial decision, and I should like at this point to express my gratitude to my Honourable friend, Sir Maneckji Dadabhoy, for having pointed out what a very long step that was for the Government of India to take. He knows very well the past history in this matter and he knows how difficult it was for us to go as far as this. Now, I think it is a very unfortunate thing that, because there is this further proposal under discussion, attention is rather being diverted from the very substantial step which the mere increase of all-round revenue duty to 15 per cent. itself made. That really is the main framework of our proposal, and that does give a very substantial measure of protection to the Indian industry. Now, anyone who studies the figures and who sees how the Indian mill industries developed—and I have been going recently into the economic development of India in various fields—anyone who studies these figures will find that the development of the cotton mill industry in India is the one really satisfactory feature of Indian economic life. It shows a steady progression during the last 30 years which is not paralleled in any other field of Indian economic life. Now, the whole of this development has been carried out in competition with the Lancashire industry, and the greater part of it with a far smaller measure of protection than even the present 11 per cent. duty, because it is only recently that the excise duties were removed. I think that the figures show that between India and Lancashire, 11 per cent. has been an effective measure of protection and has led the Indian industry to develop as fast as it is healthy for it to grow. On top of that we are going to increase that margin to 15 per cent., and I am perfectly certain that a 15 per cent. margin, taking into account all the conditions of the local market for cotton and the local market for goods, is quite sufficient to enable the Indian industry to develop as a competitor with Lancashire. To give more would be distinctly unhealthy. It would be making the task too easy for the Indian manufacturer. It would not stimulate him to those methods of efficiency which in justice to the consumers of the country

it is necessary that he should adopt. Therefore, on all these grounds, we felt that taking a broad view of the permanent situation, a 15 per cent. revenue duty was all that could fairly be imposed. I would remind Honourable Members that that represents the maximum that was ever recommended by the Tariff Board inquiry or by any section of it, and that in making that recommendation they only justified going so far on the ground of the unfair labour conditions which existed in Japan. They only recommended a 15 per cent. duty to remain in force for three years until the labour conditions in Japan had been modified. But that 15 per cent. was not regarded as sufficient for dealing with the particular position which exists in Bombay, and after our own careful examination of the subject we did come to the conclusion that conditions in Bombay had during the past two years, very largely owing to labour troubles, got so bad that with a mere increase of the duty to 15 per cent. it was not likely—or at any rate the chances were very poor—that the Bombay industry would be able to keep its head above water. Now, the reason for that is that in what I might describe as the bread and butter part of the Bombay business, plain grey shirtings and light sheetings, the competition from Japan had become particularly acute and Japan had taken advantage of Bombay labour troubles—when I say so, I do not mean to suggest that there was anything unfair about it; it was mere efficiency on the part of the Japanese—they had taken that opportunity to cut right in into the Indian market, and we felt that a mere increase in the revenue duty of 4 per cent. would not give that measure of protection which was necessary to enable Bombay to pull itself together and put its house in order. Once Bombay has put its house in order, our present view is that 15 per cent. duty ought to answer for the purpose, but we felt that there was some case for erecting a temporary shelter during which Bombay could re-organise itself financially and technically. Therefore, we were considering some temporary measure of protection, as an addition to the general increase of the *ad valorem* duty to 15 per cent. It was at that stage that there was addressed to us this communication from the Cabinet. We felt then that we were forced to look upon the matter from a different point of view, and we came to the conclusion that if we put on first of all a minimum duty of 3½ annas a pound on plain grey goods, which was the main bread and butter business that we had in view, and if on top of that we put a special protective duty of 5 per cent., that would give Bombay the measure of protection that they wanted. But if those special protective duties were made general, they would increase the price of a vast range of goods in which Bombay at the moment is not interested at all. If you take, for example, the whole class of bleached goods, in which hardly a yard is made in Bombay, an extra 5 per cent. duty on this would have meant 5 per cent. more to the consumer without having any effect at all on the immediate particular object that we had in view. Therefore we felt that it was only if the scope of the duty was limited that we would be justified in putting on a special extra protective duty of 5 per cent. In fact, we wanted, as my Honourable friend Sir Jahangir Coyajee has pointed out, a differential duty. When we come to consider in what way you could differentiate, it is difficult to draw the line. There is one line which could easily be drawn, namely, the line that has been drawn, by treating plain grey goods as distinct from the rest of the trade. But if that is not quite enough, and if you then try to go further and make a differentiation, it is extremely difficult. But as a rough and ready differentiation, it is quite clear that if you exclude British goods, you do exclude just that class of goods which is coming in now and is not in direct competition with Bombay. For this reason, quite apart from any special desire to make a friendly gesture to the British Government at the present stage, the proposal

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to put on a special differential duty against non-British goods would, in our opinion, have exactly fitted in with the needs of the situation. That explains why we have put up these proposals. We put them upon their merits. We want the Assembly to decide about them. We should like a representative Assembly to discuss the whole matter. We do not want to impose upon Indian opinion in this matter, but we do think that it is in the interests of India that this particular issue should be fairly and squarely faced. We have put up a proposal which we think is the best thing for Bombay and the best measure in all the circumstances having regard both to economic and political considerations

Apart from that, I have to deal with the general criticism that perhaps I am asking for more revenue than is required. My Honourable friend Rai Bahadur Lala Ram Saran Das in particular queried some of my estimates. I assure him that the estimates were prepared with great care and that I am not prepared to revise them. I think perhaps that he is under a slight misapprehension in making his calculations. He has, for example, in regard to sugar reckoned upon an import of 800,000 tons, and he has stated that if you put on an extra Rs. 1½ a cwt. on that, you at once get a yield of 2½ crores. But we have to remember this, that imports of sugar during the current year have been exceptionally high. We are going to have a record figure of imports this year. That is because prices have been very low. If we can put on this duty it must have some effect on the tonnage which we import. If you consider what increased yield you are going to get from the tax, you have got to take into account the fact that first of all the total on which you calculate your return will be reduced and consequently in comparing it with your own Budget estimates, you have got to reckon on losing a part of the tonnage. Suppose the total is going to be reduced by 50,000 tons. With that you lose for the purposes of your calculation the whole of the original duty. You have to take the extra duty on the total tonnage and deduct from that the *whole* duty on the tonnage which you are going to lose. That is why his figure of 2½ crores does not represent what we think it is fair to take as additional yield. I am quite prepared to admit that as regards the silver duty what we have taken is a very conservative estimate, but I would also point out that in the case of all other estimates we have been budgeting as though conditions were going to be normal. I think that, if one was running an ordinary business, one would say, in regard to the year which is before us, that we ought to take into account at least a chance that conditions as regards trade may not be quite normal, and I certainly feel it necessary to have a margin of safety in all our estimates. I therefore am not prepared to accept the view that our figures for the increased yield of our new taxes are over-estimated.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Just a matter of explanation, Sir. What is the reason which the Honourable Finance Member has given..... .

THE HONOURABLE THE PRESIDENT: The Honourable Member had better reserve his remarks for the Finance Bill.

THE HONOURABLE SIR GEORGE SCHUSTER: Then, Sir, on the general question as to whether we are asking for a greater measure of revenue than that which on sound principles of finance is desirable to ask, it is true that I have shown a surplus in my Budget. But there I want to call special attention to the particular purposes for which we felt justified in introducing this

tax on silver. I made it quite clear that we do regard this tax as justifiable for a special purpose. It is introduced with the definite idea of giving us revenue which will be available for distribution to the provinces to help them with their nation-building services. In the meanwhile and for the forthcoming year I say quite definitely and positively that we want a margin of revenue. A margin of 70 lakhs on a Budget of about 140 crores, a margin of about half per cent. in a country like India, is certainly not excessive ; and on principles of sound finance I could not agree to any reduction on the ground that we have shown that surplus. Again I say we are facing times when we have certain risks before us and it is most desirable that we should have a slight margin in hand. Sir, on general grounds it has also been said that among all the purposes for which the new revenue is required, there is very little sign of its being devoted to nation-building services. I agree that if you look at the Central Government's Budget, the votes for purposes which can be directly represented in that way are comparatively small, but that is because the scope of activity for the Central Government in these matters is very limited. The main purpose of this Budget is to provide us with a sound foundation ; we want to solidify our financial foundation now, and from that sound foundation to be in a position, when the new reforms are introduced, to make special contributions to the provinces to enable them to carry out those nation-building services. That is the main purpose and again I say that this is the time to do it, and if we let the situation drift now, then I think we will be running into great dangers both as regards the credit of the country outside and as regards our power to take advantage of the Reforms when they come on the other. In the meanwhile I would call attention to this, that in our proposals as they stand, there are substantial signs of an effort at attacking a constructive economic policy. We have our cotton proposals ; we have our sugar proposals ; we have included proposals for the appointment of Trade Commissioners abroad ; we have included proposals for the better provision of economic statistics ; and last and not least I would mention the proposal in connection with the Banking Enquiry. I do think that I am entitled to regard that as something which will have a far-reaching effect on the conditions of this country. If there is one thing which is required more than any other, it is that we should provide a scheme for credit facilities which will enable the poor agriculturists of this country to retain a larger share of their own production than they do at present. At the present moment the world is in a great difficulty, a great difficulty of over-production. The foreign markets are failing us. Prices of our main products, such as rice, cotton, wheat and oilseeds, are falling everywhere. But we have a huge unsatisfied market within our own boundaries ; we have the huge market of the Indian population and there can be no doubt that the standard of living for the population of India is lower than it ought to be. If you can put the people of India into the position of being able to afford to retain a bigger share of what they produce themselves, then you will be starting India on the upward grade ; and one of the best ways, the most effective ways, of doing that, is to be able to reduce the rate of interest which the ordinary agricultural cultivator has to pay on his own indebtedness. It is for that reason that I regard the Banking Enquiry as a step which may have a vast significance in the economic development of India.

Sir, I have no more to say. I should have liked to dwell at some length on the question of retrenchment, but on that I have been helped out by what has fallen from my Honourable friend Sir Sankaran Nair. He has put the case quite clearly by saying that so far as retrenchment on a large scale is concerned we cannot really do anything pending the constitutional reforms. As

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regards retrenchment in detail, that is being actively pursued in my Department and the appointment of a special officer will carry the pursuit of that enquiry further. I am hopeful of certain results in that direction, but as I have made clear in my Budget speech, the chances of large economies, unless you can make large changes in policy, are not very great. But the work has to be done in order really to avoid increases of expenditure. I can promise this House, as I have promised the Legislative Assembly, that efforts towards economy and towards the elimination of waste will be relentlessly pursued in my Department, and having said that, Sir, I think I have given a full account of the duties which fall upon my shoulders. (Applause.)

STATEMENT OF BUSINESS.

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH (Leader of the House): Sir, with your permission I desire to make a statement regarding the probable course of business for the next week. On Monday, the 10th, the Council will meet to transact Government business when a Resolution will be moved regarding the Recommendation of the International Labour Conference on the subject of prevention of industrial accidents. Thereafter motions will be made to take into consideration and to pass the two Income-tax (Amendment) Bills as passed by the Legislative Assembly, copies of which were laid on the table on the 17th and 24th February. A motion will also be made for leave to introduce a Bill to amend the Transfer of Property (Amendment) Supplementary Act, 1929. The Honourable Mr. Shillidy will then make a motion for the election of three Members of this House to serve on the Standing Committee for Roads. Tuesday, the 11th, will be devoted to non-official business. The Council will again meet on the 12th to transact Government business when motions will be made to take into consideration and to pass the Cantonments (House-Accommodation Amendment) Bill and the Insolvency Law (Amendment) Bill as passed by the Legislative Assembly, copies of which were laid on the table on the 28th February. Thereafter the House will be asked to take into consideration and to pass the Transfer of Property (Amendment) Supplementary Bill if leave be given to introduce the Bill on the 10th. Thursday, the 13th, was allotted for non-official business, but so far no notice of any business, which can be put down for that date, has been received.

The Council then adjourned till Eleven of the Clock on Monday, the 10th March, 1930.

COUNCIL OF STATE.

Monday, 10th March, 1930.

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

QUESTION AND ANSWER.

IMPORT OF VEGETABLE OIL.

63. THE HONOURABLE MR. SURPUT SING: Will Government be pleased to state:

(*a*) what action has been taken on the motion of the Honourable Rai Bahadur Lala Ram Saran Das regarding his Resolution on the import of vegetable oil moved in the Council of State on the 27th February, 1929, and adopted by the House?

(*b*) the replies that have hitherto been obtained from the different Local Governments whom the Government of India have addressed on the question of vegetable product?

THE HONOURABLE MR. J. A. WOODHEAD: (*a*) I would refer the Honourable Member to the statement made by me on the 27th February, in reply to the Resolution moved by him on the same subject.

(*b*) A copy of the replies is being placed in the Library.

BILLS PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL: Sir, in accordance with 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 6th March, 1930, namely:

A Bill further to amend the Indian Tariff Act, 1894, for certain purposes.

A Bill to amend the law relating to the fostering and development of the steel industry in British India for certain purposes.

MESSAGES FROM THE LEGISLATIVE ASSEMBLY.

SECRETARY OF THE COUNCIL: Sir, the following Messages have been received from the Secretary of the Legislative Assembly, namely:

"I am directed to inform you that the Legislative Assembly has, at its meeting held on the 6th March, 1930, agreed without any amendments to the following Bills which were passed by the Council of State at its meeting held on the 24th February, 1930, namely:

A Bill further to amend the Prisons Act, 1894, for a certain purpose.

A Bill to amend certain enactments and to repeal certain other enactments."

[Secretary of the Council.]

The second Message runs as follows:

"In accordance with rule 36 (1) of the Indian Legislative Rules, I am directed to inform you that the amendments made by the Council of State in the Bill further to amend the Indian Patents and Designs Act, 1911, for certain purposes, were taken into consideration by the Legislative Assembly at its meeting held on the 6th March, 1930, and that the Assembly has agreed to the amendments."

RESOLUTION *RE* RECOMMENDATION OF THE INTERNATIONAL LABOUR CONFERENCE CONCERNING THE PREVENTION OF INDUSTRIAL ACCIDENTS.

THE HONOURABLE MR. J. A. SHILLIDY (Industries and Labour Secretary): Sir, I move:

"That this Council, having considered the Recommendation concerning the prevention of industrial accidents and the Recommendation concerning responsibility for the protection of power-driven machinery adopted at the Twelfth Session of the International Labour Conference, recommends to the Governor General in Council that he should examine the possibility of giving effect to the Recommendation concerning the prevention of industrial accidents and that the results of this examination should be placed before this Council within eighteen months from this date."

Sir, these recommendations were adopted at the Twelfth International Labour Conference at Geneva in June, 1929. Copies of these Recommendations have I understand been circulated to all Members and copies have also been placed in the Library. Perhaps, I may be allowed to explain that the Recommendations of the International Labour Conference are intended to form general principles for the guidance of national Governments in drafting national legislation or in issuing administrative orders. I will first take up the Recommendation concerning the prevention of industrial accidents. It is divided into four parts and the first relates to the study of the kind and frequency of accidents and of their causes. The study which the International Labour Conference advises or recommends is, first of all, statistical to show frequency and what is called in the Recommendation the law of accidents, which by means of statistics enables us to see what particular kinds of accidents occur most frequently, and when they occur. Having dealt with the kinds of accidents and their frequency, they then pass on to the study of the human factor and so they recommend an inquiry into the physical, the physiological, and psychological qualities and, recognising that accidents may also be due to the unsuitability of work to the worker, they recommend an inquiry into vocational guidance or selection. This inquiry will of course be carried out by State agency but in this as in the other parts of the Recommendation they call for collaboration on the part of the organisations of workers and employers. Having studied the kinds of accidents, they then go on to consider the means of preventing these accidents and the first suggestion is, of course, the education of the workers and employers both, and that Honourable Members will find in the second part. So far as the workers are concerned, there are various suggestions laid down—there are to be cinematograph films, lectures, lessons in elementary school books, and so forth, in order that the worker generally may be warned in time and taught the advisability of taking precautions. I would point out that in certain Presidencies safety posters which have been designed by Factory Inspectors and others have already been issued. Then you come to the education of the worker and the employer and for that

purpose public exhibitions of safety appliances are recommended. Once again the principle of co-operation is introduced and so periodical conferences of the State Inspectors and of organisations of workers and employers are suggested with also the formation of safety organisations in works for the prevention of accidents which occur and for the systematic supervision of works, machinery and plant. This is the educational part of the preventive scheme. In the third part, the question of imposing legal obligations is dealt with. Here I think I should say that we have already been able to anticipate in our own legislation and in our rules, a great many of the recommendations which are made. For example, in paragraph 16 it is stated that it should be provided by law that it is the duty of the employer to equip and manage an undertaking in such a way that the workers are adequately protected. Now, section 18 of the Factories Act lays down provisions for fencing. Every fly-wheel directly connected with a steam-engine, water-wheel, etc., shall be securely fenced. Sections 6, 7 and 8 of the Indian Boilers Act lay down precautions with regard to boilers. No boiler may be used until it has been registered. After registration a certificate is to be issued and if the certificate is withdrawn the boiler can no longer be used. Section 29, sub-sections (*k*), (*m*) and (*n*) of the Indian Mines Act enables rules to be laid down again with regard to certain safety precautions in Indian mines. And paragraph 141 of the Coal Mines Regulations lays down that "every fly-wheel and all exposed and dangerous parts of the machinery of whatever kind used in or about a mine shall be kept securely fenced, guarded or cased in such a manner as may be necessary to prevent accident." Similar provisions will be found in the rules relating to metalliferous mines.

Then paragraph 17 of the Recommendation runs :

"It is in general desirable that plans for the construction or substantial alteration of industrial establishments should be submitted in due time to the competent authority."

Provision for that is made in nearly all municipal bye-laws and control in this respect has already been established.

In paragraph 18 the Recommendation is :

"So far as the administrative and legal systems of each country allow, officials of the inspection service or other body responsible for supervising the enforcement of the statutory requirements for the protection of workers against accident should be empowered to give orders in particular cases to the employer * * *. In case of imminent danger the supervising authority should be empowered to require immediate compliance with the orders, notwithstanding the right of appeal."

We have exact provision for that in section 18A of the Factories Act :

"If an inspector is of opinion that any factory or part thereof is in such a condition as to be dangerous to human life or safety, * * * he may serve on the manager of the factory an order in writing specifying the measures which he considers necessary * * *. If, in the opinion of the inspector, the use of any part of the ways, works, machinery or plant in a factory involves imminent danger to human life, he may serve on the manager of the factory an order in writing, prohibiting the use thereof until it is duly repaired or altered."

Lastly, Sir, there comes the suggestion of a legal obligation on the worker. "It is the duty of the worker to comply with the statutory requirements." We have not met this perhaps as fully, but even here, in our rules and the Coal Mines Regulations we have certain regulations which forbid the workers to do certain acts which are dangerous.

[Mr. J. A, Shillidy.]

My object in going through all these points is to show that as far as this part of the Recommendation is concerned, we have very largely anticipated it.

The fourth part of the Recommendation is the question of encouragement. Paragraph 22 runs :

"The Conference recommends that the State should endeavour to secure that accident insurance institutions or companies take into account, in assessing the premium for an undertaking, the measures taken therein for the protection of the workers * * *."

This, I think, requires no further explanation and I would only like to draw the attention of the Council to the fact that in making inquiries into all these very many recommendations we shall require to consult Local Governments, organisations of workers and employers and insurance societies also. Therefore my Resolution runs :

"The results of this examination should be placed before this Council within eighteen months from this date."

I now pass, Sir, to the second Recommendation concerning responsibility for the protection of power-driven machinery, and I would point out that that Recommendation is very simple and brief :

"The Conference recommends that each Member adopt and apply to as great an extent as possible the principle that it should be prohibited by law to supply or install any machine intended to be driven by mechanical power and to be used within its territory * * *."

So far as installation goes, I think I have already shown that we do not require any further legislation. We have taken very full precautions so far as installation is concerned to protect the worker. When, however, we come to the question of supply, it is to be remembered that most of the machinery used in India is imported. Therefore, any law of ours which proposes to impose a penalty on the supply could not be enforced in the first instance, and, secondly, rules with regard to factories are drawn up by Local Governments. These vary from province to province and it is quite possible that the safety appliances obligatory in one province may not be obligatory in another. Therefore, as regards installation, which is the chief thing required for the protection of the worker, we have already taken such action as at present, without further inquiry, seems possible, and as regards supply, we cannot take effective action. No recommendation therefore is made to this Council in regard to this second Recommendation.

Sir, I move.

THE HONOURABLE THE PRESIDENT : The question is :

"That the following Resolution be adopted, namely :

'This Council, having considered the Recommendation concerning the prevention of industrial accidents and the Recommendation concerning responsibility for the protection of power-driven machinery adopted at the Twelfth Session of the International Labour Conference, recommends to the Governor General in Council that he should examine the possibility of giving effect to the Recommendation concerning the prevention of industrial accidents and that the results of this examination should be placed before this Council within eighteen months from this date'."

The motion was adopted.

INDIAN INCOME-TAX (AMENDMENT) BILL.

(AMENDMENT OF SECTIONS 2, 23, ETC.)

THE HONOURABLE SIR ARTHUR McWATTERS (Finance Secretary): Sir, I beg to move that the Bill further to amend the Indian Income-tax Act, 1922, for certain purposes, as passed by the Legislative Assembly, be taken into consideration.

Sir, this Bill, which is the first of the two Bills dealing with income-tax which I am asking the House to take into consideration to-day, the Bill amending sections 2, 23 and following sections, is an important measure both from the point of view of Government revenue and from the point of view of the general income-tax payer. The main object of the Bill is to prevent the avoidance of income-tax and super-tax by the formation or multiplication of what you may call one-man companies or associations. The Bill has a somewhat long history. It is as much as six years ago that the Government of India first made proposals with this object and placed them before Chambers of Commerce and other Associations on at least one occasion. The matter was also considered by the Taxation Enquiry Committee. The Bill which is now before this House was introduced in the Legislative Assembly as far back as August, 1927. It was circulated and referred to a Select Committee. That first Select Committee made considerable alterations in detail and also made an important alteration in substance with regard to the procedure in appeal and it was considered necessary that the Bill should be re-circulated. The Bill was re-circulated and came again before the second Select Committee in the other House, so that I may say that there are few Bills of this character which have come before this House with more mature consideration than the present one.

The Bill is often spoken of as the Bogus Companies Bill. Of course, that is a misnomer, because the companies and associations with which the Bill deals are not in themselves in any way illegal. They are perfectly legal companies and associations and what the Bill is aiming at is not the constitution of those companies and associations but their methods of operation in so far as they can be used, and deliberately used, to avoid payment of income-tax and super-tax. There are four features I think in the income-tax law which render possible the avoidance of tax. There is first of all the graduated rate of income-tax and super-tax as applied to individuals; there is the same graduated rate as applied to unregistered firms; there is the flat rate of super-tax on companies, and there is the allowance of Rs. 50,000 before super-tax becomes operative on any assessee. The types of evasion which we know take place are various and I can only illustrate a few of them which have come to our notice. First of all there is the evasion which results from the formation of one-man companies. A man forms one or a number of companies in which he practically supplies the whole of the capital and has three or four nominal partners who own practically nothing of the company, just one or two shares. It is then possible to evade the tax first, by accumulation of profits, not paying out dividends at all, or by paying out dividends in a form which renders them not liable to tax; one way for instance is by the distribution of bonus shares. The net result is that the individual is able to escape the full amount of income-tax and super-tax which is due. The profits of the companies do not enter into the individual's assessment and the company itself pays super-tax at a flat rate of one anna, and also each company gets the allowance of Rs. 50,000 for super-tax. When the individual desires to obtain money from his company there are various ways in which it can be done, the commonest of which is the taking

[Sir Arthur McWatters.]

of a loan free of interest from the company, which is not intended to be repaid; or the company itself goes into voluntary liquidation and its assets are then treated as capital and no income-tax is payable at all. These types of evasion which I have mentioned are not merely theoretical. Every one of them has come before us as having actually taken place in India. Then I turn to the question of associations other than companies. Here it is not a question of accumulating profits ; it is a question of splitting up profits. Each firm or association gets the allowance of Rs. 50,000 before super-tax is payable, and also, owing to the method under which income-tax is assessed on unregistered firms, the rate of income-tax applicable to the profits from the firm may very often be less than what would be applicable to the total income of the individual concerned. There is still a third type of evasion which is quite different from those I have described and which is definitely fraudulent and with which this Bill also attempts to deal. This occurs in the case of registered firms where the fraud takes place by the registration of a deed of partnership which is definitely incorrect and in which the shares stated to be the shares of different partners are not really the shares on which the profits are distributed. That of course is a definite fraud and is quite different from the other two, which are what I may call legal evasions. What we are attempting to do in this Bill is to get down to actual facts and to tax in accordance with the actual facts.

I now turn to the Bill itself. I need not trouble the House with clauses 2 and 3. Clause 2 merely supplies some definitions that are lacking, and clause 3 gives power to cancel the registration of firms which do not furnish proper returns. The first operative clause is clause 4. Clause 4 attempts to deal with the multiplication of companies and associations such as those which I have just described, and it provides that in certain circumstances, which are very rigidly defined, the income-tax authorities may proceed as though the company or the association did not exist. In other words, they are entitled in those circumstances to go behind the law and to tax in accordance with the actual facts. The whole of the rest of this clause which runs to about two pages consists entirely in an elaboration of the circumstances in which income-tax authorities are allowed to take this action. The object of all this elaboration is simply to limit and narrow down the zone in which the Bill will take effect, and therefore to narrow the zone of any possible interference with business. With regard to firms and associations, they have got to be under the control of one member, and what control means is very rigidly defined. The income-tax officer must be satisfied that the firm or association has been formed and is being used for the purpose of evading the tax. Those two conditions have to be fulfilled. In the case of companies they have to be under the control of not more than five members. The profits must not be allowed to accumulate beyond what the company requires for its maintenance and expansion, or if profits are distributed the distribution must be in such a way as to amount to an evasion of tax. And again, as before, the income-tax officer must be satisfied that the accumulation or failure to distribute is for the purpose of evading tax. The House will also see that certain types of companies and associations are excepted. For instance, subsidiary companies are excepted. Here the controlling individual is another company, and if that other company is not one which is liable to the mischief of this Bill it is clear that the subsidiary companies also should not be held liable. There is no question there of an attempt to evade tax. Again, in regard to companies in which the public are deemed to be substantially interested, it is laid down

that if one-quarter of the shares are held by the public they shall be deemed to be substantially interested. Turning to the later clauses, clause 5 merely makes more definite the procedure as regards registration which was previously incorporated in rules. In clause 6 we again come to one of the main operative clauses. Clauses 6 and 10 may be read together. This deals with the fraudulent registration of incorrect partnerships. Clause 6 lays down the penalty for doing so and clause 10 allows such partnership deeds to be taken in evidence in the courts. There is only one other clause to which I should like to draw the special attention of the House, namely, clause 7, which deals with the procedure in appeal. Originally the Bill provided for an appeal to the High Court, both on questions of fact and of law. But objection was taken to this by the High Courts themselves and the first Select Committee substituted a system of reference to Boards of Referees. The two points in connection with Boards of Referees to which I would draw attention are, first, that they will have an unofficial majority, and secondly, that the Boards will select their own Chairman. Also the first Select Committee laid down in considerable detail the principles under which it desired that these Boards should operate, and what they stated has been strongly endorsed by the second Select Committee, and Government have every intention of following out those principles.

That, Sir, is all I need say at this stage on the Bill. I hope that we have arrived at a solution, with great difficulty and after a very long examination, which will help to secure our revenues and also will be fair to genuine business. In the other House the Honourable the Finance Member in dealing with this Bill gave an assurance that instructions would be issued to income-tax officers that the Bill should be administered in this spirit, and that assurance I have great pleasure in repeating now.

Sir, I move.

The motion was adopted.

Clauses 2, 3, 4, 5 and 6 were added to the Bill.

Clauses 7, 8, 9 and 10 were added to the Bill.

THE HONOURABLE SIR LANCELOT GRAHAM (Secretary, Legislative Department): Sir, I move:

"That for clause 11 of the Bill the following be substituted, namely:

'11. In sub-section (2) of section 66 of the said Act,—

(*a*) after the word and figures 'section 32', the words and figures 'or of a decision by a Board of Referees under section 33A' shall be inserted; and

(*b*) after the word 'order', in the second and third places where it occurs, the words 'or decision' shall be inserted'."

Sir, this is a small amendment of, what I might call, a highly technical nature. The Honourable Sir Arthur McWatters has already explained to the House that we have two Bills dealing with the subject of income-tax before us to-day. The first, which was impolitely known as the Bogus Companies Bill, had its origin in August, 1927, and the second was also born in August, but in 1929. Both those Bills set out to amend section 66 of the Indian Income-tax Act and they contrived to do so without interfering with each other. But while one of the Bills was before the other House an amendment was accepted in the other House, as a result of which these amendments no longer fit in. What we are now doing is making a purely drafting amendment which makes no change of substance but which enables the amendments to be fitted into the section.

Sir, I move.

The motion was adopted.

[Sir Lancelot Graham.]

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

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

THE HONOURABLE SIR ARTHUR McWATTERS: Sir, I move that the Bill, as passed by the Legislative Assembly, and as amended by the Council of State, be passed.

THE HONOURABLE THE PRESIDENT: The question is:

"That the Bill further to amend the Indian Income-tax Act, 1922, for certain purposes, as passed by the Legislative Assembly and as amended by this Council, be passed."

The motion was adopted.

INDIAN INCOME-TAX (AMENDMENT) BILL.

(AMENDMENT OF SECTIONS 14, 25A, ETC.)

THE HONOURABLE SIR ARTHUR McWATTERS: Sir, I move that the Bill further to amend the Indian Income-tax Act, 1922, for certain purposes, as passed by the Legislative Assembly, be taken into consideration.

This Bill, Sir, which deals with the amendment of sections 14 and 25A and later sections of the Indian Income-tax Act is a Bill of a very different character from the one which the House has just passed. It consists of a number of independent amendments in the Indian Income-tax Act which have been found necessary or desirable as a result of the experience of working the Act. It is also a very unusual Bill, because unlike most Income-tax Bills almost all the amendments which we are suggesting are in the interests not of Government but of the assessee. There were two clauses in the original Bill which have been left out by the Select Committee in another place. Those clauses were perhaps slightly contentious. One dealt with the question of attachment of debts in case of arrears of income-tax and the other dealt with the question of controlling persons known as income-tax agents. The Select Committee considered that those two questions required some further consideration and that if necessary they could be made the subject of another Bill, so that the Bill which has reached us consists of nothing more than a number of isolated amendments none of which in itself is of very great importance but most of which, as I have said, are in the interests of the income-tax payees.

The Bill being of the nature I have described, I think it is necessary for me just to run through the various items to show what the Bill purports to do. Clause 2 of the Bill deals with associations of individuals. That is a new class of assessee which was added by an amending Act of 1924 and the object of this clause simply is to supply an omission by removing the members of these associations from liability to double taxation. Clause 3 supplies a gap in the existing Act with regard to the assessment of the income of Hindu families after partition. Clause 4 provides for an appeal in such cases. Clause 5 defines the powers of the Assistant Commissioners in dealing with appeals against the Income-tax Officer for refusing to re-open an assessment under

section 27. Clauses 6 and 9 make it clear that the using of false or fabricated evidence in income-tax proceedings is punishable under the Indian Penal Code. The amendment has been inserted because of a somewhat difficult ruling of one of the High Courts. Clause 7, which deals with small incomes relief, is an amendment to enable refunds in connection with small incomes relief to be given to residents of the United Kingdom through the High Commissioner. In the old days that was the practice, but it was brought to Government's notice that that practice was not strictly covered by the law, so that it was found necessary to transfer this branch of relief to Bombay at considerable inconvenience to everybody : and we now propose to legalise the question being dealt with by the High Commissioner once more. Clause 8 makes two concessions in favour of the assessee by extending the period of limitation for applications in the first place for refunds under section 48, small incomes relief, and in the second under section 49, which is double income-tax relief. Clause 10 enables relief to be given in certain cases where hardship now ensues owing to the salary, official or private, being paid in advance of or after the normal date. Clause 11 increases the period within which the income-tax authority must make a reference to the High Court from one month to two. It has been found in practice that it is impossible to make these references in all cases within one month. Clause 12 legalises the present practice by which in computing periods of limitation the time taken in obtaining copies of orders is extended. That, Sir, is all that the Bill, as it has reached this House, deals with and I think I may say that it is a purely non-contentious measure.

Sir, I move.

THE HONOURABLE SIR ARTHUR FROOM (Bombay Chamber of Commerce) : Sir, arising out of this Bill being brought before the House, may I ask the Honourable the Finance Secretary how many Bills, since the original Income-tax Act was passed, have been introduced to amend it ?

THE HONOURABLE SIR ARTHUR McWATTERS : I have not got the figure in my head ; but I could ascertain it for the Honourable Member.

THE HONOURABLE SIR ARTHUR FROOM : I do not wish to press the Honourable the Finance Secretary to tell me the exact number, but he recognises that the number is a very large one. I should like to ask him whether he has in view the introduction of a consolidating Bill to bring the present Income-tax Act up to date.

THE HONOURABLE SIR ARTHUR McWATTERS : I am not aware, Sir, that that has been definitely considered, but I will bear the point in mind.

THE HONOURABLE SIR ARTHUR FROOM : Thank you.

THE HONOURABLE THE PRESIDENT : The question is :

"That the Bill further to amend the Indian Income-tax Act, 1922, for certain purposes, as passed by the Legislative Assembly, be taken into consideration."

The motion was adopted.

Clauses 2, 3, 4, 5, 6 and 7 were added to the Bill.

Clauses 8, 9, 10, 11 and 12 were added to the Bill.

THE HONOURABLE SIR LANCELOT GRAHAM: Sir, I move:

"That in clause 1, for the brackets and word '(Amendment)' the brackets and words '(Second Amendment)' be substituted."

The question, Sir, of the naming of this child has given us some trouble. As Sir Arthur Froom has just told the House, there were a great many young Indian Income-tax amending Bills and the question of naming them has always been a source of trouble to us. On this particular occasion, it was uncertain up till the end which of these Bills would first be passed into law. One of them started its career in 1927; and the other in 1929. Actually, Sir, this Bill was brought second to the font and we therefore proposed to let it be known as the Second Amendment Bill.

The motion was adopted.

Clause 1, as amended, was added to the Bill.

The Title and the Preamble were added to the Bill.

THE HONOURABLE SIR ARTHUR McWATTERS: Sir, I move that the Bill, as passed by the Legislative Assembly, and as amended by the Council of State, be passed.

The motion was adopted.

TRANSFER OF PROPERTY (AMENDMENT) SUPPLEMENTARY BILL.

THE HONOURABLE SIR LANCELOT GRAHAM (Secretary, Legislative Department): Sir, I move for leave to introduce a Bill to amend the Transfer of Property (Amendment) Supplementary Act, 1929, for a certain purpose.

Sir, this is a very small Bill arising out of a small omission in the large Act to amend the law relating to the transfer of property which was passed in the last session. The particular reasons are that, owing to a renumbering of rules a power of appeal was taken away which certainly is required and also another power of appeal is desired to be conferred and that, Sir, is the sole purpose of this Bill which I now seek leave to introduce.

Sir, I move.

The motion was adopted.

THE HONOURABLE SIR LANCELOT GRAHAM: Sir, I introduce the Bill.

DESTRUCTIVE INSECTS AND PESTS (AMENDMENT) BILL.

THE HONOURABLE SIR MUHAMMAD HABIBULLAH (Education, Health and Lands Member): Sir, I move for leave to introduce a Bill to amend the Destructive Insects and Pests Act, 1914, for a certain purpose.

This small and non-contentious and very necessary Bill has been in the hands of Honourable Members for the last three days, and I assume that from a perusal of the Statement of Objects and Reasons which accompanied it they would have grasped the necessity for this measure. This Bill now seeks to amend an Act of 1914 which was designed for the purpose of preventing importation into British India of any material which was likely to infect crops.

Sir, the Legislature could not have contemplated then more means of communication than existed at that time, namely, by land and sea. But human intelligence has since devised a new method of communication, that is, by air, and it is therefore possible that what we tried to prevent by the Act of 1914 might prove inoperative by the introduction of the new method of communication through the air. This Bill, therefore, seeks to fill up that gap. I therefore move.

The motion was adopted.

THE HONOURABLE SIR MUHAMMAD HABIBULLAH : Sir, I introduce the Bill.

MOTION FOR ELECTIONS 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 1930-31 in such method as may be approved by the Honourable the President of three Members to serve on a Standing Committee on 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 adopted by the Council of State on the 4th March, 1930."

Paragraph 6 of that Resolution stated that the Standing Committee for Roads shall be constituted every year after the financial year 1929-30 consisting of one nominated official member, etc., and three members elected by the Council of State from that body. In pursuance of that Resolution, I make this motion.

Sir, I move.

The motion was adopted.

THE HONOURABLE THE PRESIDENT : In pursuance of the motion which the House has adopted I direct that nominations for the three vacancies shall be receivable up till Eleven of the Clock on the morning of Wednesday, the 12th of March. Should an election prove necessary, I shall give directions that morning as to the form which it will take.

I would remind Honourable Members that the Group Photograph will be taken to-morrow morning at Half Past Ten.

The Council then adjourned till Eleven of the Clock on Tuesday, the 11th March, 1930.

COUNCIL OF STATE.

Tuesday, 11th March, 1930.

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 Raja Bijoy Sing Dudhoria (Bengal : Nominated Non-Official);

The Honourable Khan Bahadur Shah Muhammad Yahya (Bihar and Orissa : Muhammadan).

RESOLUTION *RE* SLUMP IN GOVERNMENT SECURITIES.

THE HONOURABLE MR. SURPUT SING (Bihar and Orissa : Non-Muhammadan) : Sir, the Resolution that stands in my name and which I beg to move is as follows :

"This Council recommends to the Governor General in Council to take measures to prevent any further slump in Government securities."

I need hardly hold up to the House the picture of the abnormal depression of Government securities in general that has of late overtaken them. My object in bringing this Resolution is to attract the pointed attention of the Government to a serious problem that is interfering with the country's credit and finances at the present moment. In point of fact, this question is even more important than the political issues, inasmuch as the way in which this question is handled now will bear largely upon the prosperity or adversity of the country in the coming fateful years. But great is my diffidence to enter into a treatment of the subject in the presence of the industrial magnates, financiers and economists that are adorning this House this morning.

Before I proceed, I must express my unfeigned regret at the unsatisfactory reply that I obtained to my question on this important subject from the Government on the floor of this House on the 6th March last. Honourable Members will join me if I say that the causes indicated by the Finance Member for the slump in securities in his Budget speech are quite beside the point.

I shall now turn to the history of how that problem has arisen. A succession of adverse circumstances has brought about this present depression, the first in point of time and the important among which was the action of the Indian Government in placing upon the Indian market year by year more and more attractive loans. Evil days for the old class Rupee securities commenced in full force when the Government in their extreme anxiety to meet emergent necessities of the Great War floated new schemes of loans with exceedingly attractive terms. During the War, as we all know, the details of all our loans were dictated to a large extent by the loan policy of the Home Government.

[Mr. Surput Sing.]

The issue of short-dated loans at higher rates of interest in a country like India was by itself enough to affect detrimentally our securities. This was undoubtedly a sound view which has lost none of its force in the light of subsequent events. For, reviewing the prospects of exclusive rupee borrowing, Sir William Meyer, the then Finance Member, observed in 1916 thus :

"The position of 3½ per cent. paper is a very relevant factor in this connection. I referred last year with legitimate satisfaction to the strength of that paper, but since then it has fallen greatly. That is of course a very serious matter for the holders of the Government paper and various suggestions have been made that we should assist them by the conversion of the whole of our 3½% debt, which at present stands at about £92 millions into 4% security. * * * * On the other hand, the Government cannot look with indifference on a large depreciation of the price of the premier security of India or ignore the grave difficulties which such depreciation, if unremedied, will place in the way of their own future borrowings."

But conditions became worse in years after on account of the tactless handling of the situation by the Government. As a result, not only did a great depreciation ensue in the value of the old securities, but also all transactions in them had to remain suspended for some time. The traditional inviolability of the Indian securities was gone, as evidently the public had lost confidence in them. The slump that thus overtook the old securities was dismal. It was for a time momentarily tided over when the Government proposed to accept them in conversion of fresh loans. But further loans with still more attractive terms in years after the termination of the War were calculated to give the rudest shock to the old class of securities. In their utter financial desperation the Government was going in for loans after loans, short term and long term, all these years both at home and abroad without caring to see what fate befell the old securities or what happened to their investors.

The result of such short-sighted policy was that in the process of time, with the launching of new loan schemes, the value of the old securities went down and down causing serious misgivings. In fact, what was a new security in 1915 became an old one in 1917, and what a new one in 1917 became an old one in 1918, when another fresh loan scheme with fresh alluring terms was ushered in. In this way the gradual falling off of one security after another has gone on during the last fifteen years or so. Realising the gravity of the situation so far back as 1920, Sir Malcolm Hailey, the then Finance Member, impressed upon the Council the urgency of reducing "our floating debt to more manageable proportions." But the subsequent conduct of the Government in this matter went against this assurance because the Government floated fresh loans to take advantage of conditions after the war boom. The post-war loan projects, attractive as they were, were largely subscribed, because when the war boom was over after the people had grown wiser by their fruitless speculations, they realised they had no other alternative but to clutch at the new loans for their future investments. But every new loan floated entailed within a short time heavy loss upon the subscribers notwithstanding Government's promises of support to the market and notwithstanding prior attractive rates of interest. We know also that even the 6 per cent. short-dated Bonds fell at a discount soon after their issue. I have only to refer to the charts given in the last year's and this year's Budget speeches to afford the House just an idea of what I mean—as to how, for instance, the old 3½ per cent. securities are at the present moment steadily going back to a down grade level in favour of the 5 per cent. income-tax free 1945-55 bonds. The reason is that as these loans with a higher rate of interest are naturally favoured, those other loans with lower rates have come into disrepute.

I shall next enumerate some of the causes which have indirectly contributed to the deterioration of our security-market. For my purposes I shall take the year 1919 as I have got facts and figures for that period. India's net exports for 1919 were no less than Rs. 125 crores which, at the 1919 average rates of exchange, might be calculated at 125 millions sterling. Deducting 30 millions sterling for Home charges, there was owing to India fully 95 millions sterling. England was then confronted with the problem of vast shipments of gold to India. The London money market considered this as a catastrophe, and it was to prevent this misfortune that the sale of Reverse Councils, by which India's export charges were remitted, went up abnormally high in 1920-21. Reverse Councils kept the exchange at a high rate and gave a direct stimulus to imports. India was by this process drained of a vast amount of her war profits. This was not an imaginary grievance, for a well-known English writer has admitted that but for England's Reverse Councils liquidating India's resources in London " the drain on England's gold and money power would be too enormous to bear ". Besides this, India had to subscribe heavily to the loans raised in England about that time and to invest large sums in the British Treasury Bills out of her paper currency. Again numerous restraints were imposed on India's trade, which prevented her from making the best use of the phenomenal rise in prices all over the world after the Great War. It is impossible to make an accurate calculation as to how much India lost on account of these circumstances, but a reputed Indian economist on a moderate calculation estimates the figures at Rs. 180 crores. All this was calculated to hit the Indian money market to the prejudice of our securities.

Then as it cannot be challenged for a moment that existing industries and trade were to a large extent in the hands of the British people, the result was that India had to make heavy payments as interest on overseas capital. It is not possible to ascertain the exact amount of foreign capital invested in this country, but one might assert with some degree of certainty that it would not be less than £600 millions, and the amount of interest realised would not be less than 50 crores annually. Then indirectly the ruin of India's shipbuilding industry had been a cause of no little financial loss to her, for the freight bills due from this country must amount to Rs. 40 crores annually. Then again this country had to pay annually about Rs. 25 crores as profits of foreign business and professional men and on the savings of the European public servants. In short, the financial situation of India in 1919-20 in reference to England was something like this: The trade balance in favour of India was at Rs. 150 crores against which the claims upon India aggregated Rs. 180 crores. India was therefore a debtor to England to the extent of Rs. 30 crores in that year, and such, if not more, has been the figure of India's extent of obligation to the parent country ever since, year by year.

Next to that I shall attempt to show how the Indian currency has been managed in the interests of the London money market to the great prejudice of our credit and securities. The original object of the weekly sales of Council Drafts was the provision in law of the sums necessary to enable the Secretary of State to meet the Home charges on the best possible terms for India. I may here say in passing that India is perhaps the only country, among the great trading countries of the world, in which the Government exercises direct control over currency in general and over the note issue in particular. The banking and currency reserves of the country are thus separated to its great prejudice. However, in course of time, for obvious reasons, the Government also took upon itself the responsibility of financing commerce. It is well known that Council Bills and Telegraphic Transfers were sold in unlimited quantity, frequently at rates well below the gold import point. The Secretary of State was in the

[Mr. Surput Sing.]

position of a monopolist with reference to the Council Bills for which there was a large demand, yet he sacrificed India's interest by accepting for years almost any price that the British public cared to offer him. Despite the undertaking given by Sir Malcolm Hailey to the Legislative Assembly on 24th January, 1922, in the following terms :

"I can give the Assembly this much guarantee, at all events, that we should not reopen the sale of Reverse Councils in order to maintain exchange or to raise exchange in the manner suggested, without first coming to this Assembly."

We know that in fact the sale of Council Bills had been managed in such a way as to remove as much money as possible for the use of the London money market and at the same time to obstruct the establishment of a gold currency in India. The policy of the India Office had been to check the flow of gold to India. Again by transferring large funds from India to London, the India Office had given accommodation to financiers connected with it at a very low rate of interest. Next the hoarding of a huge balance in England for the interest of the London money market, whilst the Indian tax-payer was groaning under over-taxation, was the common feature of the Imperial fiscal policy. In fact so reckless had been the management of Indian finance by the India Office that borrowings at higher rates of interest and lending them at lower rates had been almost simultaneously practised. Large borrowings had been made in spite of huge cash balances at the disposal of the Secretary of State for the so-called upkeep of India's credit. To this was united the selfish commercial policy of England to repress the export of Indian manufactures to Europe by means of prohibitive duties and to encourage the import of British goods to India by almost nominal duties. How to facilitate British imports into India by the reduction of import duties the British merchants have controlled the Indian tariff policy to their advantage is too well known. Indian revenues have again and again been sacrificed at the behests of the British merchants and their mouth-piece the British Parliament, and, as a matter of fact, such was their insistence in the matter that in 1882 all import duties were abolished except on salt and liquor. This omission of customs duty, which was a good source of revenue, forced the Government of India to an increase of the land tax to the great impoverishment of the people.

The ill-advised and ill-timed Contraction of Currency was another indirect blow to our securities. Raising of exchange has been accomplished by preventing the expansion of currency to the extent normally required by India for her average expansion. The Government in maintaining the exchange at 1*s.* 6*d.* have been evidently wasting the existing amount of our gold reserves. Government have been freely converting Reverse Councils. The amount of gold that Government have in the Gold Standard Reserve is £40 millions invested in British Treasury Bills and other sterling securities and about £20 millions in the Paper Currency Reserve. But having regard to the unstable conditions prevailing at present it will not be surprising if either the whole or a substantial portion of that reserve is used up in the attempt to stabilise exchange at 1*s.* 6*d.*

I think the Government having come to the end of the resources by their continued policy of indulging in costly railway, military, public works and town-building projects have floated further loans in England for the payment of further Reverse Councils. But we must not shut our eyes to the fact that every new loan that is incurred by the Government even for the most necessary and emergent purpose means a further interest charge, and a further interest charge means an additional burden on the tax-payer.

We have also to take into account the heavy loss that has been sustained by the Indian masses in transactions of silver as that too well accounts for the depreciation of Indian securities. Between 1836—1925 India imported silver to the extent of 3,326 million ounces at a value of about Rs. 913 crores, but on account of the manipulation of exchange the value of silver came down to 57 per cent. per 100 tolas. Consequently the price of the total quantity in India fell to an alarming point. The silver is mostly in the hands of the masses as they must invest in some precious metal ; for want of gold it is silver. But the people have suffered a loss of about Rs. 400 crores in their silver assets only. Then again the masses have to suffer to the extent of Rs. 10 crores annually inasmuch as the value of crops is computed at the gold prices prevailing in the world. It is not surprising therefore that all these factors have led to a stringency of the Indian money market involving abnormal depreciation of trade in recent years.

In the current year's Budget there is a proposal for a loan of 23 crores of rupees to convert mainly 1930 Bonds for Rs. 16 crores and to have 7 crores of new money. This is the newest loan programme of the Government. Last year, when a similar loan was floated, all manner of promises and hopes were held out for its stability and prospects but nothing of the kind has so far happened. Securities fell headlong and neither the Government nor the Imperial Bank would support them. On the other hand, within a month of the flotation of the new loan, Government started Treasury Bills. These Treasury Bills have been sold by Government in utter disregard of the money conditions in the market and at rates quite unwarranted. With the continuous pressure of the Treasury Bills at rates which cannot be competed with, all markets have been denuded of surplus cash. Thus banks and industries are starved of their legitimate resources and securities being disproportionately poor in yield against Treasury Bills at 6½ per cent. must dwindle and lose their character as the finest investment and indirectly reflect upon the credit of the Government and the country.

In my opinion—and I have reasons to believe that my opinion is shared by many people—the continuance of the existing state of the Government loans will ultimately prove ruinous to the general tax-payer. The failure to raise money will leave to Government the only alternative of fresh taxation. It will thus be no gain to the general tax-payer if the Government is suffered to remain indifferent any longer in the matter of the depreciation of securities. Reduction of wealth is sure to affect production.

I have placed before the House some of the causes, direct and indirect, near and remote, that have contributed to the depreciation of our securities. It is not one cause, not a couple of causes, nothing strictly local, but a number of causes, single and combined, local and foreign, that has brought us to this situation. As I have pointed out, there is much in the Indian Government's policy of Exchange and Currency and much in the policy of the Home Government in their manipulation of Reverse Councils and Treasury Bills which have indirectly affected our securities. We know where our shoe pinches, but we are helpless. But our helplessness has hit us hard financially both in foreign and domestic markets. Money stringency has brought on trade depression everywhere. The result has been that quite a large number of investors have had to suspend all their monetary activities to their great prejudice and disappointment. What will really improve the situation, I submit, is that the Government should now set about restricting its borrowings, whether at Home or abroad. They should pause before putting further loans on the market either here or abroad in order to feed railway, military or public works projects.

[Mr. Surput Sing.]

They should also delimit their commitments here and abroad in the sole interests of the country. They should cry a halt now and let the country have some respite with regard to its borrowings in order to afford it some time to recover its financial stability and tide over the abnormal stringency. And last but not least, Government should allow India to set her own house in order. I may say that the Indian investors may reasonably claim justice, especially when the necessities of expediency coincide with the dictates of justice. Unless steps are boldly taken I am sure that the country will be doomed and the condition of all investors will be in a more miserable plight in years to come.

With these words, Sir, I beg to move my Resolution.

THE HONOURABLE SIR JAHANGIR COOVERJEE COYAJEE (Bengal : Nominated Official) : Sir, I beg to move the amendment standing in my name:

"That for the words 'to take measures to prevent any further slump in Government securities' the following words be substituted, namely,

'that in shaping their financial policy they should give due weight to the importance of keeping the credit of the Government of India on a high level and of maintaining stability in the market for Government securities'."

Sir, the first and obvious duty of any Member moving an amendment is of course to explain the necessity and object of his amendment. While recognising fully the excellent intentions and aims of my Honourable friend Mr. Surput Sing, it seemed to me desirable to bring out the limitations as well as the potentialities of Government action in the direction indicated by him. It is all very well to issue general instructions to Government to prevent any further fall in the value of its securities. But my Honourable friend must be fully aware that among the factors which have been depressing the securities in our day there are very many which are quite out of the control of the Government. It also seems to me necessary to emphasise the most fundamental and important method and line of policy open to any Government for the stabilisation of the prices of its securities. That method consists of keeping its public credit upon a high level. Further it seemed necessary to observe the true perspective in the description of the economic phenomena referred to in the original motion.

Sir, a study of the course of the price fluctuations of our Government securities throws important light upon the general factors influencing these fluctuations. We find an interesting correlation between the movements of Government securities in India and in the United Kingdom, and that fact deserves to be carefully emphasised. Beginning with the year 1921 the securities of both Governments rose in price until the year 1927-28. But it is noteworthy that the rise in the value of the securities of the Government of India was far the greater. This was due to quite a number of factors. The greater progress made by India in the matter of debt redemption was one such factor. This had undoubtedly the effect of raising the public credit of our country. Another important influence consisted of the "abnormal abstention from borrowing", as the Honourable the Finance Member has put it, for some years. A third favourable element is the growth of productive assets in the hands of the State while the budgetary surpluses constitute a fourth. But the exceptional rise of prices of securities due to the special financial efforts which were possible in the abnormally favourable years before 1927-28 could not be expected to be permanent. It is not possible to keep the course of the prices of securities always rising, and it has also to be noted that it was

the exceptionally high course of the prices of securities in the quinquennium before 1927-28 which magnifies in the public eye their present decline. The applicability, indeed, of the term "slump" depends upon the length of the period which we are envisaging. Even at the present day the price of our 5 per cent. tax-free loan of 1945-55 is higher than it was up to the very prosperous year 1925. Indeed, Sir, as recently as last year a distinguished business man and publicist, speaking in another place, found it even necessary to explain away what he regarded as the very high prices of Government securities. He noted that the 3½ per cent. securities had risen then to 72 and then observed :

"What is the explanation of this? Why is it that securities in the boom period were quoted at a much lower figure than at present which is a period of depression?"

He went on to add that :

"the explanation was very simple. In those days people had confidence in industries."

What *I* mean to point out is that barely a year ago leading business men were engaged in finding explanations—not for any slump in securities, but for their extraordinary rise ; and I would also point out that there has been no material change in our financial policy since the year 1927-28 when the price of securities was at its highest. It is no use denying the recent fall in securities, but neither does it serve any useful purpose either to magnify it unduly or to attribute it to the wrong cause.

Sir, a general review of the various factors bearing upon the prices of public securities might be undertaken here with advantage in order to make the problem before us clear. The first factor to be considered is that of public credit, and as regards this we have already noted how the institution of our Debt Redemption Scheme as well as the growth of productive assets constituted important causes of the very great rise of prices of our securities since 1924-25. Unfortunately a deliberate and determined attempt has been recently made by a political party in India to damage the public credit of this country ; and that attempt has been so far successful as to raise the rate of interest which India has had to pay for the new sterling loan. Indeed, but for the skill shown in making it a loan of short maturity there might have been very serious effects on the prices of other gilt-edged securities. In these days of growing mobility of capital the effect upon investors even of the constant talk about repudiation of debt cannot be ignored ; and a very substantial portion of the blame for the drop in the prices of securities must be laid at the door of such propagandists.

Another important influence acting upon the price of Government securities is that of the shortage of capital, and such influence is exerted through the discount rate. That eminent economist, Dr. Gustav Cassel, has justly emphasised the fact that a considerable shortage of capital is at the bottom of the great financial troubles of America and of the world in the past year or two. I would invite a reference to the history of bank rates abroad during the past decade, and anyone who undertakes such a scrutiny cannot mistake the tendency to a general increase. The immediate effect of this great and general scarcity of capital is to cause a widespread rise of bank rates ; and a corollary of this latter is the fall in price of gilt-edged securities among others. This effect of the shortage has been aggravated in the case of India by the recent large export of capital from this country. On this topic there has been agreement between the official and non-official accounts, and it is certain that crores on crores of rupees have been and are being sent abroad for investment. It is very significant, too, that the prices of our securities were at their highest

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in 1927-28 and that they fell soon after. For I have already emphasised the fact that since that year there has been a financial and commercial disturbance all over the world and in almost all economic aspects.

In the third place, Sir, it is necessary to emphasise the importance of the proper control of expenditure on State enterprises like the Railways. In this respect the State competes no doubt with private industry for new available capital and in times of shortage of capital it should reduce its demand. We note here that it is the shortage of supplies of capital which is to be emphasised and not that of money as such, of which so much has been made.

In India, however, there is an important section of opinion which attributes the fall in price of securities solely or mainly to contraction of currency. I might be permitted, Sir, to point out some considerations which might show the inadequacy of this view. If indeed inflation and a copious supply of money are able to keep up the prices of public securities, how is the fact to be accounted for that the year 1920-21 which saw the maximum inflation of Indian currency also witnessed the lowest prices of Government securities? That year, which was indeed the inflationist's paradise (I mean the *local* inflationist's paradise), was absolutely the low water-mark for Government securities. So low had the value of these securities sunk then, that two Committees were appointed—at Calcutta and Bombay—to suggest special measures for the rehabilitation of Government securities, while this Council passed a Resolution on the 23rd February, 1921, recommending the Governor General in Council to ensure the early rehabilitation of those securities. It is indeed a striking example of the fact that a plethora of money is powerless to maintain the prices of such securities. There is another consideration which also shows that contraction of currency has little to do with our problem. For in spite of the contraction the call money has in general ruled low, and still the value of securities does not rise. This again reinforces my contention that the fundamental factor in our problem is not the shortage of money but shortage of capital.

Let us now examine a few of the suggestions which have been made by critics of the inflationist school. Suppose we followed their advice "to expand the currency by the purchase of rupee securities". What would be the consequences? Why, Sir, there would be only a very temporary rise in the price of the rupee securities. For the price of the Government's *sterling* securities would remain unchanged, and Indians, who might otherwise have been investors in Government's rupee securities, would send their funds to the United Kingdom to buy up the sterling securities by preference. In fact, we would be encouraging and stimulating that export of capital which is our chief trouble. And the last state of our securities would be worse than the present one.

Having thus reviewed the adverse factors to which we owe the fall in the security prices in India since 1927-28, let us see how far it is in the power of the Government to bring about the desired stabilisation, and how far that power has been utilised. Coming first to consider the most important factor in keeping up public credit—which consists of the provision for debt redemption—it is satisfactory to note that, in spite of considerable financial difficulties, there has been no raid on our Sinking Fund, and that the provision for reduction of debt has been left substantially untouched. And this although there was no lack of even classical precedents for such raids. Indeed, one

of the Chancellors of Exchequer of England went so far as to observe that "Sinking Funds were made to be raided". But in this matter so vital for our public credit, the Honourable the Finance Member has been steadfast and strong, and let us hope he will have his reward. As regards the second factor, that of capital expenditure on State enterprises, he has from the first aimed at getting it under control. We note further that the new loan programme is a comparatively small and moderate one.

I might be permitted here to make a few remarks on some of the contentions of my friend the Honourable Mr. Surput Sing. Great emphasis has been laid on the issue of floating loans. But if we take the total of long period and short period loans together, that total has been much smaller in this quinquennium than in earlier days. As regards his suggestion about conversion, I might observe that if it is to be made at strictly economic and market rates, the owners of the present securities will hardly gain anything. On the other hand, it cannot be suggested seriously that conversion should be made at such rates as would make a present of public money to the owners of securities.

Sir, I am confident that this Council will note the importance of these considerations in appraising the merits of the policy of the Government so far as it can affect the prices of its securities. It need hardly be reminded that for facts like the general shortage of capital, the rise of bank rates abroad and the prevalence of a propaganda hostile to our national credit, the Government is in no way responsible.

In conclusion, Sir, I submit that this Council will do well to follow the precedent set by its own Resolution of the 23rd February, 1921, in which it emphasised the fundamental importance of following the true policy regarding the public debt and public credit. (Applause.)

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces: Nominated Non-Official): Sir, my apology for intervening in this debate at this stage is that I had set the ball rolling in this Council by moving a similar Resolution in the year 1921. Since then much has been said and done in this connection. Several Finance Members from time to time have in clearest language propounded the policy of Government with reference to the State's financial necessities as well as to matters generally affecting and regulating that policy. Our friend the Honourable the Mover of this Resolution has, in my opinion, rendered a public service by bringing forward this Resolution again before this Council. But unfortunately he has mixed up so many financial questions which really do not affect the main issue of his Resolution, and while his long speech has dealt with several subjects which may have a bearing on the subject, yet they have absolutely no relation whatever to that policy from any point of view. I have followed his interesting speech with great attention and I have also at the same time followed the very learned and—I would call it—scholarly or academic discussion or dissertation on the subject from my friend Sir Jahangir Coyajee, but I propose to deal with this great question from the point of view of a practical financier. So far as I have been able to understand the speech of the Honourable the Mover of this Resolution, if I divest his speech of the other extraneous circumstances to which he has referred, his main charge against Government is of a three-fold character. The first charge is regarding the indiscriminate borrowings of the Government of India; the second charge is that they are borrowing for the benefit of Great Britain; the third charge is the heavy rates of interest paid, and, fourthly, the absolute necessity

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for long term loans and his sweeping condemnation of short loans floated by Government. I believe I have correctly understood all the main points of my Honourable friend's arguments.

Now, Sir, as regards the borrowing policy of Government, so much has been said and every Finance Member has every year spoken about it that I shall not trouble the Council except with a few remarks. The borrowing policy of Government, it must be distinctly understood, cannot be an inflexible or invariable one. It cannot out of necessity be one which should always be regularly and religiously followed. The borrowing policy every year is actuated by a variety of factors. It is the Government's requirements. The first cardinal rule in the matter of the borrowing policy is the extent and volume of financial requirements for that particular year and how those requirements are to be met. Now, Sir, as Honourable Members of this Council are fully aware, in the past and especially since the war, our borrowings have been mainly for meeting the capital expenditure programme. And that capital expenditure programme I may say mainly refers to railways and to irrigation. Secondly, the borrowing is necessitated by the earlier loans maturing and the Government has to find money for the liquidation of those loans. So every year the circumstances vary. One year's circumstances are no guide for another year. It really depends on the monetary situation not alone in India but in the whole world. In laying the blame entirely at the door of the Government of India my Honourable friend has overlooked the fact that this phenomenon has not been restricted to India alone. The same situation has prevailed in all the European countries and even in America. I was sorry to see that no allusion was made to that in the able speech of my Honourable friend. Take, for instance, Germany. You are all aware of the history of the German mark, and you are aware of the history of the French franc. You are aware of the circumstances under which both France and Italy stabilised their currency after the war. This is not therefore a feature peculiar to this country only; it is a feature which has been common to all the European countries of the world as well as to the big Eastern countries like Japan and China and others. Now, Sir, as regards the borrowing policy. I think I must say that the borrowing policy of the Government of India has been a very wise one. They have every time endeavoured to get money as far as possible by raising a rupee loan, but when they have found that circumstances in this country are such that a rupee loan is not possible, then they out of necessity have had to go to Great Britain to obtain a loan. I have steadily followed the financial policy in the matter of our borrowings for the last few years with considerable interest, and I do honestly state before this Council that there is absolutely no ground for finding any complaint with the borrowing policy of the Government. Of course I admit that the Government have had to pay at times a high rate of interest. When the 7 per cent. sterling loan was floated in England two years ago there was a great hue and cry in this country that the Government had floated that loan in the interests of Great Britain. Again, in the last loan floated only two months ago they have had to pay practically 6½ per cent. and will have to pay 7 per cent. if it is continued for an additional year. That is very significant. But there is an explanation for it and I do not think my friend is justified in stating that this was floated for *the purpose* of enriching Great Britain. I will just briefly examine the special features of that last loan floated in the month of January in England. It is a short term loan of two years with the option of extending for a further period of one year. It is to be repaid at 101 in two or three years' time. The loan

bears interest at 6 per cent. actually yielding the holder 6½ per cent. If it is extended for a further year it will give a dividend of 7 per cent. Now what were the circumstances immediately preceding that loan ? My friend has conveniently forgotten to say that the Government had to find money in England on account of certain currency and exchange difficulties and it was thought more prudent and reasonable to borrow money in England than to remit money from India. And what were the further exceptional circumstances ? At the Lahore Congress, which my friend has apparently forgotten, the President announced and the whole Congress concurred that there should be a repudiation of India's debts contracted by the present Government. That was the position when this high rate of interest was offered. Had it not been for the timely letter and warning which the Secretary of State for India published, the position would have been critical and probably India would have lost its credit in the money markets of the world. Fortunately, Sir Arthur Hirtzel took the opportunity of announcing to a correspondent an important fact by publication in newspapers. He said :

"The Secretary of State cannot undertake to deal with hypothetical contingencies, but at the same time, in view of the tenour of your letter, I am directed by him to say that His Majesty's present Government has no intention of allowing the state of things to arise in India in which the repudiation of debt could become a practial possibility, and that it is inconceivable to him that in dealing with any scheme of constitutional change in India Parliament could fail to provide for safeguards, should they be needed, against any breach of the conditions under which these loans have been issued."

This announcement was a God-send one. What was the result ? The result was that within a fortnight of that statement appearing in the Press, the loan was taken up in England and was subscribed seven times over, and it saved the credit of India. My friend ascribes this sort of policy, a proper and wise policy, to the desire to enrich Great Britain at the expense of India. Now there is absolutely no logic and sense in my humble opinion in an argument of this kind. It is prejudicial to the interests of this country. Fortunately for my purpose, the Honourable the Mover referred to a very important fact in his speech. He said in the last 20 years there have been—he gave the figures—934 crores worth of treasure imported into India. But where is all that money ? Why are we not instead of burying that money, investing it in Government securities ? It would immediately bring down the rate of interest. It would make money available in this country and it would solve all the financial difficulties of the Governmert of India.

Now another point which has been raised by my Honourable friend in this connection is this. He asked why does not the Government of India restrict its borrowings ? The Government of India does to a certain extent restrict its borrowings. The reason why securities went up in 1927-28 was because the capital programme was met from our reserves and not by fresh borrowings. It is only natural when you go in for fresh borrowings that the rate of interest must rise. But when you have money to meet your capital programme the rate of interest will not increase. Further, in this connection you have also to bear in mind that the old loans are maturing and we have to meet those loans as they mature from time to time and we have to find new money. Even this year what is the borrowing programme ? We are only going to borrow 7 crores of new money. The rest is all required for conversion purposes, for payment of an earlier loan which becomes due ; and therefore it is not a practicable proposition for the Government of India to restrict their borrowing policy. As I said, it must come according to the exigencies of the time.

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One great thing in these matters is the financial credit. The financial prosperity of every country in the world must depend on the maintenance of its external credit and that financial credit has its solid foundation on nothing else but a determination to meet one's national obligations and all contractual obligations. Repudiation is a foolish talk. Things like that will destroy the credit of this country. India stands to-day eminently high in the borrowing markets of London. It stands, as the Finance Member last year remarked, in a privileged position in the monetary markets of London on account of its solidarity. We do not want to follow the case of Russia. What is happening in Russia to-day? They want money; nobody would give it to them. I will just read to you a passage, a very interesting passage, from the latest book, "The Riddle of Russia", written by one of the most eminent of Englishmen, Mr. Ashmead-Bartlett. Referring to this—it is very pertinent to this policy—he says:

"Litvinov, like all other Russian leaders, was obsessed with the desire for a renewal of relations with England and the United States. It appears that the first half of his wish is now likely to be fulfilled. He was also very keen on attracting foreign capital to Russia, but he would never admit that some settlement of the old debt must be a *condition precedent* to any fresh deal."

Russia had after the war repudiated her national debt.

"The Bolshevists have a curious psychology. They cannot understand why foreign countries are not anxious to lend them money, or why they regard a liquidation of the old debt as an essential earnest of good faith. They invariably reply: 'We have nothing to do with the old debt. It was a Tzarist obligation. We have done away with the Tzar. But as an act of grace, if you lend us money we might be prepared to come to some arrangement for a part payment, say up to twenty per cent'."

This sort of mentality has been the ruin, the financial ruin of Russia and it is a practical illustration which this Council has before itself. Yet the irresponsible leaders of the Congress are asking this country to adopt a policy of wholesale repudiation as if that policy is going to help this country.

Sir, I will not detain the Council much longer. I have only dealt with some of the practical features as the time at my disposal does not permit me to deal with many important matters to which my Honourable friend the Mover of the Resolution has referred. But I would recommend to the Council to adopt Sir Jahangir Coyajee's amendment and I would also appeal to my Honourable friend the Mover to adopt Sir Jahangir Coyajee's amendment as the best, the safest and the easiest solution of a grave financial problem. Even that amendment is superfluous because the Government of India have been scrupulously following that policy all these years: but as this matter has been brought to the notice of this Council, I trust the amendment of Sir Jahangir Coyajee, which to my mind appears to be the safest solution of this question, will be accepted. (Applause.)

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab: Non-Muhammadan): Sir, being a layman and not an economist, I should like to make a few observations on the Resolution in its amended form. It is a fact that Government securities have been constantly going down in value. Although stability was promised to us by the Government, so far Government have not succeeded in this object. In my view, Sir,—and it is also the view of our Council economist, the Honourable Sir Jahangir Coyajee,—the reason for the fall in the price of securities is the lack of capital, as money cannot be had at a cheap rate of interest. I should like the Honourable the Finance Secretary to explain what was the object of the Government in forcing up the bank

rate some time back. Whenever the bank rate is raised, naturally the securities do fall. Sir, the sale of Reverse Councils, Treasury Bills, the contraction of currency, the exchange and currency policy, forcing up the bank rate and the postal cash certificates and unemployment have been instrumental in bringing down the securities. The rate offered to the public by Treasury Bills and by postal cash certificates being higher than the ordinary rate of interest on other securities, naturally brings down the value of such securities. As far as the effect of the hostile propaganda in the form of repudiation of debts is concerned, I do not attach much value to it. After all the position of a sound firm or of a sound Government cannot be affected by stray rumours. The world and the people realise what the position of the Government is and a resolution simply repudiating the national debt by a political body of extreme views cannot be of much practical value to the investing public. The recent Government loan having been subscribed seven times over is a proof of it. The Honourable Sir Jahangir Coyajee has also referred to the export of capital as being one of the causes in this connection. I had a talk on this subject with some Indian financiers of late. One of them, who has got very big investments in foreign countries, said that when the financial, currency and exchange policy of the Government of India was unfavourable as it is now he had no other alternative but to go and invest his money outside India. A similar opinion was expressed by another banker who told me that certain legislative enactments and executive measures stood in the way of legitimate banking. He cited the Land Alienation Acts, Regulation of Accounts and the Money-lenders Acts and many other similar measures which have resulted in forcing down the securities and increasing the bank rate. As regards import into the country of 934 crores worth of silver, I can say that those who imported that silver during the last few years.....(*The Honourable Sir Maneckji Dadabhoy :* "Treasure, not silver").....must have realised that that treasure had not given them a good return. I would request the Government to see that stability is established in the prices of Government securities. The people who invested their money in silver have lost about 50 per cent. and the people who invested their money in Government securities some time back have also lost about 40 per cent. That should not be the condition of the Government securities, the so-called gilt-edged securities. The people in rural areas who are not economists and who do not understand the financial policy of Government consider that investments in these days are not safe. When they are not safe in Government paper they are safe nowhere. This is the reason, Sir, why the people refrain from investing money to the same extent in Government Securities as they were investing them before. Also there is another cause, *i.e.*, India is getting poorer every year and the money at the disposal of trade and finance is getting less. International control of the purchase and sale of silver may be probably helpful.

THE HONOURABLE SIR ARTHUR McWATTERS (Finance Secretary): Sir, I think it would be convenient for the House if at this stage I rose to indicate to the House the attitude of Government towards the Resolution and the amendment. I should like to say, in the first place, that I have very cordially welcomed the Honourable Mover's Resolution, not only because it raises a subject of great importance and at the present moment extremely opportune, but also because it has given us an opportunity of hearing several extremely interesting speeches, particularly that of my Honourable friend, Sir Maneckji Dadabhoy and my Honourable friend, Sir Jahangir Coyajee ; and also I welcome it more particularly because it gives us an opportunity to bring into prominence certain important principles which arise in connection with the

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present Budget and therefore are very much before the Legislature at this moment.

Now, Sir, so far as I understand the intention which lies behind the Honourable Mover's Resolution, I have nothing whatever to say against it. The Honourable Mover, like all of us, desires that we should secure our Government securities from depreciation. And if I prefer the amendment of my Honourable friend it is solely because I consider that the Resolution as worded is likely to give a misleading impression. I think that it might be misleading to the public because it lays emphasis too much on measures rather than on the general direction of financial policy. I think it might lead people to suppose that there is some short cut towards stabilising and improving your securities. Whereas there is no short cut. It is a road that "winds up-hill all the way,"—my Honourable friend, Sir Jahangir Coyajee likes a quotation. And I think that it is because the amendment lays the right emphasis on the matter that I prefer it. The amendment emphasises that it is a question of the direction of financial policy, not a question of measures. It emphasises that it is a question of credit, of creating confidence both in India and outside. And therefore I consider the House would be well advised to accept this amendment.

The Honourable the Mover complained of an answer which I gave in the House the other day referring him to a certain passage in the Honourable the Finance Member's speech on this subject and he said that it was off the point. There, Sir, I entirely disagree with him. I agree that the Honourable the Finance Member did not go over past history, but he was dealing with the matter as Sir Maneckji Dadabhoy did this morning as a practical question of the present day and I think that if the Honourable Member had studied the paragraph a little more closely he would have avoided one or two mistakes; also, if I may say so, if my Honourable friend, Lala Ram Saran Das, had studied that paragraph, he would have avoided one mistake. He said that Government securities had continuously depreciated. The Honourable the Finance Member gave figures from the year 1923 to February, 1930 of two representative Indian loans—the 3½ per cent. paper, that is non-terminable, in which there are 120 crores outstanding, and the 1945-55 income-tax free loan, which is the most important of our terminable loans, of which there are nearly 60 crores outstanding. Now, Sir, it is perfectly true that from the year 1927 to the present time, there has been a depreciation in the 1945-55 loan of 7 points—from 107·2 down to 100. But if we take the figure for 1923, we find that the loan was standing at Rs. 89·8. In other words, comparing the 1923 and 1930 figures, there has on the whole been an appreciation of Rs. 10-8·0 up to the present. And it is the same with the 3½ per cent. The difference in percentages between 1923 and the present day is much the same.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: What about the 3 per cent. ?

THE HONOURABLE SIR ARTHUR McWATTERS: I have not got the figures of the 3 per cent. with me, but I expect it shows a similar curve.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: It is practically unsaleable at the present day.

THE HONOURABLE SIR ARTHUR McWATTERS: It is a much smaller loan than the 3½ per cent. and has a more restricted market. Well, Sir, the

Honourable the Finance Member went on to show the main reason why the peak which was reached in 1927 was a peak which could not be maintained. Looking back on it now it is clear that the effect of the very large capital programme which had been embarked on, particularly for Railways, must have been such as to bring the rate down from a rate which after all was considerably under 5 per cent.—it was a rate of interest which I believe was slightly better than that which the United Kingdom were giving at the same moment and it was a rate which it was almost impossible to maintain. But what we look forward to and what we hope is not a spectacular rise but a steady appreciation, and that I maintain is far healthier than a sudden jump to a point which you can hardly hope to hold permanently.

Now, Sir, I do not propose to follow the Honourable Mover of this Resolution into his general criticism of Government's financial policy dating back for many years including Reverse Councils, and so on. But I do want to call attention to certain very practical points. One which was emphasised by the Mover of the amendment is the limitations which are imposed by facts upon Government in this matter. There is one field, the financial field, in which the Government have control—the whole of the budgetary field. Now, so far as the Government can and should produce a balanced budget, enforce economy, restrict their capital borrowing within the limits of their credit, Government can exercise an influence on its own securities. In other words, it rests with it, so far as the Budget is concerned, both the revenue Budget and the capital programme, it rests with it to ensure that there is no depreciation of its credit. I maintain that in the Budget which is now before the country, Government have done their best to ensure all these points. In the first place, as regards expenditure, we have honestly tried to exclude from the Budget any expenditure of a non-essential or unproductive kind. And even in the case of essential and productive expenditure, we have tried to make corresponding economies even before we admitted these items into the Budget. In the second place, as regards our capital expenditure, we have put on the brake very strongly over railway expenditure. It was, I think, extremely useful and necessary in past years to spend very large sums on the rehabilitation of the Railways after the War, but the time has now come, I think, when we are entitled to look for some results from the heavy expenditure which we have incurred, and we are entitled to go a little slower although we have provided a fairly substantial sum.

And this brings me on to the point in the speech of the Honourable Mover in which he suggested that we should have no borrowings at all. There I entirely disagree with him. I think that it will be fatal to the country to take up the line that because things are difficult, therefore we will not borrow even for productive and useful purposes. The policy of the Government of India has always been extremely conservative, but they have not hesitated to borrow and to build up by means of borrowing the very strong and substantial assets which they hold in Railways, Irrigation works, and so on. It will be a fatal policy to say that because times are difficult, therefore we will do nothing. At the same time, I entirely agree with the Mover that we should not strain our credit and that we should restrict our borrowings well within the limits of our credit. I maintain that in the loan which we are proposing this year, which includes only 7·4 crores of new money, we are not overstraining our credit. We have of course also to meet the bonds which are maturing this year, but after all, that is money which is coming back to the market.

That, Sir, covers the main field in which the Government has control. I should like at this point to refer to one matter which may be of some interest

[Sir Arthur McWatters.]

to Honourable Members, and that is, the special means which we adopt for keeping up the value of certain of our securities. Honourable Members may know that connected with every one of our recent 5% long term loans—the 1929-47 loan, the 1945-55 income-tax free loan, and last year's loan of 1939-44—we have established sinking funds, that is to say, we set aside every year 1½ per cent. of the value of the loan outstanding in the form of a fund. That fund is utilised in the course of the year for buying up securities if the price drops below the issue price. At the end of the year, if that fund has not been used up, it is invested and we have at the present moment investments of nearly 7 crores in those three sinking funds, and at the end of the next year, including the provision we are making in the Budget, we should have over 8 crores. That, I think, should reassure Honourable Members who may feel any doubt about the ability of those long-term loans to maintain their price. Incidentally, last year's loan has also a special feature which enables it to be accepted for subscription to future long term loans at its issue price. Therefore, I do not think that there need be much anxiety about that loan falling below the issue price.

In addition to these three loans which now aggregate a total of 110 crores, there are 98 crores of short-term bonds which will mature fairly soon and these are naturally kept up to their present value by the fact that they will shortly be redeemed. Therefore, for over 200 crores of our Indian securities, we have a system in force already which should prove adequate to keep them from serious depreciation. But the main means of securing that our loans will not depreciate is of course the establishment of our credit by a sound financial policy, and though it would be foolish to draw any inferences from market quotations and operations of a few days only, it is nevertheless noticeable that even since the publication of the Budget there has been some appreciation in Government securities. The 3½ per cent. loan which was standing on the 20th February at Rs. 64-1-0 is now nearly at 66. This shows what business men and the Stock Exchange think of the Budget.

That is one field in which Government has power to influence its credit. But there is another wide field, financial too, in which they have not the same power, and that is the field governed by international monetary conditions. We are not arbiters of our own fate there. We are to a great extent carried along by the current of things outside and it is impossible that India, situated as she is, should be able to stand outside the course of world events. As a matter of fact, the Honourable Sir Jahangir Coyajee has said that you find the same sort of results in connection with Government securities appearing everywhere. The 3½ per cent. British loan in 1927 was also standing at 77 but it is now down to 72½. The whole world is striving against conditions very much the same. We are in a period of falling prices, currency is coming back to us, and it is natural that the Government of India, which unfortunately has to exercise the double role not only of Government but of currency authority and is also the biggest remitter in the market and therefore is responsible not only for the maintenance of the statutory exchange but of sending to England the requirements for our sterling expenditure—it is natural that Government has at times to take action which must appear to the public to be detrimental to its own securities and that is really the answer to my Honourable friend Rai Bahadur Lala Ram Saran Das's question why the bank rate was raised at a time when money was quite cheap in the local market. It is essential for us as currency authority and with our obligations for remittances to the Secretary of State at times to take such action as the Honourable Sir Maneckji Dadabhoy recognised very handsomely in his Budget speech.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: The impression among the public is that the rate was forced to keep up the 1*s.* 6*d.* artificial exchange ratio.

THE HONOURABLE SIR ARTHUR McWATTERS: I will not enter into controversy over the ratio to-day because I maintain that this Resolution is a non-controversial one altogether. I am merely pointing out the limits of Government's power to take action.

Now, there is a third field in which Government's power is still more limited, and that is of course the political. In this House it is quite unnecessary for me to say anything about the absurd policy of unconstitutional action and the repudiation of debts. Every Member of this House discountenances such action. But the fact remains that the announcement of that policy has had an immediate and very detrimental effect. It had an immediate effect upon our credit in London, as the Honourable Sir Maneckji Dadabhoy pointed out.

THE HONOURABLE MR. G. S. KHAPARDE (Berar Representative): This policy was first announced in the Congress at Gaya years ago. It was only repeated this time.

THE HONOURABLE SIR ARTHUR McWATTERS: It has attracted very much more attention now than it did before. It has been taken seriously, coming in connection, as it does, with other important constitutional developments. The result has been that there is a disparity now between the value of Government sterling securities and rupee securities. That is an embarrassing position because it encourages capital to leave India.

That, Sir, is all I have to say. Holding the views I do, it is clear that I obviously must prefer the amendment to the Resolution, because the amendment recognizes the real position. It emphasises that it is a question of continuity of financial policy and that it is a question of maintaining credit. Sir, I accept the amendment.

THE HONOURABLE MR. SURPUT SING: Sir, I am glad that the Honourable the Finance Secretary should on behalf of the Government have entertained and welcomed the necessity of the Resolution, though in another form. Although my object cannot be entirely fulfilled, on taking the sense of the House I beg to accept the amendment which will help my object to some extent.

THE HONOURABLE THE PRESIDENT: The original question was:

"That the following Resolution be adopted:

'This Council recommends to the Governor General in Council to take measures to prevent any further slump in Government securities'."

Since which an amendment has been moved:

"That for the words 'to take measures to prevent any further slump in Government securities' the following words be substituted, namely:

'that in shaping their financial policy they should give due weight to the importance of keeping the credit of the Government of India on a high level and of maintaining stability in the market for Government securities'."

The question I have to put is that that amendment be made.

The motion was adopted.

THE HONOURABLE THE PRESIDENT: The question then is:

"That the Resolution, as amended, be adopted."

The motion was adopted.

The Honourable the President then called the Honourable Sir Pheroze Sethna, in whose name the next Resolution* stood, but the Honourable Member was not present.

The Council then adjourned till Eleven of the Clock on Wednesday, the 12th March, 1930.

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*"This Council recommends to the Governor General in Council that if the work of mural decorations already done by Indian artists and present students of Indian Art Schools in the Secretariat building at New Delhi is satisfactory, then their services 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 now approaching completion in London."

COUNCIL OF STATE.

Wednesday, 12th March, 1930.

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

QUESTIONS AND ANSWERS.

ARMY IN INDIA RESERVE OF OFFICERS.

64. THE HONOURABLE MR. NARAYAN PRASAD ASTHANA: (*a*) Will Government be pleased to state whether *ex*-officers of the Indian Territorial Force who did not fulfil their engagement with that force and resigned before their term are eligible to join the Army in India Reserve of Officers as *ex*-officials or private gentlemen under rule 5(*i*) of the Regulations for the Army in India Reserve of Officers in any category ?

(*b*) If the reply be in the affirmative, will Government be pleased to state the number and qualifications of such *ex*-officers who have been allowed to join ?

(*c*) Has any educational standard been fixed for *ex*-officers or private gentlemen joining the Reserve of Officers ?

(*d*) Do the same rules apply to the *ex*-officers of the Indian Auxiliary Force who did not fulfil their engagement ? If not, why has this distinction been made ?

(*e*) How many *ex*-officers of the Indian Auxiliary Force who did not fulfil their engagement have been allowed to join the Army in India Reserve of Officers and what were their qualifications ?

(*f*) Have the officers of the Indian Territorial Force who did not fulfil their engagement been asked to rejoin that Force with the rank of a Jemadar only in order to qualify for the Army in India Reserve of Officers ? Has the same been done with similar *ex*-officers of the Indian Auxiliary Force ? If not, why not ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: (*a*) Yes, Sir. Although no mention is made of Indian Territorial Force officers in rule 5 (*i*) (*a*) itself, it will be clear to my Honourable friend from rule 7 (*b*) that the officers to whom he refers are eligible for commissions in the Army in India Reserve of Officers.

(*b*) Some officers have been granted commissions in the Army in India Reserve of Officers. To ascertain the exact number, and their individual qualifications would involve an expenditure of time and trouble which I think would be disproportionate to the result.

(*c*) No standard is fixed but a reasonable amount of education and military experience is required.

(*d*) No, Sir, officers of the Auxiliary Force do not engage to serve for a fixed period.

(*e*) Does not arise.

(*f*) Some *ex*-officers of the Indian Territorial Force have been advised by the military authorities to rejoin the Force in order to gain further military experience and so qualify themselves for the grant of commissions in the Reserve. I am not aware that the same has been done with *ex*-officers of the Auxiliary Force (India), but no such officers are taken into the Reserve unless they have had sufficient military experience.

PAY AND PROSPECTS OF MILITARY SUB-ASSISTANT SURGEONS.

65. THE HONOURABLE MR. NARAYAN PRASAD ASTHANA: (*a*) Has Government received any representation from military Sub-Assistant Surgeons regarding increase in their pay and prospects of promotion? If so, what orders have been passed thereon?

(*b*) What are the present rates of pay of military Sub-Assistant Surgeons, their numbers in each grade with their rank in the military force?

(*c*) Is their pay equal in scale to that of the civil Sub-Assistant Surgeons?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: (*a*) No, Sir.

(*b*) The Honourable Member is referred to paragraph 65 of Pay and Allowance Regulations, Part I, and pages 828 to 845 of the Indian Army List for January, 1930.

(*c*) The rates of pay of civil Sub-Assistant Surgeons vary in the different provinces and are slightly lower than those of military Sub-Assistant Surgeons.

NUMBER OF LOCOMOTIVES OF THE XC CLASS AND XG CLASS PURCHASED FOR THE NORTH WESTERN RAILWAY.

66. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: (*a*) Will Government kindly state how many locomotive engines of the XC class and how many of the XG class have been purchased for the North Western Railway and what has been the cost of each of these locomotives?

(*b*) On what sections of the North Western Railway are these locomotives in use and what is their average daily run?

(*c*) Are all of these locomotives not being fully used owing to want of proper track and bridges?

(*d*) If the reply to (*c*) is in the affirmative what time will it take to render the track and bridges fit for the use of these heavy locomotives?

THE HONOURABLE MR. J. A. WOODHEAD: (*a*) Two XC locomotives costing Rs. 1,24,000 each and 3 XG locomotives costing Rs. 1,42,000 each.

(*b*) The XC locomotives run between Lahore and Rawalpindi with an average daily run of 180 miles. The XG locomotives, which are specially designed for heavy shunting, are used in the Lahore goods yard and have an average daily mileage of 100.

(*c*) No.

(*d*) Does not arise.

PURCHASE OF SLEEPERS FOR THE STATE RAILWAYS.

67. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: (*a*) Will Government kindly state the total estimated requirements and cost in the year 1930-31 of each class of sleepers of various kinds for the State Railways?

(*b*) What has been the cost of each kind of sleepers referred to in the statement placed on the table of the Council on the 28th February, 1930, in connection with my question No. 57 asked that day?

THE HONOURABLE MR. J. A. WOODHEAD: I lay on the table a statement showing (*a*) the estimated requirements and cost of each class of sleepers for the year 1930-31 and (*b*) the cost of each kind of sleepers referred to in the answer given to question No. 57, dated 28th February.

Statement.

(*a*)

	Broad Gauge.	Price.	Metre Gauge.	Price.
		Rs. a. p.		Rs. a. p.
(*a*) Sal sleepers	7,50,280	8 4 0 to 7 8 0	5,28,750	3 2 0
(*b*) Deodar sleepers	5,17,500	6 8 0	1,33,000	2 9 0 to 2 11 0
(*c*) Teak and other wooden sleepers from South India	1,04,707	8 0 0 to 10 0 0	2,21,941	4 4 0
(*d*) Fir and Chir	6,36,000	3 4 0 to 3 8 0	*Nil*	
(*e*) Jarrah	*Nil*		*Nil*	
(*f*) Cast iron pot plates and other metal	3,06,000		Tenders to be called for.	
(*g*) Steel	*Nil*		*Nil*	
(*h*) Reinforced concrete	*Nil*		*Nil*	
	(*b*)			
(*a*) Sal	..	8 4 0 to 7 8 0	..	3 2 0
(*b*) Deodar	..	6 8 0	..	2 9 0 to 2 11 0
(*c*) Teak	..	8 0 0 to 10 0 0	...	4 0 0
(*d*) Fir and Chir	..	3 4 0 to 3 8 0	..	*Nil*
(*f*) Cast iron	..	8 8 0 to 9 8 0	..	*Nil*
(*g*) Steel	..	10 0 0	..	*Nil*

Note.—Information regarding metal sleepers relates to the State-managed railways only.

PURCHASE OF SLEEPERS FOR THE INDIAN RAILWAYS.

68. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Will Government kindly state in what year the Indian Railways have purchased the largest number of Indian wooden sleepers of various kinds, and what is the largest number of such sleepers delivered during any year? What has been the total number and cost of each kind of such sleepers?

THE HONOURABLE MR. J. A. WOODHEAD: Government are doubtful whether, even after the most laborious investigation, this information would be procurable, and regret that they are not prepared to undertake such an investigation.

CONVERSION OF THE EXPRESS RUNNING BETWEEN LAHORE AND HOWRAH *via* BHATINDA, DELHI AND AGRA INTO A SLOW TRAIN ON THE NORTH WESTERN RAILWAY.

69. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Will Government kindly state whether from 1st March, 1930, the fast Express train running between Lahore and Howrah *via* Bhatinda, Delhi and Agra has been converted into a slow train on the North Western Railway, and, if so, whether this has been done as a result of a new policy? Does Government intend to restore the previous fast speed of this train and, if so, when?

THE HONOURABLE MR. J. A. WOODHEAD: The train in question has, from 1st March, 1930, been converted into a slow train between Lahore and Delhi. It is not possible for Government to take any part in the preparation of time-tables, but I will have a copy of the Honourable Member's question and of this answer sent to the Agent of the North Western Railway so that he may consider the point raised.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Are the fast trains being converted into slow trains as a matter of new railway policy? That was my question, and not the time-tables.

THE HONOURABLE MR. J. A. WOODHEAD: I am afraid I must ask for notice of that question.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Notice has already been given, Sir. It is already embodied in my question.

TOTAL VALUE OF STORES PURCHASED FOR THE STATE RAILWAYS IN THE YEARS 1928-29 AND 1929-30 FOR WORKS ABANDONED.

70. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: (*a*) Will Government kindly state what is the total value of stores purchased for the State Railways in the years 1928-29 and 1929 30 for works which have been abandoned?

(*b*) When and how does Government intend to utilise these stores?

THE HONOURABLE MR. J. A. WOODHEAD: (*a*) and (*b*). Government are not aware that any works actually in progress have been abandoned. The position is that owing to a shortage of funds for capital expenditure certain

works in progress, such as the Lyallpur-Chamanwala and Batala-Beas branches are being, not abandoned, but held in abeyance. Any stores ordered (for example, sleepers or rails for the two branches mentioned) will be utilised on other works which are not being held in abeyance.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: What about the works not in progress ? My question covers both.

THE HONOURABLE THE PRESIDENT: The Honourable Member is not quite accurate in saying that his question covers both. His question relates to works that have been abandoned.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Sir, my question covers both works in progress and works not in progress, which have been abandoned, and so I want detailed information.

THE HONOURABLE MR. J. A. WOODHEAD: Sir, I presume that for works which have not been started no stores have been purchased.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Will the Honourable Member enquire and be definite ?

MAIL SERVICE BETWEEN PATHANKOT AND DALHOUSIE.

71. **THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS:** (*a*) Will Government kindly state whether two mail services have been re-introduced between Pathankot and Dalhousie during this year for the summer season, if so, from what date ?

(*b*) What was the cost of carriage of such mails last year and what will be the cost under the new contract ? With what firms has the contract been placed ?

THE HONOURABLE MR. J. A. SHILLIDY: (*a*) A second down despatch for the summer season between Pathankot and Dalhousie will be introduced from the 15th April this year.

(*b*) The proportionate cost for the conveyance of mails last year was Rs. 2,027-10-8 a month. Under the new contract, given as a result of competitive tenders, to Messrs. Narain Das and Company, Automobile Engineers, Lahore, the cost will be Rs. 1,500 a month.

TELEPHONE SYSTEM FOR DHARMSALA.

72. **THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS:** Will Government kindly state whether Dharmsala will have a telephone system and, if so, when it will be connected with the Lahore trunk line ?

THE HONOURABLE MR. J. A. SHILLIDY: There has been no demand from the general public direct for a telephone system at Dharmsala; but a suggestion was received from the Deputy Commissioner that a Telephone Exchange System should be established in that station, but as a sufficient

number of subscribers to the proposed exchange could not be secured, the matter was dropped ; no such proposal is, therefore, now under consideration. The question of providing trunk facilities from Dharmsala to Lahore could only be considered after a telephone system had been established at Dharmsala.

CLEARANCE OF LETTER BOXES IN ALL BIG CITIES BY CYCLE PEONS.

73. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: (*a*) Are letter boxes in all big cities cleared by cycle peons ?

(*b*) If not, when does Government intend to provide cycle peons for the clearance of letter boxes in all big cities ?

THE HONOURABLE MR. J. A. SHILLIDY: (*a*) No. All letter boxes in big cities are not cleared by cycle peons. The issue of bicycles is limited to cases where clearances are really expedited thereby.

(*b*) Government do not propose to consider the wholesale provision of bicycles for peons to permit of collections from letter boxes in large cities. The cost of their provision would be prohibitive and Government are satisfied that it is not really necessary.

ELECTIONS TO THE STANDING COMMITTEE ON ROADS.

THE HONOURABLE THE PRESIDENT : In connection with the election of three Members of the Council to serve on the Standing Committee on Roads, four nominations have been received, namely,

the Honourable Mr. Mahmood Suhrawardy,

the Honourable Mr. Surput Sing,

the Honourable Rai Bahadur Lala Ram Saran Das, and

the Honourable Saiyed Mohamed Padshah Sahib Bahadur.

There will, therefore, be an election at the close of other business this morning. The election will take the form of a straight ballot.

CANTONMENTS (HOUSE-ACCOMMODATION AMENDMENT) BILL.

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : Sir, I beg to move that the Bill further to amend the Cantonments (House-Accommodation) Act, 1923, for certain purposes, as passed by the Legislative Assembly, be taken into consideration.

I might explain, Sir, that this Bill is of an entirely non-contentious nature and the purposes, as set forth in the Statement of Objects and Reasons, are to remove certain defects which have disclosed themselves in the working of the Act during the past five years and to render it a more useful and acceptable measure to the military authorities as well as the house owners. The principal reform proposed is to provide for a reference to the Court of the District Judge, with an appeal to the High Court, on questions of the amount of rent to be paid or repairs to be done. Under the existing Act, disputes on these subjects can only be settled by a committee of arbitration—a cumbrous procedure which

has led to great delay in many cases. Other minor improvements are stated in the Notes on Clauses accompanying the Bill. Clause 6, referred to in the Notes, is no longer a part of the Bill, having been omitted by the Legislative Assembly. Although Government still consider the amendments proposed in that clause would have been useful, the occasions on which they would be required might not often occur and we do not therefore think it necessary to restore the clause at present. I might mention that in Peshawar, where I think possibly Members of this House are aware we have had great difficulties as regards house accommodation, the problem of housing officers was very acute indeed and some of the defects of the existing Act were prominently brought to light. We have managed, therefore, partly by special expenditure on new buildings and partly by arrangement with the house owners, considerably to improve the situation without recourse either to appropriation under the existing Act or to Government's ultimate powers of resumption. There are, however, many other cantonments as we think, in which the provision of a simpler and more easily workable House Accommodation Act will benefit all concerned.

Sir, I move.

The motion was adopted.

Clauses 2 to 9 were added to the Bill.

Clauses 10 to 16 were added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: Sir, I move that the Bill, as passed by the Legislative Assembly, be passed.

The motion was adopted.

INSOLVENCY LAW (AMENDMENT) BILL.

THE HONOURABLE SIR LANCELOT GRAHAM (Secretary, Legislative Department): Sir, I move that the Bill to amend the law relating to insolvency, for certain purposes, as passed by the Legislative Assembly, be taken into consideration.

This Bill, Sir, deals with three points of insolvency law and it aims at repairing or improving the procedure in three respects, and firstly under the Presidency Towns Insolvency Act to provide for the appointment of a Deputy Official Assignee who shall have all the powers of an Official Assignee. The purpose of this appointment, I think, must be obvious, Sir, and it is that the insolvency work of the High Courts continues to increase and the necessity of affording relief to Official Assignees has consequently arisen. The next point, Sir, is the amendment of section 18 of the Presidency Towns Insolvency Act by adding a new section 18-A and the reason for this is that it has been held that the provisions of section 18 do not extend to staying insolvency proceedings which may have been launched under the Provincial Insolvency Act in a subordinate court, that is to say, in a court subordinate to the High Court. It is

[Sir Lancelot Graham.]

obviously desirable that it should not be possible for insolvency proceedings to be launched in a court which is eminently convenient to the debtor and eminently inconvenient to the creditor and that we find is what has been happening. As the Notes on Clauses say :

"The object in giving this power to the High Court is to put an end to what is described as a common practice, whereby debtors, who have carried on business in Calcutta, retire to some part of the province sufficiently remote and get an accommodating creditor to present a petition in insolvency against them in a District Court. This is done with the object of discouraging Calcutta creditors from prosecuting their claims or securing a searching investigation of the debtor's conduct and affairs."

The sort of investigation which is likely to take place when the proceedings are conducted in the High Court. That, Sir, is the object of the second amendment of this Bill. The third amendment, which is an amendment in the Provincial Insolvency Law, is to clarify a point which has been the subject of conflicting decisions in section 53 as to the date back, that is to say, what is called the date of relation back in the matter of avoidance of voluntary transfers. That again, Sir, I think, is sufficiently plainly put in the Notes on Clauses. There has been a difference of opinion in judicial decision as to whether the starting point for the calculation of the two years allowed by section 53 is the date of the presentation or the date of the order of adjudication. I think there is no doubt as to which it should be from the point of view of preventing dishonesty, that is to say, you must have a fixed date and that date should be the date of the presentation of the petition. But as there has been this conflict of decisions it is necessary to make the amendment with a view to clarifying the law. For that purpose, Sir, we propose to put in the words "on a petition presented" after the words "shall if the transferor is adjudged insolvent". The whole section as amended will then read as follows :

"Any transfer of property not being a transfer made before and in consideration of the marriage or made in favour of the purchaser or encumbrancer in good faith and for valuable consideration shall if the transferor is adjudged insolvent on a petition presented within two years after the date of transfer be voidable as against the receiver and may be annulled by the Court."

These three points, Sir, exhaust the purpose of the Bill and I now move.

The motion was adopted.

Clauses 2 to 6 were added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

THE HONOURABLE SIR LANCELOT GRAHAM : Sir, I move that the Bill, as passed by the Legislative Assembly, be passed.

The motion was adopted.

DESTRUCTIVE INSECTS AND PESTS (AMENDMENT) BILL.

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH (Education, Health and Lands Member) : Sir, I move that the Bill to amend the Destructive Insects and Pests Act, 1914, for a certain purpose, be taken into consideration.

Sir, I tried to explain at the introduction stage of this Bill that our aim at the present moment was to fill in a gap which existed in our defence against the dangerous insect immigrants. The present Act confers power upon us to ban the introduction into British India of such insects and pests either by sea or by land. A new factor in the means of communications has since arisen by the introduction of regular air services to India, and we feel, Sir, that unless a similar ban is applied in the case of these unwholesome immigrants, the fruit and vegetable crops of India will suffer greatly. These apprehensions are not merely imaginary. On the other hand, our experience in other countries into which these pests have found a home makes it obligatory upon us to be forewarned. Honourable Members might have noticed that these pests have already done considerable damage in South Africa, Australia, New Zealand and Hawaii. The particular pest we have now in mind is what is known as the Mediterranean fruit fly and the distance which has to be covered by air between the regions bordering on the Mediterranean and India is so short that the invasion of these flies is imminent. We therefore propose, Sir, to amend the law in such a manner as to give us power not merely to deal with these dangerous immigrants by sea and by land but also by air.

Sir, I move.

The motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH: Sir, I move that the Bill be passed.

The motion was adopted.

TRANSFER OF PROPERTY (AMENDMENT) SUPPLEMENTARY BILL.

THE HONOURABLE SIR LANCELOT GRAHAM (Secretary, Legislative Department): Sir, I move that the Bill to amend the Transfer of Property (Amendment) Supplementary Act, 1929, for a certain purpose, be taken into consideration.

Sir, in placing this Bill before the Council for introduction on Monday last, I ventured to remark that the amendments made were of a very trifling nature and intended only to secure that an appeal, which has accidentally been dislodged by an amendment, should lie. I confess, Sir, I have no hope of rendering this Bill in any way interesting to the Members of this Council because I cannot expect them to have made an exhaustive study of the provisions of Order XLIII in the First Schedule to the Code of Civil Procedure, and I will therefore, Sir, ask their indulgence and their patience because I think it necessary to explain just what this Bill has done. Clause (*o*) of rule 1 of Order XLIII of the First Schedule to the Code of Civil Procedure gives a right of appeal from an order passed under rule 3 of Order XXXIV—and that is a matter dealing with mortgages, Sir, and that is how this arises out of our amendment of the law relating to Transfer of Property. A similar right is given from an order passed under rule 8 in a redemption suit. Therefore, you have that right of appeal from an order under rule 3 or under rule 8 of that Order.

[Sir Lancelot Graham.]

That appeal is provided by the provisions of Order XLIII. Those provisions for the extension of time have been transferred by the Act to which I have referred—the Transfer of Property (Amendment) Supplementary Act, 1929, passed in Simla last year—from rules 3 and 8 to rules 2 and 7, respectively, of Order XXXIV. The result was that the appeal disappeared, for the provisions of rule 3 and rule 8, from which an appeal lies, were transferred to rule 2 and rule 7 from which an appeal does not lie. That right of appeal is restored by this Bill, and at the same time another appeal from a cognate order is provided. Sir, I do not think I can encroach upon the patience of the House any longer in this matter and I move.

The motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

THE HONOURABLE SIR LANCELOT GRAHAM: Sir, I move that the Bill be passed.

The motion was adopted.

THE HONOURABLE THE PRESIDENT: It appears that the ballot papers for the election in connection with the Road Committee are not yet quite ready in the office. I therefore propose to adjourn the Council for 15 minutes, after which we shall re-assemble for the purpose of holding the election.

The Council then adjourned for 15 minutes.

The Council re-assembled after an interval of 15 minutes, the Honourable the President in the Chair.

ELECTIONS TO THE STANDING COMMITTEE ON ROADS.

THE HONOURABLE THE PRESIDENT: The Council will now proceed to the election. The ballot papers will be handed to Honourable Members in their seats. As there are four names on the paper and three are to be elected, the most convenient way for Honourable Members to vote will be by striking out the one name of the Honourable Member for whom they do not wish to vote. The papers will not be signed. They will be handed to the staff of the Council and placed in the ballot box.

(The ballot was then taken.)

THE HONOURABLE THE PRESIDENT: I had to reject three voting papers as invalid. The result of the voting on the valid papers is as follows:

The Honourable Rai Bahadur Lala Ram Saran Das .	29 votes.
The Honourable Saiyed Mohamed Padshah Sahib Bahadur	28 votes.
The Honourable Mr. Mahmood Suhrawardy . .	21 votes.
The Honourable Mr. Surput Sing	12 votes.

I therefore declare the first three Honourable Members, whose names I have mentioned, duly elected.

STATEMENT OF BUSINESS.

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH (Leader of the House): Sir, as there is no business to be transacted, the Council will not sit to-morrow the 13th instant.

With your permission, I should now like to make a statement regarding the probable course of business for the next week.

On Wednesday, the 19th March, 1930, the Council will meet for Government business, when motions will be made for taking into consideration and passing the Indian Income-tax (Third Amendment) Bill and the Indian Railways (Amendment) Bill, as passed by the Legislative Assembly, copies of which were laid on the table of the Council on the 28th February, 1930, and also the Indian Tariff (Amendment) Bill and the Steel Industry (Protection) Bill, as passed by the Legislative Assembly, copies of which were laid on the table on the 10th March, 1930. Thereafter a motion will be made for the election of two Muslim Members to sit on the Standing Committee on Pilgrimage to the Hedjaz. Tuesday, the 18th, and Thursday, the 20th March, 1930, will be devoted to non-official business.

The Council then adjourned till Eleven of the Clock on Tuesday, the 18th March, 1930.

COUNCIL OF STATE.

Tuesday, 18th March, 1930.

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. Nirmal Kumar (Bihar and Orissa : Non-Muhammadan).

The Honourable Mr. Albert Melville Hayman, O.B.E. (Member, Railway Board).

QUESTIONS AND ANSWERS.

PROPOSED BROAD GAUGE RAILWAY BETWEEN BOMBAY AND KARACHI.

74. THE HONOURABLE SIR EBRAHIM HAROON JAFFER: Will Government be pleased to state :

(*a*) when Bombay and Karachi will be linked by a broad gauge railway ?

(*b*) whether Government are prepared to lay on the table a copy of the whole scheme of the proposed railway including survey maps and the estimates ?

(*c*) whether the line will pass through Radhanpur ?

THE HONOURABLE MR. J. A. WOODHEAD : (*a*) Government are unable to say at present when it will be possible to start work on the Bombay-Sind through connection.

(*b*) A final location survey of the connection is about to be undertaken. This may not agree with the previous reconnaissance surveys and estimates carried out and it would, therefore, serve no useful purpose to lay the results of the latter on the Council table.

(*c*) It is expected that the line will pass through Radhanpur but this cannot be definitely stated until the results of the final location survey are to hand. The final alignment will be chosen with the approval of the Local Government.

CONGESTION OF WORK IN THE HIGH COURT OF BOMBAY.

75. THE HONOURABLE SIR EBRAHIM HAROON JAFFER: Will Government be pleased to state :

(*a*) whether there is any congestion of work in the High Court of Bombay ?

(*b*) whether they have received any representations from the High Court and public bodies from Bombay on this subject ?

(*c*) whether they have decided to remove such congestion ? If so, how ?

THE HONOURABLE MR. H. G. HAIG : (*a*) and (*b*). Representations to this effect were received before the strength of the Court was increased last year.

(*c*) The permanent strength of the Court was increased from 8 to 10 Judges early in 1929. An additional Judgeship has since been sanctioned from the 17th October, 1929 to the 17th April, 1930 to cope with the congestion of work which is said to continue on the criminal side.

MANAGEMENT OF OLD MUSLIM MOSQUES, MAUSOLEUMS, PALACES, ETC., AT AHMEDABAD.

76. THE HONOURABLE SIR EBRAHIM HAROON JAFFER : (*i*) Will Government be pleased to state :

(*a*) how many old Muslim mosques, mausoleums, palaces, and other monuments at Ahmedabad are managed by (1) Government under the Ancient Monuments Act, and (2) the Sunni Muslim Wakf Committee appointed by the District Court of Ahmedabad in a scheme framed in Suit No. 54 of 1910 ?

(*b*) whether the Collector of Ahmedabad entrusted two mosques to this Sunni Muslim Wakf Committee for management some time ago ?

(*c*) whether this Committee approached His Excellency the Governor of Bombay when he visited Ahmedabad on the 2nd January last with an address asking that all the remaining Muslim monuments should be handed over to them ?

(*ii*) Are Government prepared to place a copy of the address and reply given by His Excellency on the table ?

(*iii*) Have Government taken any action in the matter ?

(*iv*) If not, why not ?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH : (*i*) (*a*) (1). Seventeen.

(*i*) (*a*) (2)—(*c*). Government have no information but have made enquiries from the Local Government concerned and will communicate the result to the Honourable Member in due course.

IMPORTS OF RUBBER SHOES DURING THE LAST THREE YEARS.

77. THE HONOURABLE SIR EBRAHIM HAROON JAFFER : Will Government be pleased to state :

(*a*) the quantity of (1) full rubber and (2) canvas rubber shoes, respectively, imported into India during the last three years ?

(*b*) the scale of duties levied on these shoes and the total amount so received ?

(*c*) whether Government intend to stop the entry of these shoes into India ?

THE HONOURABLE MR. J. A. WOODHEAD: (*a*) and (*b*). Government are not in possession of information regarding the quantity of full rubber shoes imported into India and the amount of customs duty collected thereon during the last three years. Imports of canvas rubber shoes, by which canvas shoes with rubber soles is apparently meant, are shown separately in the returns from 1st April, 1928. The total number of pairs of such shoes imported and the amount of customs duty collected thereon during the year 1928-29 and the period 1st April to 31st December, 1929, were 1,901,080 and 1,859,526 and Rs. 4,77,855 and Rs. 4,31,202, respectively. The rate of duty on both the commodities is 15 per cent. *ad valorem*.

(*c*) No, Sir.

PROTECTION TO THE INDIAN SHOE INDUSTRY.

78. THE HONOURABLE SIR EBRAHIM HAROON JAFFER: Will Government be pleased to state:

(*a*) whether they have received any representation from the Indian Footwear Protection Association, Agra?

(*b*) if so, are they prepared to place the same on the Table?

(*c*) what steps do Government intend taking to safeguard the interests of this industry?

THE HONOURABLE MR. J. A. WOODHEAD: (*a*) Yes.

(*b*) A copy of the representations received is laid on the Table.

(*c*) The matter is under consideration.

INDIAN FOOTWEAR PROTECTION ASSOCIATION.

(For the benefit of the Indian Leather and Shoe Trade, Agra.)

To

THE HONOURABLE SIR BHUPENDRA NATH MITRA,
K.C.S.I., K.C.I.E., C.B.E.,
4, Queen Victoria Road, New Delhi.

DEAR SIR,

The Shoe Industry combined with the allied trades, perhaps, ranks as the 5th national Industry in India. It has reached a commendable standard in spite of so many disadvantages. For materials and fine upper leathers it is still dependent on foreign countries, but perhaps the greatest disadvantage has been the inherent weakness of the fashionable Indian gentleman not to appreciate the product of the skilled Indian labour. For years and years he has been in the habit of demanding a foreign stamped shoe. That shoe may be costly and the price may pinch him but he would not care to offer three-fourths its price to a reputable Indian factory to make as decent and strong a shoe as is tolerable for fashion-wear. The Industry has been fighting against all odds, and it is a moment of pride that India can make shoes as good as any other country in the world. It is indeed tragic that in its path of development it should receive a terrible shock from a tremendous amount of import of foreign rubber shoes in different varieties, designs and prices. Most of these are unhygienic and all of them without exception create a bad effect on the health of those who use. Uneconomical because they are not lasting, unsuitable for the Indian climate because they bring eye and foot troubles, they are seemingly so cheap that their purchase is irresistible for the average customer. The illiterate and ignorant man from the village does not know that the rubber shoe is an improper form of foot-clothing and would not withstand even 10 days rough wear in the countryside; the poor citizen does not know that his health is being affected by the showy light shoe he is mad after buying; it is, therefore, the duty of the Government to stop the entry of these dangerous shoes in order to protect the interests of the people.

I have been directed by my Association to invite the attention of the Indian Government, provincial Governments, and the members of the Legislative Assembly, the Tariff Board to the cruel indifference being shown in this connection and particularly in tolerating the ruin of the Indian Shoe Industry by allowing these shoes at cheap tariff rates.

Tannery owners, leather-sellers, shoe factories, and factory owners are all mute and bewildered onlookers at the past years' conditions of business and are hopeless for their prospects during the current year. Almost all have either lost heavily or have gained nothing for their troubles. And in the next few months some will be groaning under bank debts or will overturn the sack-cloth on which they sit in their shops. The dismal and hopeless condition of the shoe-trade is directly attributable to the immense import of rubber footwear.

Much more considerable is the penury of the shoe worker. His already underfed family, the growing pallor of their members in the shoe manufacturing centres, is indicative of what they are earning now and what their condition will be if matters do not improve immediately. Unemployment is increasing in them and if the Industry does not run satisfactorily this year the situation is bound to become intolerable.

In all civilized countries protection by tariff is the only weapon to safeguard the interests of a National Industry. If well developed countries like Japan, Canada and Panama can have customs duties from 25 to 50 per cent. and if one of the greatest industrial countries like United States of America can demand a 30 per cent. duty on imported leather shoes, it is really disgraceful that the ill-capitalized and undeveloped cottage Shoe Industry of India should be left unprotected at the mercy of highly organised and well-equipped industrialists of Europe, Amercia and Japan. And specially when the question is of a class of shoes unsuitable for use in India, it is regrettable they are allowed a cheap tariff.

My Association, therefore, begs you to tackle the situation immediately and suggests the following scale of duties to be levied at the earliest possible opportunity :

	Per cent.
Full rubber and canvas rubber shoes invoiced at Rs. 2 and below	150
Full rubber and canvas rubber shoes invoiced at Rs. 2 and above	100
Leather shoes, all qualities	50

This is a reasonable scale of tariff which will safeguard the interests of this unfortunate Industry and I hope you will help in trying for this and oblige.

Yours faithfully,

S. H. RAZA,
General Secretary,
Indian Footwear Protection Association, Agra.

On Sunday, the 12th January, 1930, under the auspices of the Indian Footwear Protection Association, Agra, a general meeting of the members of the Leather-sellers, Shoe Manufacturers, Shoe Factory and ShoeWorks Associations of Agra was held in the Universal Cinema (K. V. Building) and the following resolutions were unanimously adopted.

(1) This meeting points out to the Government that as the showy and cheap but hardly lasting foreign rubber and canvas rubber shoes selling in India, are proving dangerous for the health of the people and as they are ruining the Shoe Industry of India and bringing disastrous poverty on the labourers, it is the duty of the Government to take immediate steps to restrict their import in the country by a prohibitive duty or by some other measures conducive to this effect.

Municipalities, Local Bodies and District Boards are also requested to tax heavily the entry of these shoes in their territories.

(2) That copies of the above resolution be sent to the Central and Provincial Governments, Members of the Board of Industries in the provinces, Members of the Legislative

Assembly and provincial Councils, Chairmen of Municipalities, Local Bodies, District Boards, also Ministers of Native States all over India.

General Secretary,
Indian Footwear Protection Association, Agra.

INDIAN FOOTWEAR PROTECTION ASSOCIATION,
AGRA,
28th February, 1930.

No. 274.

The Secretary to the Government of India,
Finance Department,
New Delhi.

DEAR SIR,

The continued increase in the import of foreign rubber footwear has had a disastrous effect on the Indian Shoe Industry, and its allied trades. It has been crippled to the extent of receiving the serious attention of the Government of India immediately.

Protection by tariff is the only solution for evading the disaster that awaits the people engaged in this business. A calm survey of the troubled waters of this business will at once find that it is mooring towards complete wreckage. Dark and gloomy are the prospects for the coming financial year, so much so, that people who have lost much of their small capital in the closing year and also the poor and bereft workmen who have been lingering for a long time for employment, are most disheartened and would not even welcome a 'cheer up' for keeping patiently on for a few more months when the tides may turn and they get relief.

Unlike other industries and trades, this one is in the hands of middle class and poor people and the workmen engaged are well known for their poverty and illiteracy. This mute population deserves the sympathy of the Government at a time when they are faced with a great calamity leading to the deprivation of their means of livelihood. It is, therefore, imperative on the Government to be quick in saving a situation unfortunately to prove most uncomfortable to millions of people.

Protection will not only check the growing poverty of all those employed in the Industry and side business but will materially benefit British Commerce by increasing the sale of leather shoes which consume so much of English leathers and materials. Our tanning industry will also get an impetus.

It is a matter of common knowledge that Canada and British rubber footwear have lost much ground in the market owing to the arrival of a formidable rival and the prices have gone so low that competition for any of these countries seems a hopeless task. Therefore, the usual policy of the Government to sacrifice the interests of Indian Industries for those of British ones, does not receive any interference, rather, it will be advantageous to give a thorough protection to our industry even if that gives the minimum stimulus to British Trade. For some time past economic conditions have brought about a change in the political ideals of the Indian people and the Government in its usual make-believe way has been outwardly sympathising and patting them up with pacifying words and insincere promises, perhaps, never pursuing a policy of genuine help to the nationals of this country. Its dangerous economic policy is sure to bring the complete annihilation of peace and prosperity both to itself and the mute masses of India. Its callous indifference to the requirements of the people has led to the prevalent dissatisfaction and for that reason the cult of revolution is fast spreading in the country and the dreaded Moscow seems to be getting closer and closer to Delhi. Protection of nearly all the Indian Industries is necessary to improve the general economic conditions of the country and also to allay the feeling that the Government is in the habit of betraying the interests of India for the sake of British ones. Such a help to the Indian Shoe Industry will entail no loss to British Trade and will go a great deal towards retaining the goodwill of millions of people engaged therein and the allied occupations.

For want of capital and technical education this industry is lagging much behind the high standard reached in other countries like Japan, America and Germany and if these

industrial countries should deem it unavoidable to protect shoe manufacture by customs duties ranging from 30 to 300 per cent. there seem no reason why the Government should refrain from taxing the entry of foreign shoes at the moderate rate of 150% which the present conditions of the Industry urgently require.

I hope the Government does something immediately and expeditiously to save our industry from disaster and thereby takes the first step to show that it is not practically devoid of humane feelings for the people of the country—their industries and their means of livelihood.

I beg to remain, dear Sir,

Faithfully yours,

SAMUEL HAQUE,

General Secretary,

Indian Footwear Protection Association, Agra.

PROGRESS REPORTS RECEIVED FROM PROVINCIAL GOVERNMENTS ON THE ACTION TAKEN ON THE RECOMMENDATIONS OF THE ROYAL COMMISSION ON AGRICULTURE IN INDIA.

79. THE HONOURABLE SIR EBRAHIM HAROON JAFFER: Will Government please state whether they have received or called for any reports from the Provincial Governments summarising the steps that have been taken in the provinces to put into effect any of the recommendations made in the Report of the Royal Commission on Agriculture ?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH: Yes. I place on the table of the House a copy of the Report* showing the progress made in giving effect to the recommendations of the Royal Commission on Agriculture. Part II of the Report has been compiled by the Government of India from the provincial reports. Part I of the Report shows the action taken by the Government of India on the recommendations with which they are concerned.

AMALGAMATION OF THE POONA AND KIRKEE CANTONMENTS.

80. THE HONOURABLE SIR EBRAHIM HAROON JAFFER: Will Government please state:

(*a*) whether there has been any proposal put forward to amalgamate the Poona and Kirkee Cantonments ?

(*b*) if so, what decision has been arrived at ?

(*c*) what are the reasons, if any, on which such a proposal is based ?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH: With your permission, Sir, I will answer this question on behalf of His Excellency the Commander-in-Chief:

(*a*) No.

(*b*) and (*c*). Do not arise.

**Vide* Appendix to these Proceedings.

PARTICIPATION OF THE GOVERNMENT OF INDIA IN THE INTERNATIONAL CONFERENCE ON CALENDAR REFORMS.

81. THE HONOURABLE SIR EBRAHIM HAROON JAFFER: Will Government be pleased to state:

(*a*) if they have received any invitation to participate in the forthcoming International Conference on Calendar Reform ?

(*b*) if they have accepted such an invitation ?

(*c*) if they have selected an Indian representative to attend that Conference ?

(*d*) who that representative is ?

(*e*) if Government have prepared or are preparing a Memorandum to submit to that Conference ?

(*f*) if any prominent men or institutions or societies have been or are being consulted in connection therewith ?

THE HONOURABLE SIR LANCELOT GRAHAM: (*a*) The Government of India have not received any such invitation and they are not aware that a conference on the subject is about to be convened. Consequently, (*b*) to (*f*) do not arise.

TAKING OVER BY GOVERNMENT OF BLOCK 8 OF THE BOMBAY BACK BAY RECLAMATION SCHEME.

82. THE HONOURABLE SIR EBRAHIM HAROON JAFFER: Will Government please state when they intend to take over Block 8 of the Bombay Back Bay Reclamation Scheme ?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH (on behalf of His Excellency the Commander-in-Chief): The questions whether the area is now in a fit condition to be taken over under the terms agreed upon, and, if so, from what date the transfer should take place, have not yet been decided but I hope that they will be shortly.

THE HONOURABLE SIR EBRAHIM HAROON JAFFER: May I know, Sir, whether it will be within the next two or three months ?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH: Shortly.

APPOINTMENT OF INDIAN TRADE COMMISSIONERS OVERSEAS.

83. THE HONOURABLE SIR EBRAHIM HAROON JAFFER: Will Government please state:

(*a*) if they have received any request from the Maharashtra Chamber of Commerce urging that the full scheme of Overseas Trade Commissioners be put into operation at once instead of extending the appointment of such Commissioners over three years ?

(*b*) whether any reply has been given to this request ?

(*c*) the nature of such reply, if any ?

THE HONOURABLE MR. J. A. WOODHEAD: (*a*) Government have received a representation from the Maharashtra Chamber of Commerce urging the early appointment of all the six Indian Trade Commissioners provided for in the scheme instead of spreading the appointments over three years.

(*b*) and (*c*). The Chamber have been informed that their views have been noted.

SLUMP IN THE PRICE OF SILVER.

84. THE HONOURABLE SIR EBRAHIM HAROON JAFFER: Will Government please state :

(*a*) if their attention has been called to the statement made by the Chairman of the Bank of China (telegraphed to India by Reuters Agency) to the effect that the present low value of silver is partly due to " the indiscriminate selling of the surplus supplies by the Indian Treasury " ?

(*b*) how this statement can be reconciled with that of the Honourable the Finance Member that the sale of silver by the Government of India has not been the cause of the slump in price ?

THE HONOURABLE SIR ARTHUR McWATTERS : (*a*) Yes.

(*b*) The statement of the Chairman of the Bank of China expresses his opinion, an opinion which is not accepted by the Government of India. In particular the Government cannot accept the description of their method of selling as " indiscriminate ". The Honourable the Finance Member in his reply to a question put by Sir Purshotamdas Thakurdas in the Legislative Assembly on the 4th February did not deny that the sales by the Government of India might have had some influence on the silver market, but he attributed the fall in price primarily to other factors.

PROSCRIPTION OF THE JANUARY, 1930 ISSUE OF THE MAGAZINE *Britannia and Eve.*

85. THE HONOURABLE SIR EBRAHIM HAROON JAFFER : In connection with the prohibition of the January, 1930 issue of the British magazine *Britannia and Eve* from importation into India, will Government please state :

(*a*) the reason for the issue of the prohibition ?

(*b*) whether any attempt has been made to collect copies around India or which are on sale ?

(*c*) whether the actual possession of such copies is prohibited ?

THE HONOURABLE MR. H. G. HAIG : (*a*) The reason for the prohibition was that this number contained an article which it was thought would give just cause of offence to Muslims.

(*b*) Local Governments were asked to take steps to buy up copies that were still on sale.

(*c*) The Punjab Government subsequently issued a notification of forfeiture under section 99-A of the Criminal Procedure Code.

PARTICIPATION OF INDIA IN THE INTERNATIONAL POULTRY CONGRESS IN LONDON IN JULY, 1930.

86. THE HONOURABLE SIR EBRAHIM HAROON JAFFER: Will Government please state:

(*a*) whether India has officially received an invitation to participate in the International Poultry Congress to be held in London next July?

(*b*) whether the invitation, if any, has been referred to the Imperial Agricultural Council?

(*c*) whether any request has been made for a grant to cover the expenses of any participation in such a Congress?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH: (*a*) and (*b*). Yes.

(*c*) The United Provinces Poultry Association asked the Government of India for a grant, but the Association was informed that it should apply to the Imperial Council of Agricultural Research. Space at the Exhibition, which is being held in connection with the Congress, has been offered by the Empire Marketing Board to the Indian Trade Commissioner, London. This space has been placed at the disposal of the Association.

TOTAL EXPENDITURE OF THE LONDON-INDIA AIR MAIL SERVICE SINCE ITS INAUGURATION, ETC.

87. THE HONOURABLE SIR EBRAHIM HAROON JAFFER: Will Government please state:

(*a*) the total expenditure on the London-India Air Mail Service since its inauguration?

(*b*) the total income from the service during that period?

(*c*) the total loss caused by accidents to the aeroplanes engaged on the service?

(*d*) the total number of postal articles carried by the service since it was started?

THE HONOURABLE MR. J. A. SHILLIDY: (*a*), (*b*) and (*c*). The London-Karachi Air Mail Service has been established by Imperial Airways and is subsidized by His Majesty's Government. For postal purposes the service is controlled by His Majesty's Postmaster-General. Information relating to the cost of working the service and the receipts derived therefrom or the losses incurred thereby in consequence of accidents is accordingly not in the possession of the Government of India. The Indian Posts and Telegraphs Department like other postal administrations pays the British Post Office for the use of the service. The general principles on which these charges are payable are laid down in International Regulations which were drawn up at The Hague in September, 1927, to which this country has subscribed. The air conveyance charges are the same for all administrations and vary with the distance over which correspondence is carried by air.

(*d*) The explanation given above will make it clear that the total number of articles carried by this service cannot be supplied. It may interest the Honourable Member, however, to know that the total gross weights of air

mails received at Karachi from all foreign administrations and despatched abroad since this service was started and until the middle of February, 1930, are 26,138 lbs. and 23,798 lbs., respectively.

TOTAL AMOUNT PAID TO THE INDIAN BROADCASTING COMPANY AS ITS SHARE OF THE WIRELESS LICENCE FEES, ETC.

88. THE HONOURABLE SIR EBRAHIM HAROON JAFFER: Will Government please state:

(*a*) the total amount of money paid to the Indian Broadcasting Company in Bombay as its share of the wireless licence fees?

(*b*) the amount, or value, of any special concessions or grants made from public funds to the Company?

(*c*) whether Government have come to any decision regarding the granting of assistance to broadcasting in India?

THE HONOURABLE MR. J. A. SHILLIDY: (*a*) The amount paid to the Company as its share of the fees realised in British India was, in 1927 Rs. 12,688; in 1928 Rs. 62,776; and in 1929 Rs. 61,720.

(*b*) No grant was made to the Company from public funds. An arrangement, made effective by Government co-operation, existed between the Company and dealers in wireless apparatus under which the latter paid to the Company 10 per cent. of the cost of wireless receiving apparatus imported into British India. This concession is understood to have brought about Rs. 2 lakhs in all to the Company's funds.

(*c*) Government propose, subject to grant of funds by the Legislative Assembly, to purchase the physical assets of the Company for a sum of Rs. 3 lakhs and to maintain broadcasting on an experimental basis for a period of two years. Necessary provisional arrangements have been concluded with the Company and the Broadcasting Service is being continued for the present.

GRIEVANCES OF THE PRINCESS ROUNAK ZAMANI BEGUM, GRAND-DAUGHTER OF THE *ex*-KING OF DELHI.

89. THE HONOURABLE SIR EBRAHIM HAROON JAFFER: Will Government be pleased to state:

(*a*) whether the Princess Rounak Zamani Begum, grand-daughter of the *ex*-King of Delhi, was granted an interview by His Excellency the Governor of Burma in about September last?

(*b*) did she bring certain grievances to the kind notice of His Excellency?

(*c*) what were those grievances?

(*d*) have the Government of Burma invited the attention of the Government of India to the subject with a view to redress them?

(*e*) wh ' steps Government intend taking in the matter?

THE HONOURABLE SIR LANCELOT GRAHAM: The information is being collected and will be furnished to the Honourable Member as soon as possible after its receipt.

EXPENDITURE IN CONNECTION WITH THE DESIGNING AND PRINTING OF POSTERS IN THE PUBLICITY DEPARTMENT IN 1928-29.

90. THE HONOURABLE MR. SURPUT SING: Will Government be pleased to state:

(*a*) how much they spent in (*i*) designing and (*ii*) printing of posters in the Publicity Department in 1928-29 ?

(*b*) what amount of (*i*) was paid to artists in India and what amount to artists abroad ?

(*c*) how many of the artists in India were Europeans and how many Indians ?

(*d*) what amount was paid to each artist ?

(*e*) in printing of posters what amount was spent abroad and what amount in India ?

THE HONOURABLE MR. J. A. WOODHEAD: (*a*) (*i*) Nil.

(*a*) (*ii*) About Rs. 32,000.

(*b*), (*c*) and (*d*). Do not arise.

(*e*) About Rs. 32,000 abroad and nothing in India.

LITHOGRAPHIC WORK OF THE EAST INDIAN RAILWAY.

91. THE HONOURABLE MR. SURPUT SING: Will Government be pleased to state:

(*a*) whether the East Indian Railway have got a plant of their own for lithographing of posters. If the answer be in the affirmative whether they do all their lithographic work with their own plant ?

(*b*) the names of firms or presses from which the East Indian Railway get their blocks ?

THE HONOURABLE MR. J. A. WOODHEAD: (*a*) The lithographic work of the East Indian Railway, with the exception of such publicity posters as are obtained direct from Europe by the Publicity Officer, is done by plant owned by that railway.

(*b*) The blocks are obtained from the Calcutta Chromotype Company, the Elphinstone Art Studio and Messrs. T. Black and Company.

EXPENDITURE INCURRED BY THE EASTERN BENGAL RAILWAY ON THE POSTERS "MULLICK GHAT OF CALCUTTA" AND "KALIGHAT OF CALCUTTA", RESPECTIVELY.

92. THE HONOURABLE MR. SURPUT SING: W[illegible]rnment be pleased to state:

(*a*) the amounts spent by the Eastern Bengal Railway on the posters "Mullick Ghat of Calcutta" and "Kalighat of Calcutta", respectively, for (*i*) designing, (*ii*) printing, (*iii*) freight and (*iv*) customs ?

(*b*) whether such posters could not have been produced in India ?

THE HONOURABLE MR. J. A. WOODHEAD: (*a*) The posters were produced jointly by the Eastern Bengal and East Indian Railways. The Eastern Bengal Railway's share of the cost for 3,000 posters was as follows :

	Rs.	a.	p.
(*i*) Designing	225	0	0
(*ii*) Printing	1,567	10	8
(*iii*) Freight and customs	268	14	0

(*b*) The posters were designed in India and could also have been printed here, but the Agent, Eastern Bengal Railway, reports that having secured first class designs, it was considered desirable to have them printed in the United Kingdom by the Offset Lithographic Process in order to make a comparison with the work now produced in India. At the time the order was placed, the only firm in India known to be able to produce posters by the process referred to was the *Times of India* Press, Bombay.

INSTITUTIONS FOR THE EDUCATION OF INDIAN PRINCES AND RAJKUMARS.

93. THE HONOURABLE MR. SURPUT SING: Will Government be pleased to state :

(*a*) the places in India where there exists an institution for the education of Indian Princes and Rajkumars ?

(*b*) which of those institutions are under the Government of India and which are under Local Governments ?

(*c*) the amount that is spent annually for each of those institutions by the Government concerned ?

THE HONOURABLE SIR LANCELOT GRAHAM: (*a*) Ajmer, Indore, Rajkot, Lahore and Raipur.

(*b*) The Mayo College, Ajmer, the Daly College, Indore, and the Rajkumar College, Rajkot, are under the Government of India. The Aitchison College, Lahore, and the Rajkumar College, Raipur, are under the Governments of the Punjab and the Central Provinces, respectively.

(*c*) The amounts annually spent for each of these institutions by the Governments concerned are as follows :

	Rs.
The Mayo College, Ajmer	55,800
The Daly College, Indore	50,000
The Rajkumar College, Rajkot	10,000
The Aitchison College, Lahore	15,000
The Rajkumar College, Raipur	*Nil*

RESOLUTION *RE* SERIOUS AFTER-EFFECTS OF VACCINATION.

THE HONOURABLE SIR EBRAHIM HAROON JAFFER (Bombay Presidency: Muhammadan): Sir, I have very great pleasure in placing before this Honourable Council the following Resolution which stands in my name on the agenda:

"That in view of the very disconcerting and alarming statements being made in England regarding the serious consequences reported from Eastern countries of mass vaccination, this Council recommends to the Governor General in Council that reports be immediately called for from all the Provincial Governments dealing with—

(*a*) the popularity of vaccination among the masses of India;

(*b*) the efficacy of vaccination as shown by the number of deaths among vaccinated and unvaccinated small-pox patients;

(*c*) the number of reported cases of other diseases immediately following vaccination;

(*d*) the truth or otherwise of the statement that syphilis and leprosy have been widely spread in India through vaccination;

(*e*) the advisability of recommending either compulsory vaccination or re-vaccination as a general rule for India;

and further, that the results of this investigation be published at as early a date as possible, and action taken accordingly."

Now, Sir, let me hasten to assure this House that I am not an anti-vaccinationist. I come here, indeed, with a mind biassed in favour of vaccination; but at the same time I feel it my duty to call attention to a campaign which has been started in England regarding the serious after-effects of vaccination and the definite declarations made even in the House of Commons that the sternest arguments in favour of the dangers of vaccination are to be found in the results of the process in Eastern countries, including India. Therefore, Sir, I trust that as I lay facts and figures before this Honourable Council, there will ever be present in the minds of the Members and of the Government the assurance that I am not trying to make out a case against vaccination; I shall merely be trying to show what arguments and statistics are being used by anti-vaccinationists in England and showing that in the interests of vaccination itself, as well as the mental quietness of those who place so much confidence in it, such an investigation as I suggest in my Resolution should be undertaken.

Sir, at the outset, let me also point out that even the present agitation against vaccination in England is not so much against the method of inoculation as against the present vaccination laws, although the statistics which have been compiled certainly suggest, if they are true, that there might be something wrong with the method as well as the system. But, on this latter point, I would ask you all to join with me in deferring judgment until the investigation I am calling for has been made.

It is not perhaps generally known that there has during the past year been placed before the Ministry of Health in the Labour Government what has been called "a remarkable series of revelations" causing the drafters of the report to declare that "the truth is that every known method of vaccination has now been condemned by the vaccination authorities themselves", and that so great has been the official interest aroused that for some time it has been expected that the MacDonald Government would introduce new legislation on the matter. And, in that case, as the so-called results in Eastern countries, including India, will assuredly be cited, it is only fair that we ourselves should see where we stand.

[Sir Ebrahim Haroon Jaffer.]

I shall probably be told right at the beginning that there is a great body of medical opinion in favour of vaccination; but at the same time it must be realised that in general the opinion of a great body is of little value. In matters such as these, when science is involved, it is individual responsibility which really counts; and it has to be admitted, says a report submitted to the Ministry of Health, that "vaccination has been condemned by the independent medical men who have made a special study of the history and effects of the system". And amongst others who are cited, not as mere anti-vaccinationists, but as experts who insist that there must be new legislation, are Dr. Charles Creighton who has written several books condemning the practice as being the spreader of the horrible disease of syphilis; Professor Edgar Crookshank of King's College, who has published two ponderous volumes condemning the evil effects; and Professor McIntosh of the London University who roundly states the use of the living virus as being extremely dangerous.

Sir, it is 212 years now since attempts to stop small-pox by inoculation commenced, for it was in 1718 that the Eastern practice of inoculating people with small-pox so that they might not take the disease in the natural manner was introduced into England, and it was very largely practised for about 80 years. Important bodies of medical men advocated the practice as beneficial, but the practice has now been made a crime punishable with imprisonment, thus showing that there are times when even important bodies of medical men were mistaken.

Then came Jenner in 1798, and his cow-pox theory superseded the small-pox theory and was practised for a hundred years until 1898, ably supported by successively large bodies of medical men who declared it was amazingly protective and absolutely harmless. But all that century of vaccination as practised failed to prevent small-pox, but it was proved that it was so liable to spread other diseases, especially syphilis, that it was stopped by Act of Parliament in 1898. And at the same time it was admitted by the country in supporting the Act that in England and Wales the Jenner vaccination method probably killed about 20,000 persons annually and permanently injured about 200,000 others every year. And it is declared that even to-day much of the world's heritage of other diseases is traceable to the Jenner method, now condemned by law and disowned by medical science, and the report so freely quoted nowadays by those who are urging new laws says that the process spreads syphilis round the world and leprosy in India, South Africa, the West Indies and other tropical and sub-tropical countries.

Sir, in 1898 came the calf-lymph method. This had been repeatedly tried before and abandoned because of the terrible diseases it gave, and we are told that it was responsible for at least 10,000 dead and 100,000 permanently injured every year. But here again for a time, as with the Jenner method, a great body of medical men supported it and said that it was both preventive and harmless, but the official statistics show that in the last epidemic of small-pox in London 70 per cent. of the cases had been vaccinated, and the report of the Rolleston Committee (which includes the report of the Andrewes' Committee, appointed nearly six years ago), states that vaccination gives encephalitis, similar to sleepy sickness, which is the worst disease known, because 50 per cent. of those who get it become permanently insane.

The Ministry of Health appointed the Andrewes' Committee because of the report made by two eminent London doctors, Professor James McIntosh and Professor Hubert M. Turnbull. These men had examined seven cases of

death after vaccination and they came to the conclusion that the deaths were caused entirely by the vaccine matter put into their blood, and that that was the only cause of their deaths, the persons they examined having been entirely healthy until they were vaccinated.

The Andrewes' Committee reported 62 such cases, of which 56 were fatal. Government lymph was used in 53 of these cases, of which 50 were fatal.

The Rolleston Committee mentioned another 30 cases of which 16 were fatal. Government lymph was used in 18 cases, 8 being fatal. These 92 cases are probably, it is pointed out, only a very small fraction of the cases that occurred. Medical men habitually omit vaccination from the death certificate, and it is estimated that there are 100 actual deaths from this cause for every one actually recorded, making 9,200 cases and about 2,000 deaths, which is about the usual proportion of deaths to cases of encephalitis.

Sir, it should also be carefully noted that the League of Nations in its Report dated August, 1928, mentions that in Holland there were known to be 139 cases and 41 deaths. The Dutch Government therefore stopped vaccination from January, 1928. The Rolleston Committee advises that the present method of vaccination should stop. Instead of the four big marks, it suggests that only one little mark, and that instead of the vaccine matter now used, there should be, it says, a diluted vaccine. Thus is the third and latest method of small-pox prevention condemned.

But it should also be noted, say the organisers of the present campaign, that those suggested methods have been strongly condemned previously. The London Metropolitan Asylum Board made very careful reports dealing with the epidemic of 1901 and 1902, and in its report for the latter year it says that the small-pox patients numbered 9,659 and the deaths 1,629. About 70 per cent. of the patients had been vaccinated before they were attacked by small-pox. Every patient was vaccinated in the hospital, which caused, we are told, a high death-rate. They classified the deaths and stated that of those whose vaccination marks were half a square inch or more only 7 per cent. died, whereas those where the area of the vaccination marks were too small to record, 38 per cent. died, showing that in their opinion it was only vaccination with large marks which was any use. This means that the latest proposals of the Rolleston Committee in making one mark instead of four large ones has been condemned in advance by the doctors of the Metropolitan Asylum Board.

The Rolleston Committee, Sir, also recommends further experiments on animals, and it must be declared, therefore, that Sir Humphrey Rolleston and his Committee admit that they do not know exactly how vaccination should be done, although they roundly condemn the present method.

Another point, Sir, of which much is being made is that although the present method of vaccination has been practised now for 130 years, no advocate of vaccination knows for how long the process protects. Jenner said, once vaccinated, and the man was protected for life, for which statement he got £30,000 from the British Parliament. But it was very soon discovered that this statement was not true. It is also on record that in recent years Dr. McVail told the President of the Local Government Board that primary vaccination was, in effect, little better than a farce, and a deception; and the President agreed with him. And to-day it must be admitted that medical men the world over are anything but unanimous about the period for re-vaccination, some say five years, some say seven, and others say ten, whilst different countries are introducing different forms of legislation making re-vaccination compulsory so many times between birth and puberty.

THE HONOURABLE MR. G. A. NATESAN: How is all this relevant to India?

THE HONOURABLE SIR EBRAHIM HAROON JAFFER: I will just tell you. And yet whilst England hesitates about the matter, the doctors are so scared of the disease if it is brought into close contact that in every small-pox hospital the nurses are re-vaccinated every six months.

Now, Sir, I have gone at some length into these figures and divergent opinions because I want to prove that, instead of being branded as a scaremonger or a pessimist, India should realise that doctors the world over are anything but agreed on the essential factors of vaccination. When the Dutch Government abandon the practice altogether, when the League of Nations issues a report partially condemning, when two expert Committees in England confess the danger and the frequent failure of the method, there surely is need that India started a little investigation of its own, more especially as India is cited as one of the countries which has suffered badly from the evil results of vaccination in the form of syphilis, leprosy and sleepy sickness.

Sir, I place these facts and figures before this Council as a public duty. They have been culled from the reports of experts and have never been contradicted. I do not say that the figures are complete, or that they tell the whole truth; but I do say that they reveal a situation which India cannot afford to ignore. In this country we have an ideal field for investigation. Vaccination has been going on here for several centuries, and even Jenner's method found great favour with the last Peshwa, recently discovered records in Poona showing that the Residency Doctor was actually appointed by His Highness the Peshwa to be official vaccinator to the Maratha Government for a number of years. There must be ample evidence available, if collected and collated, to settle many of the points now being raised by the League of Nations, the British Ministry of Health and by foreign Governments. My Resolution merely calls for that collection of facts. By passing this Resolution the Council and the Government will not in any way be forming any decision as to the usefulness or otherwise of the system of vaccination. It is more than possible that the story told by India will finally refute the alarming reports which are being published in England. If they do, then by passing this Resolution this Honourable Council will have performed a decided service; whilst if, on the other hand, there is evidence that the practice does actually produce evil effects, then it is high time that the situation be faced and a definite decision be taken as to whether the disadvantages outweigh the advantages.

I freely admit that these facts and figures, startling and staggering though they are, have not convinced me that there is anything wrong with vaccination. But figures collected in India from the Provincial Governments will provide a fund of information on a most important subject, and I think it is the honest duty of the Government of India to see that these figures are collected and published.

Sir, regarding the action to be taken, this must be left to the judicious consideration of Government after the collected facts reveal the actual situation.

I could say much more on this subject, but I think I have said enough to show that the Resolution should be accepted both by the Government and by the House. I therefore commend it to the attention of the Honourable

members. All I can do is to appeal to every member not to be biassed one way or the other. Let us face the facts ; and if those facts do not completely satisfy us, let us collect more to prove or disprove the serious assertions which are being made.

THE HONOURABLE THE PRESIDENT : The question is :

" That the following Resolution be adopted, namely :

' That in view of the very disconcerting and alarming statements being made in England regarding the serious consequences reported from Eastern countries of mass vaccination, this Council recommends to the Governor-General in Council that reports be immediately called for from all the Provincial Governments dealing with

(*a*) the popularity of vaccination among masses of India ;

(*b*) the efficacy of vaccination as shown by the number of deaths among vaccinated and unvaccinated small-pox patients ;

(*c*) the number of reported cases of other diseases immediately following vaccination ;

(*d*) the truth or otherwise of the statement that syphilis and leprosy have been widely spread in India through vaccination ;

(*e*) the advisability of recommending either compulsory vaccination or re-vaccination as a general rule for India ;

and further, that the results of this investigation be published at as early a date as possible and action taken accordingly '."

The motion was negatived.

CHILD MARRIAGE RESTRAINT (AMENDMENT) BILL.

THE HONOURABLE MR. SURPUT SING (Bihar and Orissa : Non-Muhammadan) : Sir, I beg to move for leave to introduce a Bill to amend the Child Marriage Restraint Act of 1929. The House will remember that I moved an amendment in the last Simla Session in this House in support of this very object, as disclosed in the Statement of Objects and Reasons of this Bill. So much convinced was the opposition about the utility of an amendment like this that I was able to obtain an assurance from that section of my Honourable friends, now unfortunately no longer present in this House, that they would have such an amendment brought and passed in the shape of a Bill in this Session. Honourable Members will admit that a legislation which affects maritaltics and connubial relations must have due regard to exceptional cases. Rai Sahib Harbilas Sarda, the sponsor of this famous Bill, provided for cases of a conscientious nature, but I fail to understand why neither the Select Committee nor the Assembly thought fit to provide for such exigencies.

THE HONOURABLE MR. A. MUDALIAR (Madras : Non-Muhammadan) : On a point of order, Sir, is it usual for a speech to be made at the stage of asking for leave to introduce a Bill, and would a debate be permissible at this stage ?

THE HONOURABLE THE PRESIDENT : It is usual to explain the general principles of the Bill at the introduction stage. I am not yet aware whether the Honourable Member is making a speech.

THE HONOURABLE SIR EBRAHIM HAROON JAFFER : Sir, I have something to say too. Have I no answer to the Resolution of mine from Government ?

THE HONOURABLE THE PRESIDENT: The Honourable Mr. Surput Sing.

THE HONOURABLE MR. SURPUT SING: To continue, Sir,—in our complex and complicated social life cases must always arise which will require treatment of a special nature; and prudent are those legislators who can foresee and provide for them. Our country is yet quite conservative and moves rather cautiously in matters of social reforms. Conscience also plays an important part in matters, social and religious. Our marriages being purely a socio-religious matter involve questions of conscience. It is meet and proper therefore that cases of an exceptional and conscientious nature should be met in such a legislation as the Child Marriage Restraint Act.

Sir, I move.

The motion was adopted.

THE HONOURABLE MR. SURPUT SING: Sir, I introduce the Bill. I also beg to inform the House that I shall move for its consideration in the Simla Session.

INLAND STEAM-VESSELS (AMENDMENT) BILL.

THE HONOURABLE MR. P. C. DESIKA CHARI (Burma: General): Sir, I move that the Bill further to amend the Inland Steam-vessels Act, 1917, for certain purposes, as passed by the Legislative Assembly, be taken into consideration.

Sir, from the reception to this Bill in the other place I would not be justified in making a long speech. The Bill is a very modest measure and, as it has emerged from the Select Committee in the other place and as it was passed, is a very cautious measure and I need not detain the House long. The principle of this Bill is the extension of the principle of Governmental interference in private enterprise in the public interest. The object of the Bill is threefold: first the fixing of minimum rates with a view to prevent possible rate wars and with a view to promote the organisation of steamer services which will have a fair chance of competition with the well established existing steamer companies. The second object is the fixing of a maximum rate with a view to safeguard the interests of the public against exorbitant rates which are likely to be charged by the existing river companies which are more or less virtually monopolistic concerns to some extent. The third object is to provide these river companies with advisory councils on the lines of the Local Advisory Councils for Railways. That is the object with which Mr. Neogy introduced the Bill in the Second Assembly, and after dissolution the Bill lapsed. The Bill was again reintroduced in 1927 during the Delhi Session and during the 1928 Delhi Session the Bill was circulated for eliciting public opinion. Opinions were received from various Local Governments and from other public bodies and individuals interested in the matter. After the opinions were received I understand from a perusal of the report of the debates in the other place these opinions were very carefully examined by the Government and the Government saw that, being only a permissive measure, they would not be opposed to it and the Bill was referred to Select Committee. Honourable Members will see that in the Select Committee all sections of the Assembly were represented and it emerged with the unanimous report of the Select Committee with considerable additions, having regard to the objections raised, as seen from the opinions expressed in various quarters. Sir, I submit

the Select Committee has taken the utmost pains to ascertain and to meet the objections raised in the various opinions expressed, and I believe the changes made in the Select Committee adequately deal with the objections taken in these opinions received.

The Council is aware that inland transport plays a very important part in at least four of the provinces of India—Bengal, Bihar and Assam and Burma. It is also abundantly clear that there is plenty of room for the starting of new companies which can ply on these rivers in these various provinces without serious detriment to the existing companies. The unfortunate experience in some of the provinces, especially in Bengal, has been that attempts in the direction of organising similar steamship companies by indigenous concerns had to fail because of the steps taken by rate wars by the well-established concerns who were well able to practically kill these indigenous enterprises with the help of their vast resources. I need not weary the House with instances of such cases where indigenous companies have been practically killed. Sir, the main object of the Bill is to promote indigenous enterprise in starting new companies. When there is a large scope for the starting of such companies and when it is eminently desirable that indigenous enterprise should be given fair play, I think the principle of the Bill would be unexceptionable. The steam navigation companies are controlled to some extent by Government under the Inland Steam-vessels Act. The Inland Steam-vessels Act is a long one and under this Act Government grants licenses to steam-vessels on certain conditions. In the long Act there is only one provision—section 54—which gives power to the Local Governments to safeguard the interest of the public in respect of two matters only. Under section 54, the steamship companies are required to denote on the tickets issued the fares charged for the journey and, secondly, the steamship companies are required to provide an adequate supply of fresh water free of charge to passengers. These are the only provisions empowering the Government to interfere in the interests of the public.

Sir, the present Bill, as passed by the Legislative Assembly, introduces two provisions, sections 54A and 54B. Section 54A deals with the fixing of maximum or minimum rates per mile which should be charged to passengers of any class travelling on inland steam-vessels, and it also deals with the fixing of maximum and minimum rates for goods. The Select Committee has also added another provision. Honourable Members will see that there is a sub-clause (*d*) to section 54-A which runs as follows :

" The Governor General in Council may * * *

(*d*) declare what shall be deemed to be the distance between any two stations on an inland waterway for the purpose of calculating passengers' fares or freight on goods where maximum or minimum rates have been fixed under this section."

I have already said, Sir, that this is a very cautious measure and highly workable, and in the words of the Honourable Sir George Rainy in the other place, it is a measure which can be worked, giving fair play to all and injustice to none. Honourable Members will see that the Bill excepting clause (*b*) of sub-section (*1*) of section 54A, will come into operation on the 1st of January next year, if the Bill is passed now. The section contemplates that the Governor General in Council should notify in the Gazette of India the maximum and minimum rates contemplated in this section only after making such inquiries as he may consider necessary. Honourable Members will see from the Report of the Select Committee that they contemplate an inquiry by a Rates Committee if an occasion arises, and if the Government thinks, on such an inquiry that a case has been made out, then only will there be a chance for any action being taken under this section.

[Mr. P. C Desika Chari.]

As regards the fixing of minimum rates, it is provided in sub-clause (2) of section 54A that the Governor General in Council shall not fix any minimum rate under clause (*a*) or clause (*c*) of sub-section (*1*) in respect of any class of passengers or description of goods carried on any system of waterways unless he is satisfied that there is a rate war in progress ; so that, I submit that there is no chance of any hasty or ill-considered action being taken by the Government if the Bill becomes law. There will have to be an application made by a *bona fide* steamer company and there ought to be an inquiry and the Government will intervene only if they are satisfied that there is a rate war in progress, so that there are ample safeguards against any hasty, wanton or capricious action on the part of Government. There is another point. Clause (*b*) of section 54A will not come into operation along with the other sections at the beginning of next year. The operation of this provision is postponed and it will only come into operation, according to section 1, sub-section (2), on such date as the Governor General in Council may, by notification in the Gazette of India, appoint. I submit, therefore, that the principle of Government interference with private enterprise on public grounds, which is sought to be extended by the provisions of this Bill, is a very modest attempt in this Bill and need not be taken exception to in view of the various other cautious provisions in the Bill providing the necessary and ample safeguards against undue interference.

Sir, in view of the fact that this Bill has been before the public for the last four years and in view of the fact that all the opinions for and against have been very carefully considered in the other place, and in view also of the fact that there was not any serious opposition in the Assembly where all interests are represented, I hope and trust that the Bill will not meet with any serious opposition in this House.

Sir, I move.

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces : Nominated Non-Official) : Sir, I feel that I cannot allow this Bill to go on the Statute-book without expressing my surprise and disappointment at the action of the Government of India. First, let me assure this Council that I am speaking from an absolutely disinterested point of view. I have no interest of any kind in any inland vessel company, or any coastal company or any shipping industry of any sort. I do not own a single share in any such company, and if I am opposing this Bill to-day it is because I believe that it introduces a most dangerous principle in affairs of State. My friend Mr. Chari has called this Bill a cautious Bill. If the word " cautious " is meant to denote the permissive character of the Bill it is another thing ; but merely because the Bill is of a permissive character to my mind is no justification whatsoever for the Government of India to introduce a Bill which will create difficulties later on of an immense character in the administration of this country. (*An Honourable Member* : " How do you anticipate that ?") Will you have a little patience please. Sir, what is the underlying principle of this Bill ? The underlying principle is that the Government of India has taken upon itself for the first time in the history of its legislation the power and authority to control private enterprise. I consider it altogether unjustifiable for Government to interfere in the management or in the affairs of private enterprise. It is difficult to understand why the Government of India, when they opposed the Coastal Reservation Bill, should have readily accorded their sanction to a Bill of this nature. I frankly confess that this Bill is not going to do much mischief.

12 NOON.

But I am not concerned with that. I have not the slightest doubt that the Government of India will not very often or very easily interfere in matters of this kind. I quite appreciate that. But my fundamental objection to it is that, when a principle is intrinsically wrong and intrinsically unsupportable, why should the Government of India give its sanction to it and allow the Bill to be put on the Statute-book. Where is this going to end? The most important clause introduced by the Bill is 54A. That gives the Government of India power and authority, if they so desire, to interfere for the purpose of fixing both maximum and minimum rates. For the author of the Bill I may say I have very great respect, as I know him to be a very zealous citizen; yet when he states that this Bill has been brought on the analogy of the Company-managed Railways, where Government have got power to fix maximum and minimum rates, I submit that that analogy is not only misleading but entirely fallacious in a case of this sort. The acceptance of this principle, in the case of the Company-managed Railways was due not only to expediency but also in a great measure to necessity. (*An Honourable Member*: "They are doing it with regard to cotton goods now.") That is what I am coming to. In the case of the railways, when that principle was introduced we had only 10,000 or 12,000 miles of railways in India. To-day we have 40,000 miles and we probably want about 140,000 miles of railways in India. A certain measure of protection to Company-managed Railways was necessary because they were supplying capital, foreign capital, which was essential for the purpose, because you must remember that our policy of capitalising railways by loans is a very recent development. Originally we left the construction of railways to private enterprise and it was necessary that some sort of protection should be given to those Companies. That does not at all apply when you are introducing this principle to Companies already in existence. Where will you stop the application of this principle? Our friends in the Assembly have been agitating yesterday that the price of cloth is already very high, and, as Mr. Natesan just remarked, to-morrow you may come into this House and say to Government, you have the precedent of this Bill before you, why not put maximum and minimum rates for the sale of cloth. What is there to prevent you coming to-morrow to this House and asking the Government of India to fix maximum and minimum rates for cloth, outside which limits, no mill proprietor should sell his cloth? What is there to-morrow to prevent you from extending this principle to the case of the jute industry? What is there to-morrow to prevent your extending this principle to the sale of kerosene oil and other necessaries of life? Who is going to be the arbiter between the consumer and producer? I say it is a monstrous principle and I cannot understand the Government of India acquiescing in a principle of this kind without even a strong measure of protest. I can quite understand the spirit of the Legislative Assembly in forcing legislation of this kind on the Government, but I cannot understand the Government acquiescing so readily in a principle which is not only monstrous but is intrinsically wrong and unsupportable and which in any European country or any other country would be simply laughed at. If the British Government endeavoured to bring this principle into force in England the Parliament would not stand for twenty-four hours. Sir, what I am saying to-day has to a certain extent been recognised by the Government of India and it is therefore to my mind very difficult to understand the incorporation of such a dangerous principle in the statutory legislation of this country.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY (West Bengal: Muhammadan): May I know, Sir, whether there can be real competition between a monster and a pigmy? One can understand fair competition between equals.

THE HONOURABLE THE PRESIDENT: The Honourable Member is grossly disorderly in sitting in his place and addressing another Honourable Member of this House across the floor.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY: I beg your pardon, Sir.

THE HONOURABLE SIR MANECKJI DADABHOY: Even Sir George Rainy recognised the force of the remarks which I have just now made. I have mentioned certain difficulties and objections which seem to me unassailable. In particular I wish to say that to introduce State control of rates and fares where no monopoly had been granted is something of a new principle or at any rate a novel application of a principle; yet the Government of India have acquiesced in this novel application of a principle.

Now, Sir, if the Government have acquiesced in this Bill for the simple purpose of conciliating some boisterous opinion, I have nothing to say; I am only sorry for the Government of India. But if the Government of India really and honestly believe that by passing legislation of this character they are going to promote the welfare of the indigenous inland industry, I am afraid they are seriously mistaken. You cannot promote more companies; you cannot promote concerns of a public utility service character, I mean transportation agencies, by legislation of this nature. The companies which would like to come into existence would fly shy on account of Government interference. Capital will not be forthcoming. I make bold even to say that my Indian friends, Indian capitalists, with legislation of this character, will not invest their money in concerns of this character when they know that the policy of Government is of State interference in the matter of fixing freights, rates and fares. In short, State control of any private enterprise will have the effect of putting a damper on the indigenous industries of the country. It will not promote the object which the Government of India have in view of industrialising this great country. What I say is that even the capital from India is to-day going to foreign countries. It is unfortunately true. Many of you probably do not know that during the last two or three years an enormous amount of Indian wealth has left the Indian shores and has been invested in European countries merely because the people are not only getting frightened of the revolutionary movement in this country but are frightened also because they feel that the Government of India are weak and are not in a position to look after the interests of the country.

Sir, in a Bill of this nature there is another strong objection and it is the danger of a capricious, wanton and arbitrary exercise of power. To-day the Government of India may be very strong and may resist unnecessary and malicious interference with trade. To-morrow there may be somebody else in the Government of India, and, if a provision of this character allowing Government interference is tolerated, the Government of India might find itself powerless on other more important occasions to resist the power of the Legislature for the purpose of enforcing certain restrictions on companies which are floated with foreign capital. I for one have been always a very strong supporter of foreign capital coming into this country, because I feel that the salvation of India lies in industrialisation and India with its intrinsic capital is not in a position to industrialise the country from one end of the Empire to the other and we have to depend on a large volume of foreign capital if we want this country to prosper in trade.

I submit therefore, Sir, that this Bill to my mind is not a sound one. It embodies an unsound principle; it embodies an unsound method of procedure which cannot be permitted. If the Government of India were keen that a Bill of this nature should be passed, clause 54(*b*) would have amply served their purpose. If some of the companies are carrying on a rate war, advisory committees to meet and discuss contentious matters would have amply served the purpose. Sir, I know that the Government have accepted the Bill in the other House and probably there will be no opposition from Government on this occasion. But I think that the Government of India must know that on this occasion they have lent their support to a measure which is intrinsically unsound and radically wrong.

THE HONOURABLE MR. K. B. HARPER (Burma Chamber of Commerce): Sir, I regret to find myself bound to oppose my Honourable and only colleague from Burma. We in Burma have always claimed that our representation in the Central Legislature is at best incommensurate with the importance of the Province and it is unfortunate when that representation has to be made still less effective as happens so often in this Council by Burma's two representatives voting in opposite lobbies. I have been puzzled to understand why my Honourable friend Mr. Chari undertook to sponsor Mr. Neogy's Bill in this house. Burma possesses internal waterways of little if any less importance than those of Bengal and Assam, yet on looking through past debates on this Bill I have been unable to find a single word of criticism of the services at present running on the inland waters of Burma. Burma is not mentioned at all in Mr. Neogy's Statement of Objects and Reasons, and even in the opinions which have been received from Burma and circulated to Members of this House no case is attempted or made out against the inland steam-vessels services in Burma. The Burmese Indian Chamber of Commerce, which I imagine contains some members of Mr. Chari's varied constituency, expressed two opinions, the first supporting the Bill, without suggesting any evidence in favour of the necessity for it, and the second, two months later, recommending in the light of information which had since been received that minimum rates should not be fixed for these stretches of a river where there is competition with the railways. The leading river steamer company of Burma, the Irrawady Flotilla Company, has to compete with the railway over a great part of the Irrawady delta and river, and when the new Minbu-Pakokku Railway is built there will hardly be any stretch of river on which the Irrawady Flotilla Company will not have to compete with the railway. Those Members of the Council who are genuinely interested in this Bill will have read the opinions which resulted from its circulation and I need not therefore take up the time of the House going through those opinions now. I need merely say that so far as Burma is concerned no case has been made out for the need for this Bill, that there is ample competition with craft of all descriptions and that there have never been any agitations or sustained complaints against the rates charged by the steamer companies which are the butt of this Bill.

I cannot speak from personal experience of the river steamer services of Bengal and Assam but I have carefully read the opinions which have been received from those two Provinces. In doing so I was struck, as I think every unbiassed reader must have been struck, with the complete absence of any evidence of the necessity for this Bill. Those who have supported it have merely begged the question and contented themselves with stating that the Government control proposed in this Bill would be for the benefit of the public. On the other hand there is a mass of well-reasoned argument, strongly supported by Provincial Governments, to the effect that no such legislation is necessary

[Mr. K. B. Harper.]

I want to emphasise this point, that the Local Governments of all the Provinces which have a network of waterways and experience of steamer services on them have, without exception, strongly opposed the measures proposed in this Bill. On the evidence in fact available to the Council there is clearly no case for interference by Government. And yet, as the Honourable Sir Maneckji Dadabhoy has so forcibly put to the Council, we are faced to-day with the curious situation that the Bill has been accepted by the Government of India in the other House and will therefore presumably be accepted again in this Council to-day. Now this is a very intriguing state of affairs, but a very serious matter, for it means that the Government of India have accepted the principle of interference by them with private enterprise. This is surely a complete change of policy. In no other case, I think I am right in saying, have the Government accepted or practised the policy of interfering by legislation with concerns which are neither public utility companies nor monopolies. My Honourable friend, Mr. Chari, repeated the opinions expressed by Mr. Neogy in the other House that this proposed legislation is in the public interest. I have not been able to find any evidence in support of that claim but a great deal to the contrary. Let me read the opinion of the Government of Burma, whose present Governor, as the House well knows, was lately Commerce Member in the Government of India :

"The Governor in Council holds the view that such intervention should be solely in the public interest and not in the interest of any competitor; and he sees no justification for the proposal in the public interest in this case."

As the Bengal Government puts it this is a case where "the attempt to control commercial companies of this kind which have been given no monopoly protection transgresses the first principles of commercial fairness" and that is a charge to which Government are undeniably open if they support this Bill. Now, Sir, this is as I have said a very serious matter, so serious that the commercial community are entitled to a clear statement from Government in explanation of this new policy. We have been told that this is only a permissive Bill, but I agree entirely with my Honourable friend, Sir Maneckji Dadabhoy, that that does not for a moment alter the principle of it. If the Bill is to be a dead letter, it is far better not to pass it into law at all. If it is not to be a dead letter but is to be acted on, Government are accepting the policy of interference with the private enterprise of long-established interests for the benefit of their competitors. I consider it most unfortunate, Sir, that the Bill was rushed through the other House, for that is in effect what happened. The Report of the Select Committee, with the Bill as amended by them, was laid on the table of the other House on the 20th January and the Bill was taken into consideration and passed on 23rd January; that is to say two days before the Select Committee's Report was published in the Gazette, thus giving constituents no time to express their views to their Members. I should have liked for this reason, Sir, to move now for re-circulation of the Bill as amended by the Select Committee, but I am advised that such a motion would be out of order and therefore that that relief is not open to the interests mainly concerned. I may be asked why my friends of the European Group who sat on the Select Committee recorded no doubts on the wisdom of this policy. Not having been present at the discussions of that Committee I am not in a position to explain the attitude they took up, but whatever the reason may be it does not seem to me to absolve Government, and just to ask the question would seem to me to be reducing the issue to one of racial discrimination. Unfortunately there is more than a suspicion of

racial discrimination in the various speeches made in support of the Bill, and it is I think incumbent on Government to assure us that they have satisfied themselves that there is nothing racial behind this Bill, for if they have not done so they are pledged to oppose it. Let me read what the Honourable the Commerce Member had to say on this point :

"Clearly in so far as there is room on the rivers for more companies, every one would desire that these companies should be Indian. There is no question at all about that".

I have no quarrel with that statement.

"But,"

says Sir George Rainy,

"in so far as it is hoped that the effect of this Bill might be to make things more difficult for the existing companies not because of what they have done, but because of the character of their shareholding and management, in so far as that is the motive Government have no sympathy with it at all. It is one thing to take measures to protect industries so that the Indians may get a fair share in any sort of industry or manufacture, and it is quite a different thing to take measures directed against long-established companies which have been providing important public services, merely on the ground of their nationality."

I should like the Honourable the Commerce Secretary to re-assure the House on that point.

Sir, like my Honourable friend, Sir Maneckji Dadabhoy, I have been paying far more attention to Government than I have to the Mover of the Bill. I do not wish to attack my Honourable friend Mr. Chari. I am far more concerned with Government's part in this Bill and I am anxious to hear from them why they decided to accept the new principle of interference with private enterprise and why they chose the river steamer companies as their first justification for adopting this policy. I would ask them whether some circumstance has recently arisen to induce them to change their policy—and, if so, to tell the House what that circumstance is--or whether it is that they have drifted into this frame of mind along the line of least resistance ?

I have already said that I may be reminded that the Bill is only permissive. That is perfectly true, but I repeat that the principle is there—the principle of interfering with private enterprise, in the aggravated form of interfering with one set of interests for the benefit of competitors. And once that policy is accepted, is it going to be confined to river steamers ? That I think is a real danger which Honourable Members should consider very carefully before they give their vote to-day.

Sir, the questions which I have tried to put to the Honourable Commerce Secretary are these :

Is there any other instance in India of Government supporting a Bill permitting interference with private commercial enterprise ?

If not, what grounds are there for introducing such a policy in this case ?

To what extent do Government consider that the proposed legislation is in the public interest ?

Are Government satisfied that this Bill is not directed against the long established companies ?

And lastly, have Government satisfied themselves that this Bill is not designed as a measure of racial discrimination ?

THE HONOURABLE MR. A. RAMASWAMI MUDALIAR (Madras: Non-Muhammadan): Sir, years ago it was my misfortune at the Westminster rooms of the Empire Parliamentary Association to follow my Honourable friend Sir Maneckji Dadabhoy and to refute every single assertion of fact that he made on that occasion and to controvert every inference that he drew from that wrong assertion of facts. It is my misfortune, Sir, and not my fault that on the very first occasion I have been called upon to address this Honourable House I should have to undertake a similar task of controverting every single assertion of fact that my Honourable friend Sir Maneckji Dadabhoy has made to-day and of contradicting also the inferences that he wanted to draw from those facts. My Honourable friend was in a mood of virtuous indignation and criticised the Government in a manner that I have hardly seen him do during the short experience that I have had as a Member of this House. I wish, Sir, that that virtuous indignation had been shown at the Government on an occasion when he had public opinion behind him rather than on an occasion when public opinion is all the other way. Sir Maneckji Dadabhoy is perhaps the only gentleman who will lead a hopeless cause such as that which he has led to-day. Sir, I am amazed that such a speech should have been made at this time of the year of grace when during the last four or five years we have had discussions on matters such as coastal reservation and on matters relating to the protection of Indian interests. It will be Sir Maneckji Dadabhoy's pleasure and privilege, I have no doubt, in the course of the next week to support with all the vehemence that he has commanded to-day, the Tariff Bill which the Honourable the Commerce Member is proposing to introduce in this House. This measure of protection will give to a particular industry which has its back against the wall the much needed support that it requires at the present day. My Honourable friend said that he had no shipping interests, owned no shares in shipping companies, had no sort of connection with a shipping industry, and therefore he spoke as he did. I agree. (Laughter.) Perhaps, if he were connected with them, he would have known something of that industry, something more than he has allowed himself to know on this occasion, and perhaps his speech would have been in a different strain from what it has been to-day. Sir, the principle of the Bill is very simple and that is where my Honourable friend has entirely neglected to follow the Bill and to follow the reasons which the Government have had for supporting this measure. The principle is not the question of fixing the minimum rate or the maximum rate. That is only an incident of the Bill. The principle is to see that unfair competition is as far as possible prohibited and the ultimate interests of the consumer and of the user of these shipping companies protected. I say ultimate interest because it is a matter of elementary economic law that if a monopoly is allowed to be created by rooting out all competitions, by trying to kill all these companies which try to compete with you, the result will be the suffering of the men who use these shipping companies.

THE HONOURABLE SIR MANECKJI DADABHOY: There are no monopolies in the Indian steam-vessels.

THE HONOURABLE MR. A. RAMASWAMI MUDALIAR: That is easily possible. There would be a time when we could easily visualize the coming into existence of such a monopoly. If vested interests, large commercial concerns, magnates like Sir Maneckji Dadabhoy take it into their heads to run these inland steam navigation companies, they could, I am perfectly certain, try to shoulder out of existence the few small companies that ply either

on the rivers of Bengal or on the rivers of Burma, and when that has been done, the day of monopoly would not be so far off as it appears to my friend Sir Maneckji Dadabhoy to-day; when that day of monopoly comes, the man in whose interests Sir Maneckji Dadabhoy has been pleading this afternoon and showering his indignation on the Government, that man will not be thankful that this House at the instance and on the advice of my friend Sir Maneckji Dadabhoy took the fatal step which he is advising this House to take to-day. Sir, I am surprised that my friend should have said that this Bill was an interference with private enterprise. It is no such thing. It is merely a case of regulating private enterprise so that unfair competition may not exist between one sort of enterprise and another, so that conditions may not come into existence in course of time by which that private enterprise will become a monopoly and try to ruin those who are using these lines. My Honourable friend said that it was an accident that in the case of State-managed Railways, a maximum and minimum fare was laid down by the Government. But he is wrong in thinking that this is the case only with reference to State-managed Railways. So long as railways have been in existence in this country, whether they have been State-managed or Company-managed, whether they have been owned by the State or owned by companies, maximum and minimum rates have always been laid down. I am surprised that my friend has not earlier taken the opportunity of criticising that policy of the Government and coming before this House with a Bill so that that power which the Government has may be abrogated. But, Sir, what is intrinsically wrong with the principle? As I said, the principle is not the question of fixing a maximum and minimum rate. The principle is one of allowing to survive as far as possible the indigenous industry of this country and it is the same principle which is going to be reiterated in the Tariff Bill, the same principle which.....

THE HONOURABLE SIR MANECKJI DADABHOY: Then ask for protection; don't meddle with State interference.

THE HONOURABLE MR. A. RAMASWAMI MUDALIAR: The same principle which was established by this House when it accepted the bounty which was given to the steel trade and to various other trades. The principle of protection is really the principle that underlies this Bill also. Sir, my Honourable friend asked where else in the world, where else in European countries can such a measure be tolerated or permitted, and he drew a very vivid picture of Cabinets tottering, of Governments going to the wall, of dissolutions taking place if a measure like this were to be brought forward before any House. I ask my Honourable friend whether he has followed the progress of coastal reservation in other parts of the world during the last century or two. I should have thought that an industrialist and capitalist magnate like my friend, who has had before him during the last three years at least all the discussions with reference to the Coastal Reservation Bill, would have made sure of his facts before he ventured on an assertion of this kind in this House. Sir, Belgium, Holland, Denmark, France, England itself, in fact every European country which had any sort of sea-board has followed this principle of reserving to its own nationals as much of the trade as it could have with reference to steam navigation companies.

THE HONOURABLE SIR MANECKJI DADABHOY: There is no reservation in this case at all. There is a fixing of maximum and minimum rates and interfering with industry.

THE HONOURABLE MR. A. RAMASWAMI MUDALIAR: Am I to understand from my Honourable friend that if this Bill were to be extended to the question of reservation to the nationals of the inland steam-vessels, then he would be for it? Is it to be seriously taken that my friend Sir Maneckji Dadabhoy endorses the very much larger, the very much more vital provision regarding reservation and is aghast at this small provision of fixing maximum and minimum rates for the steamship companies? The proposition has only to be put forward to understand the value of that proposition. In every one of those countries, as I have said, that sort of reservation has been going on for the last two or three years, ever since enlightened opinion came to assert itself on these matters, and it was only when the industry found itself on its legs, could support itself, could stand competition, that either England or any other country has ceased to claim that sort of reservation and has been for free trade and *laissez-faire*, and no protection and all that sort of thing. Sir, I ask my Honourable friend a counter question. Can he give any instance of any inland steam navigation in any part of the world where a company which is not a national company has a right to ply her boats on inland waters? My friend will find it very difficult indeed to gather information in support of his position on that point. My information is that no such state of things exists anywhere in Europe. Sir, I do not want to pursue the futilities that have been advanced in the course of this morning by my Honourable friend Sir Maneckji Dadabhoy.

I am more surprised that a non-official European representative from Burma should have unfortunately stepped into this controversy and made the speech that he made this morning. I, Sir, thought that when the European representatives in the Assembly had put their signature to the Select Committee's Report and had given their assent to the passing of the Bill, there would have been a unanimity of opinion among European interests and European representatives, and that, whatever personal predilections individuals may have, for the sake of the unity that is so well established amongst them and which we Indians always admire and appreciate, this note of discord would not have been sounded in this House. I am surprised; I am pained. I say it is most unfortunate that this discordant note should have been raised, for, looking at the consequences of the objection raised by the Honourable Mr. Harper, I ask what possibility is there of the bigger issue that has been raised by the Coastal Reservation Bill being solved satisfactorily, if on this minute almost imperceptible measure before us opposition of this kind is to be ranged against the measure, if Government are to be charged with having recognised the principle of racial discrimination and if attacks are to be made on the Government for having yielded in this small matter. Sir Maneckji Dadabhoy said that Government were weak. I am sorry for the Government. They should take my friend more into their confidence and try to find out what virility can be got from the advice that Sir Maneckji Dadabhoy is pleased to give to the Government from time to time. But, Sir, leaving aside Sir Maneckji Dadabhoy, I am surprised and I am somewhat pained that the Honourable Mr. Harper should have made that speech. It will create a very bad impression throughout the country. It will create the impression that the European interests are not willing to give up an iota, an inch of ground, that they will not move in the matter at all, that they will stick to the position they have attained through the centuries and that they refuse to listen to the voice of reason and the demand of public opinion. Sir, I am one of those who have written and spoken times without number of the need of trying to get as far as possible reconciliation between the various conflicting interests. I am not one of those who have advocated any sort of expropriatory treatment

towards any interest whatsoever ; I am not one of those who have said that interests which have through long ages in the past done immense service to the country ought to be rooted out of the country without any sort of reason and without any sort of compensation being given. I am, on the other hand, one of those who, with reference to the larger measure of the Coastal Reservation Bill, have written and spoken times without number of the need for trying to see the European point of view as far as possible and of trying to see that that point of view was appreciated by us, given due weight by us, and that the interests which that point of view represented should as far as possible not suffer. But, Sir, I despair of Conferences, even though they may be presided over by His Excellency the Viceroy, if the manner and sentiments of Mr. Harper are to any the slightest extent endorsed by any other European representatives in this country on a measure like this in which all that has been suggested is that minimum rates should be fixed so that there may be no undercutting whatever for the purpose of rooting out struggling little organisations. If on a measure like this Burma through its European representative can put forward an objection, all that I can say is that there need be no talk of trying to reconcile these conflicting interests and of trying to deal equitably and justly between interest and interest. My Honourable friend Mr. Harper asked, has any case been made out ? Has there been suffering to any particular interest ? Has it been proved that any handicap has been put on any particular interest or steam navigation company ? Sir, in another place instances were given. We all know of instances. We know of instances where rival companies just to throttle competition and to drive out of existence the small company floated by a national have issued tickets free to their passengers and have at the end of their journeys given sweetmeats to them. (Laughter.) In addition we know of instances in Burma, particularly with reference to the coastal traffic. I should like to inform Mr. Harper that in the trade which has been carried on between Madras and Rangoon passengers were taken free of charge and at the Rangoon end were given a beautiful silk handkerchief such as can only be manufactured in Burma. I ask Mr. Harper if it is too much to expect that those instances have been brought to his notice. No doubt such instances are rare. The need for competition is rare. It can only arise when the small competing company floated by a national is set up, and in a country where capital fights shy of being invested in any national concern, instances of that are bound to be rare. The very rarity of these instances however proves more vividly than if a host of instances could be marshalled, how trade is affected and what necessity there is for a measure of this kind. But after all is said and done, the whole power still lies in the hands of Government. They have still to satisfy themselves that the need has arisen for fixing the minimum and maximum rates. They have still to be told that there is that unfair competition which is in fact the hypothesis upon which any attempt at moving the Government in this matter must be based. And what is Mr. Harper afraid of ? My Honourable friend Sir Maneckji Dadabhoy said, " This Government is a good Government ; we have plenty of confidence in this Government ; I at any rate have plenty of confidence in this good Government. But what is going to happen later on when another Government may be in power, when that Government may give in to agitation, when it may rush in where angels fear to tread, when it may prescribe minimum and maximum rates without any regard for the interests of trade or the interests of the gentlemen who use these steam navigation companies." Sir, neither I nor Sir Maneckji Dadabhoy are born of a caste or community which can attempt to look into the future. We have not been given the prophetic vision to see into the future.

THE HONOURABLE SIR MANECKJI DADABHOY : Why ? Are we not coming into power ?

THE HONOURABLE MR. A. RAMASWAMI MUDALIAR : Sir, I do not know whether I shall be in power, but I certainly do not wish to say anything about the prospect of Sir Maneckji Dadabhoy being in power. Sir, whatever the future may hold for us, let us take it that that future is not going to be a violent wrench from the past. Let us realise, whatever scaremongers may say about that future, that it is going to be a future which is constitutionally built upon and linked with the past and which will take into consideration all the commitments and all the liabilities of the past. I am sorry that my friend Sir Maneckji Dadabhoy should have spoken of revolutionary measures driving out of this country its capital to foreign countries. That sort of scaremonger talk has been going on all too long. The resolution passed in a thoughtless moment by a body, regarding whose sense of responsibility this House need not inquire, has been too often used.

THE HONOURABLE SIR MANECKJI DADABHOY : You call the National Congress a thoughtless body ?

THE HONOURABLE THE PRESIDENT : I protected the Honourable Member when he was making his speech. I think he might have the courtesy to allow the Honourable Mr. Mudaliar to finish his maiden speech without further interruption.

THE HONOURABLE MR. A. RAMASWAMI MUDALIAR : My Honourable friend has either not understood my words or not followed them. I said a thoughtless resolution, not a thoughtless body, passed at an unfortunate moment by a body regarding whose sense of responsibility we in this House ought not to inquire, has been exploited time and again and has been used for a variety of purposes. I am only sorry that my Honourable friend Sir Maneckji Dadabhoy should have dragged in the bogey of revolution on this occasion also in order to throttle this small measure. It reminds me of the giant using a bludgeon to kill a little wasp. May I ask Sir Maneckji Dadabhoy not to have the bogey of revolution too much in his head ? His capital is safe for decades to come, whatever resolutions may be passed. I can assure him there is no danger to the mills with which he is connected. There is no danger to the capitalistic class as a whole ; there is no danger to vested interests as a whole. But at the same time they ought to look forward to the day of reckoning when not this or that interest, but the wider interests of the nation have to be reconciled with the narrower interests of a small class. I ask him to look forward to the time when the demand for legislation of this kind will grow more and more, when the demand for an industrial India and an India which can support itself and stand on its own legs will become more and more insistent, and I ask him to take note betimes of the warning of the times and to adjust himself and his mentality to suit the coming future. Sir, the forces moving in their might and majesty go on whether here and there a hand of protest is raised or not, whether a small Bill goes through this House or whether it is delayed,

hampered, mutilated or even arrested, and those forces it is that I want Sir Maneckji to take account of, so that in the coming times of which he has such a vivid horror he may not find himself more isolated than he would be to-day. (Applause.)

THE HONOURABLE MR. J. A. WOODHEAD (Commerce Secretary): Sir, the debate has taken, from the Government point of view, a somewhat unexpected turn, and certainly when the Select Committee of the Legislative Assembly, which included two members of the European Group, one of whom was closely connected with the inland steamer companies in Bengal, signed a unanimous report in regard to this Bill, Government did not expect that the Bill would be challenged in the very intense manner it has been in this House and that I should be asked to reply to certain categorical questions in regard to Government's policy—why Government have adopted what is alleged to be the most unusual course of accepting a Bill which interferes with private commercial enterprise. I am not quite sure, Sir, what the Honourable Mr. Harper had in mind when he urged that Government had in no other case followed a policy of interference by legislation with private commercial enterprise as I myself am under the impression that persons engaged in commerce very often complain that Government interfere with their enterprise. I would instance the Factories Act which I think, it will be admitted, does interfere in many ways with private enterprise; it *inter alia* limits the employment of women and children, and fixes the maximum hours of labour, and undoubtedly these limitations have a considerable effect upon commercial enterprise. Again, buses, omnibuses, are, I believe, controlled perhaps not always by Government direct, but by local bodies, and municipalities, who fix the rates of fares. There are other cases of interference with private commercial enterprise, for instance, the Tariff Act; customs duties undoubtedly interfere with trade and commerce. I am therefore not quite certain what the Honourable Member had in mind when he put to me the question—"Is there any other instance in India of Government supporting a Bill permitting interference with private commercial enterprise?" Certainly Government should not interfere unnecessarily with private commercial enterprise. But to suggest that Government should not and has not by legislation interfered with private enterprise is, I think, going too far.

Reference has been made during the debate to the Coastal Reservation Bill. I would like at the outset to draw the particular attention of the Honourable Members of the House to the fact that this is not a reservation Bill. It does not seek to reserve the inland steamer trade for any particular firm, for any particular race or for any particular class of persons. Surely, Sir, no comparison can be drawn between this Bill which merely seeks to give Government the power, should occasion arise, to fix maximum and minimum rates for goods and passengers with a Bill that seeks to reserve a particular trade for a particular class of persons.

Before proceeding further, Sir, I would like to take the Council through the Bill—it is quite a short one—particularly as little reference has been made to its specific provisions during the course of the debate. It consists of one main clause, clause 2, which introduces a new section in the Inland Steam-vessels Act. This new section provides that the Governor General in Council may, after such enquiry as he may consider necessary, fix maximum and minimum rates, and the Select Committee in their report stated that they contemplated the establishment of a Rates Committee whose duty it would be to

[Mr. J. A. Woodhead.]

enquire into the maximum or the minimum rates which should in any particular case be fixed. The Select Committee also agreed that in order to justify the imposition of minimum rates it should be established to the satisfaction of the Governor General in Council that a rate war is actually in progress between steamer companies. Further as regards maximum rates of freight on goods the Committee were of opinion that as complaints in regard to the goods rates had been comparatively few the provision of the Bill, which relates to the fixation of maximum rates for freight on goods, should not come into force until a date notified by the Governor General in Council. Clause 1 of the Bill provides for this. Those, Sir, are the provisions of the Bill; they are, I would urge, quite simple; and as has been pointed out by other Honourable Members the Bill is entirely of a permissive character; it permits Government after such enquiry as they think necessary to fix maximum and minimum rates; and, as I have said, the Select Committee contemplated that these maximum rates should be fixed after enquiry by a Rates Committee constituted for the purpose.

As was stated by the Honourable Sir George Rainy in another place, State control of fares and rates where no actual monopoly has been granted is a somewhat novel application of the principle of State control and the position that the Government had to examine was what their attitude should be in the case of the inland steamer companies. No formal monopoly has been granted to the inland steamer companies, but a qualified monopoly in certain respects does exist. Government came to the conclusion in view of the qualified monopoly which undoubtedly exists that they could not take the line that since this is a case of private enterprise all interference by Government is out of order. They were not prepared to say that the Executive Government should not have the power to intervene for the protection of the public. Government therefore decided to support the reference of the Bill to the Select Committee. Another factor which has largely weighed with Government is that the Bill is of a purely permissive character. If it had not been of a permissive character but had imposed on Government an obligation to interfere, Government could not have agreed to the principle of the Bill.

Another question I have been asked to answer, Sir, is to what extent Government consider the proposed legislation to be in the public interest. One object of the Bill is to prevent the rates both for goods and passengers being fixed too high, and I hope it will be admitted that it is in the public interest that Government should have the power, if occasion should arise, to prevent rates of freight as well as of passenger fares being fixed at too high a figure: that is certainly in the public interest. As regards minimum rates the object is to prevent rate wars. As I have said, inland steamer companies, certainly in Bengal, possess what may be described as a qualified monopoly and one of the means by which they would, and have attempted to, retain that qualified monopoly is by rate cutting against competitors. And I hope again, Sir, it will be admitted that it is in the public interest that free

1 P.M. competition should exist and that companies which may have a qualified monopoly should not be able to maintain and perpetuate that monopoly by rate wars launched with the intention of preventing other competitors coming in.

I believe one Honourable Member stated that there was no precedent in any country, Sir, for a Bill of this character which seeks to empower Government to fix maximum and minimum rates. I would remind the House that a precedent exists in America.

THE HONOURABLE MR. J. H. FYFE : It is a dead letter in America.

THE HONOURABLE MR. J. A. WOODHEAD : I was not talking about the Act being a dead letter, Sir. I was referring to the existence of legislation. In America the Shipping Board has the power to enforce just and reasonable maximum rates, fares and charges, and just and reasonable classifications, tariffs, regulations and practices, and to replace unjust or unreasonable rates, fares, charges, classifications, tariffs, regulations or practices. In fact, the law does not only apply to rates and fares, it applies to classifications, regulations and practices in general. And further, the American law lays down that rates reduced by a carrier with intent to drive out or injure a competitive carrier by water cannot be increased without the approval of the Board. That is if owing to the desire to oust a competitor rates have been decreased, they cannot be raised again when that competitor has been ousted from the field.

THE HONOURABLE SIR ARTHUR FROOM : But why go to America ?

THE HONOURABLE MR. J. A. WOODHEAD : I was only, Sir, answering or refuting a statement made by a certain Honourable Member that similar legislation did not exist in any other country.

The Bill, Sir, as I have explained, is not a Bill which seeks to reserve the inland steamer trade ; further it does not contain provisions directed only against existing companies, and it is difficult to see how any of its provisions can be said to bear a racial character. If certain persons have supported the Bill because of certain racial feelings, that, Sir, is no reason why the Government should refuse to accept the Bill, which in itself does not discriminate against existing or long-established companies and contains no discrimination of a racial character. In this connection, I would repeat what the Honourable Sir George Rainy said in another place, to which the Honourable Mr. Harper referred, when he said that in so far as it is hoped that the effect of this Bill might be to make things more difficult for the existing companies, not because of what they have done but because of the character of their shareholding and management, so far as that is the motive, Government have no sympathy with it at all.

I will not detain the House longer, Sir. I would simply say that the Government at one stage had doubts as regards the Bill. It is somewhat of a novelty—or rather it is the novel application of a principle. But Government believe that the measure as passed by the Legislative Assembly is in a form which is workable and which can be administered so as to give fair play to all and cause injustice to none. It is in this spirit that the Government will attempt to administer the Bill if it is passed into law.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, the Honourable Mr. Mudaliar has made my task very easy in contradicting and shattering to pieces the arguments put forward by my Honourable friends, Sir Maneckji Dadabhoy and Mr. Harper. I will not take much time of the Council in repeating the arguments so ably put

[Lala Ram Saran Das.]

forward by my friend, Mr. Mudaliar, but will simply confine myself to a few observations which I think have not so far been advanced. Sir Maneckji Dadabhoy and Mr. Harper both said that this was a dangerous principle and one which was for the first time being introduced into legislation. I might mention, Sir, that there have been many enactments before of a similar nature and I will only cite a few. They are the Punjab Land Alienation Act which reserves or restricts the sale of land to only certain tribes and does not allow the land to be sold in an open market to any buyer. Similarly, the Regulation of Accounts Bill restricts indigenous banking to certain unfavourable conditions and to many reservations. The fixing of maxima and minima rates is not a new departure in the policy of Government and ought to be welcomed in all matters where a monopoly is to be broken. I am glad the Honourable the Commerce Member in his observations has admitted that the river navigation companies have a qualified monopoly as far as the inland river traffic is concerned.

The Honourable Mr. Harper has observed that in Burma people have no grievance against the inland shipping companies. If that is the case, why should he be afraid of this Bill ? This Bill will only affect those places where the rates of fares and freights are exorbitant, and where there are risks of war in rates. I therefore, Sir, commend this Bill to the favourable consideration of this House and hope that the Bill will be passed.

THE HONOURABLE MR. P. C. DESIKA CHARI : Sir, my task has been considerably lightened by the eloquent speech of my friend Mr. Ramaswami Mudaliar and by the able exposition of the principle underlying the Bill by my friend the Commerce Secretary. After all, this is only a very small extension of the application of the well-known principle of Governmental and State interference in public interests where really a case for State interference has been made out. I was surprised, and in fact I was amazed, at the attitude of Sir Maneckji Dadabhoy in magnifying this very small application of the principle as a sort of interference with capitalist developments and with individual enterprises ; and he went so far as to say that a Bill of this type, a small, modest, cautious, over-conservative measure, would drive away capital from this country. I expected no doubt some sort of criticism in his own usual way against any measure which is brought in with a view to promote indigenous industry. But the attitude of my friend Sir Maneckji Dadabhoy has gone beyond all measure of expectation even though I have known him long enough in this House. Sir, it is needless for me to answer in detail the various objections which have been taken, because I find that they have mostly been answered. I would confine myself to one observation of my friend the Honourable Mr. Harper who comes from the same province as myself. He expressed surprise at my attitude in taking up this Bill. Sir, the Bill affects mainly the interests of the four large provinces of India, and Burma is one of the most important provinces of these four which will be affected by a measure of this kind and which is likely to derive a considerable advantage if this Bill is passed into law. He also, I believe, said that there is no justification for this measure so far as Burma was concerned. No doubt he is in the happy position of having the support of the Local Government of Burma, but I would like to point out to him that even the Local Government of Burma was obliged to admit that the Irrawady Flotilla Company is a monopolistic concern to some extent.

In paragraph 4 on page 38 of the Opinions from Burma my Honourable friend will find, if he has got a copy with him, the following :

"It is true that in Burma the Irrawady Flotilla Company has succeeded in preventing the establishment on the Irrawady of companies similar to itself and has to that extent established a monopoly."

THE HONOURABLE MR. K. B. HARPER : Please read further on.

THE HONOURABLE MR. P. C. DESIKA CHARI :

"But this species of monopoly is, as recognised in the letter of the 11th June, 1928, from the Burma Indian Chamber of Commerce, not a true monopoly."

Of course it is not a monopoly in the sense that the railways are a monopoly, but the Irrawady Flotilla Company has established a position of monopoly in the sense that it has succeeded in preventing similar companies from organising and competing with it. To that extent it is a monopoly, and even in the case of these monopolistic concerns there is always the danger of the public interests being ignored, and this monopolistic concern is no exception to the general rule that if there is no healthy competition, the people would suffer. I would also invite the attention of the House to the fact that in the opinion submitted by the Government of Burma it is said that the Rangoon Trades Association representing European retail trade in Rangoon agreed to the Bill on the ground that it will safeguard trade in general. So my Honourable friend Mr. Harper will find that not only the Burma Indian Chamber of Commerce but also the Rangoon Trades Association representing European interests has welcomed the principle underlying the Bill ; so that there is no force in saying that no case has been made out for the application of this principle to Burma. As has been pointed out by the Commerce Secretary, there is no question of racial discrimination and the bogey of racial discrimination has really been brought in with a view to creating prejudice against the Bill. Sir, I am surprised that when all sections of the Assembly including the group which is represented by my friend Mr. Harper have seen fit to accept the principle of the Bill that he should come forward and raise opposition. I am only sorry that it will create a very wrong impression of the attitude of the European vested interests when even a small measure designed to promote indigenous enterprise is vehemently opposed by the European interests.

Sir, I do not desire to deal any further with that aspect of the question, and I hope that the passing of a Bill of this kind with the unanimous vote of the Council, as I hope, will create a very good impression in the interests of goodwill and harmony which is now so necessary for the proper development of India.

Sir, with these words, I move.

THE HONOURABLE THE PRESIDENT : The question is :

"That the Bill further to amend the Inland Steam-vessels Act, 1917, for certain purposes, as passed by the Legislative Assembly, be taken into consideration."

When the question was put, the Honourable Sir Arthur Froom and a few other Members said "No".)

THE HONOURABLE THE PRESIDENT : Is the Honourable Member challenging a division ?

THE HONOURABLE SIR ARTHUR FROOM : Yes, Sir.

The Council divided :

AYES—31.

Abdul Majid Khan, The Honourable Khan Sahib Khwaja Muhammad.
Akram Husain Bahadur, The Honourable Prince A. M. M.
Charanjit Singh, The Honourable Sardar.
Coyajee, The Honourable Sir Jahangir Cooverjee.
Desika Chari, The Honourable Mr. P. C.
Dudhoria, The Honourable Raja Bijoy Sing.
Graham, The Honourable Sir Lancelot.
Habibullah, The Honourable Khan Bahadur Sir Muhammad.
Haig, The Honourable Mr. H. G.
Hayman, The Honourable Mr. A. M.
Jaffer, The Honourable Sir Ebrahim Haroon.
Khaparde, The Honourable Mr. G. S.
Laxminarayan, The Honourable Rao Bahadur D.
Macmillan, The Honourable Mr. A. M.
Maqbul Husain, The Honourable Khan Bahadur Sheikh.
Middleton, The Honourable Mr. A. P.
Mudaliar, The Honourable Mr. A. Ramaswami.
Muhammad Hussain, The Honourable Mian Ali Baksh.
Nair, The Honourable Sir Sankaran.
Natesan, The Honourable Mr. G. A.
Nirmal Kumar, The Honourable Mr.
Padshah Sahib Bahadur, The Honourable Saiyed Mohamed.
Pakrashi, The Honourable Mr. Suresh Chandra.
Ram Saran Das, The Honourable Rai Bahadur Lala.
Suhrawardy, The Honourable Mr. Mahmood.
Surput Sing, The Honourable Mr.
Thompson, The Honourable Sir John.
Uberoi, The Honourable Sardar Bahadur Shivdev Singh.
Wacha, The Honourable Sir Dinshaw.
Woodhead, The Honourable Mr. J. A.
Yahya, The Honourable Khan Bahadur Shah Muhammad.

NOES—3.

Froom, The Honourable Sir Arthur.
Fyfe, The Honourable Mr. J. H.
Harper, The Honourable Mr. K. B.

The motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

THE HONOURABLE MR. P. C. DESIKA CHARI : Sir, I move that the Bill, as passed by the Legislative Assembly, be passed.

THE HONOURABLE SIR ARTHUR FROOM (Bombay Chamber of Commerce) : Sir, during the debate which has just concluded I listened with the greatest admiration to the maiden speech of my Honourable friend Mr. Mudaliar. I did not quite follow him in the flight of oratory which he took and in which he wandered away from the subject under discussion. In fact it seemed to me that he was speaking more on a Bill of which I have heard, a Bill called

the Coastal Reservation Bill, than on the Inland Steam Navigation Bill. Now, Sir, of course I do not propose to refer to the Coastal Reservation Bill in the few remarks I have to make at this stage. The part of the Honourable Mr. Harper's speech which attracted my attention most was where he referred to the opinions of Local Governments. The Honourable Mr. Chari mentioned that the provinces most concerned were Bengal, Bihar and Orissa, Assam and Burma. Now, Sir, I should like to point out to this Council and to the Honourable the Commerce Secretary that all those Governments without exception have turned down this Bill. Of course we are up here with the Government of India and I for one should have no objection to interference by the Government of India with a province when, say, the province is taking some line of action which is going to prove of considerable detriment to that province. But surely in a case like this the provinces might be left to conduct their own businesses. I wonder how many Honourable Members of this House have read the opinions of Assam, the province that has the biggest waterways in all India. With the exception of two opinions voiced by two Government pleaders, opinions in Assam,—by all those qualified to give an opinion,—have turned down this Bill in no unmistakeable manner. It is said, it is not wanted and it is not necessary. Bengal have pursued the same line. Burma has pursued the same line. Bihar and Orissa also. Yet we have the Central Government in effect telling all these Provincial Governments "We do not think much of your opinions; we will pay no attention to them and will support this Bill." Could anything be to my mind more unseemly? And perhaps this unseemliness is further accentuated when we have the Government official Members of those provinces—three of them—who declared against the Bill, voting against their Governments. Sir, I contend that this renders this portion of the Government a farce. In this Council, Sir, the Honourable Mr. Harper, my Honourable friend on my left and myself represent commercial interests. When the present constitution was started, I went to the then Viceroy and I said "Your Excellency, I think we are in the wrong House; we ought to be in the other place," but we were asked to stay in the Council of State, because the opinions of commercial men in that House would be valued highly and would be most valuable. Perhaps, Sir, you may have wondered why I challenged a division. I had an object in view and that was to show that three representatives of commerce in this House viewed this Bill with distinct disfavour.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Of only European Chambers of Commerce.

THE HONOURABLE SIR ARTHUR FROOM: I am talking about commercial opinion in this House. We view this Bill with distinct disfavour; and I cannot help thinking that the Honourable the Commerce Secretary must feel some regret that he was committed by Government to support this Bill. I feel convinced that the Government are laying up trouble for themselves in the future. They are placing in the hands of a certain party a stout stick and that stick will prod the Government in the back at no very distant date. It is obvious, Sir, that this Bill has behind it racial discrimination. I could only wish that Honourable Members of this House had studied more carefully the opinions which were collected when this Bill went throughout the country and I cannot help thinking that, had they done so, they would have, as right-minded men, voted the other way.

THE HONOURABLE THE PRESIDENT : The question is :

"That the Bill further to amend the Inland Steam-vessels Act, 1917, for certain purposes, as passed by the Legislative Assembly, be passed."

The motion was adopted.

The Council then adjourned till Eleven of the Clock on Wednesday, the 19th March, 1930.

APPENDIX.

Report showing the progress made in giving effect to the recommendations of the Royal Commission on Agriculture in India.

Part I.—Central Government.

PART I.

Statement showing the action taken, up to 31st October, 1929, by the Government of India on the recommendations of the Royal Commission on Agriculture in India with which they are concerned.

Chapter of Report and number of recommendation.	Subject.	Action taken.
CHAPTER III.—Organisation of Agricultural Research.		
Recommendations 1 to 19.	Constitution of Council of Agricultural Research.	The recommendations of the Royal Commission on Agriculture under this head were accepted with certain modifications which are shown in detail in the Government of India's Resolution* No. 826-Agri., dated May 23rd, 1929, a copy of which is attached. A copy of the Memorandum† of Association and Rules and Regulations which were accepted at a meeting of the members designate of the Council held in Simla on June 21st and 22nd, 1929, is also attached. The post of the Agricultural Adviser to the Government of India has been abolished with effect from the 12th October, 1929, on which date Dr. D. Clouston, the last incumbent of the post, retired from service. The advisory duties of the post have been transferred to the Vice-Chairman and his two expert colleagues.
Recommendations 20-21.	Appointment of a whole-time Director for the Imperial Institute of Agricultural Research, Pusa.	These recommendations have been accepted with the modification that the new Director should be recruited on a five-year engagement instead of on a permanent engagement as suggested by the Royal Commission, and the Secretary of State has been requested to recruit a suitable candidate.
Recommendation 22 .	Expansion of Pusa as an Educational Centre.	It is proposed, as suggested by the Royal Commission, to refer this question to the Council of Agricultural Research but an exhaustive preliminary examination of the position has been made in order to clear the ground as far as possible

* *Vide* page 304, *infra*.

† *Vide* page 309, *infra*.

Chapter of Report and number of recommendation.	Subject.	Action taken.
CHAPTER III.—Organisation of Agricultural Research—*contd.*		
Recommendation 22—*contd.*		for that body. As the result of that examination, local Governments have been informed that the Government of India accept the view of the Commission and are willing to take the necessary action to provide all the facilities possible for higher agricultural training at Pusa as rapidly as financial conditions permit, but that, as a preliminary to decision as to the additional facilities which are required, it is essential that local Governments should come to a decision on the policy they wish to adopt in regard to the recruitment of their new Superior Provincial Agricultural Services. The question will be referred to the Imperial Council of Agricultural Research as soon as their replies are complete.
Recommendations 24-25.	Part to be played by Indian Universities in Agricultural development.	These recommendations have been considered by the Inter-University Board which has expressed cordial agreement with the views of the Commission. A copy of the resolution passed by the Board has been communicated to local Governments.
Recommendation 26	Internal co-ordination and co-operation in Research Institutes.	This recommendation has been examined so far as it affects the Pusa Research Institute and it has been decided that it should be left to the new Director, as soon as possible after he has familiarised himself with the situation, to propose such changes in the Rules for the Pusa Institute as he thinks fit in the direction of securing the objects aimed at by the Royal Commission.
Recommendations 28-29.	Constitution of a Central Jute Committee.	These recommendations have been accepted in principle by the Government of India but they consider that the method of financing the proposed Committee recommended by the Royal Commission is open to the objections that an annual grant from Central Revenues

Chapter of Report and number of recommendation.	Subject.	Action taken.
CHAPTER III.—Organisation of Agricultural Research—*contd.*		
Recommendations 28-29—*contd.*		might be uncertain in its operation and that a strict application of the Devolution Rules would limit the objects to which such a grant could be applied to research and the collection of statistics. They are, therefore, of opinion that it is preferable that the Committee should be financed from its own statutory funds as is the Indian Central Cotton Committee. It would appear that an adequate fund could be provided by a cess of one anna a bale on all raw jute produced in India and either exported from any customs port to any port outside British India or consumed in any mill in British India. On the basis of present production a cess at this rate would produce an income of about Rs. 6 lakhs per annum. If the various interests concerned agree to the imposition of a cess which would bring in an income of not less than Rs. 5 lakhs per annum, the Government of India on their part have expressed their willingness to make a reduction in the export duties on raw and manufactured jute to the extent of Rs. 5 lakhs annually, subject to the passing of the necessary legislation establishing a Central Jute Committee with its own statutory fund. The Governments of Bengal, Bihar and Orissa and Assam have been asked to obtain the views of the commercial and other bodies interested in the matter on these proposals and to submit them to the Government of India with their own comments and suggestions. The Government of India have asked in particular for suggestions regarding the personnel of the proposed Committee and any modifications in the Indian Cotton Cess Act which may be considered desirable to adapt it to the case of jute.
Recommendation 30	Establishment of additional Research Substations to Pusa.	The Royal Commission on Agriculture recommended that the Council of Agricultural Research should

Chapter of Report and number of recommendation.	Subject.	Action taken.
CHAPTER III—Organisation of Agricultural Research—*contd.*		
Recommendation 30—*contd.*		determine how far the deficiencies of Pusa, more especially in relation to the problems of tropical India, can be remedied by the establishment of small sub-stations and to what extent the funds which have been placed at its disposal for the advancement of agricultural research can suitably be utilised for this purpose. A preliminary survey of this question has been made before referring it to the Council as a result of which it would seem that the deficiencies of Pusa in relation to the problems of Southern India can, at any rate, for the present, best be remedied not by the establishment of sub-stations under Pusa, with the possible exception of a sub-station for tobacco at Guntur, but by the Council of Agricultural Research assisting provincial Governments in undertaking research work of all-India importance. As the outcome of this examination, the Imperial Economic Botanist is preparing a scheme for the establishment of a station for tobacco at Guntur and the Imperial Entomologist has drawn up a scheme for the establishment of a bee keeping station at Dehra Dun. These schemes will, in due course, be referred to the Imperial Council of Agricultural Research. The Director of Pusa has also prepared a scheme for the utilisation of the Karnal Farm to a greater extent than is at present the case for the general purposes of the Imperial Department of Agriculture, more specially for work on rice, sugarcane and Pusa wheats. This proposal is being placed before the Imperial Council of Agricultural Research with a request for a grant for financing it.
Recommendation 31	Continuance of the Board of Agriculture.	Local Governments were consulted on this recommendation. As there was a consensus of opinion in favour of the continuance of the Board,

Chapter of Report and number of recommendation.	Subject.	Action taken.
CHAPTER III—Organisation of Agricultural Research—*concld.*		
Recommendation 31—*contd.*		it has been decided to continue it under the Chairmanship of the Vice-Chairman of the Imperial Council of Agricultural Research.
CHAPTER IV—Agricultural Improvement.		
Recommendations 30-31 and 35-36.	Conservation of Fertilisers, Export Tax on Oil-seeds, Bone, Bone-meal and Fish manures or the total prohibition of the export of these products.	The Royal Commission held that neither an export tax on oil-seeds, oil-cakes, bones, bone-meal and fish manures nor the total prohibition of the export of these products could be justified. They considered that the only method by which the advantages of the supply of combined nitrogen available in the large crops of oil-seeds grown in India could be secured was by the natural development of the oil-crushing industry and suggested that the possibilities of an extension of the industry should be investigated. They also held that a thorough investigation of the economics of bone-crushing industry was required before the establishment of bone-crushing factories at suitable centres could be recommended. The Government of India have accepted the view of the Commission that no case can be made out for the imposition of an export tax on oil-seeds, oil-cakes, bones, bone-meal, fish manures and natural phosphates or for the prohibition of the export of these products. Local Governments have been informed accordingly and have been asked to take early steps (*a*) to investigate the possibilities of extending the oil-crushing industry, and, in particular, to examine the question how far its development can be promoted by Government assistance in the matter of overcoming difficulties of transport and in the form of technological advice in regard to improved methods of manufacture and standardisation, (*b*) to investigate the economics of the bone-crushing industry, and (*c*) to

Chapter of Report and number of recommendation.	Subject.	Action taken.
CHAPTER IV—Agricultural Improvement —*contd.*		
Recommendations 30-31 and 35-36—*contd.*		investigate the extent to which fish manures can be profitably used for Indian agriculture at the price obtained for them in the export market.
Recommendations 39 and 69.	Railway freight concessions on Fertilisers and Agricultural Machinery.	These recommendations have been noted by the Standing Committee of the Railway Conference Association. Most railways have already reduced freights on fertilisers, both chemical and organic, to the lowest charge permissible for carriage by rail of any commodity. The rates for agricultural machinery and implements have been recently re-examined. Agricultural implements and machinery not worked by their own power are now classified at the lowest class.
Recommendation 74	Modification of Rules framed under the Destructive Insects and Pests Act, 1914.	The Royal Commission held that no modification of the rules framed under the Destructive Insects and Pests Act, 1914, was called for. This view has been accepted and local Governments have been informed accordingly.
Recommendation 75	Co-operation of maritime Indian States in preventing the Importation of Pests and Diseases from outside India.	The Royal Commission held that it was desirable that the co-operation of the maritime Indian States in preventing the importation of pests and diseases from outside India should be secured. The Imperial Council of Agricultural Research has been asked to examine the working of the Act with special reference to the problems presented by the maritime Indian States and to suggest ways and means of bringing about closer co-operation between them and British India in this matter.
Recommendation 77	Strengthening of the Imperial Mycological and Entomological Staff.	The Royal Commission recommended that an Entomologist should be added to the staff of Pusa, specially for work on insect pests of sugarcane. This recommendation was examined in connection with

Chapter of Report and number of recommendation.	Subject.	Action taken.
CHAPTER IV—Agricultural Improvement —*con d.*		
Recommendation 77—*contd.*		the general question of the measures which could be taken by the Government of India to assist the Sugar Industry and the Agricultural Adviser was requested to formulate schemes for strengthening the Imperial Mycological and Entomological staff to deal with pests and diseases of cane. He has done so and has submitted proposals for strengthening the mycological staff at a cost of Rs. 95,000 non-recurring and Rs. 35,000 recurring, and of Rs. 54,000 non-recurring and Rs. 22,200 recurring for the Entomological staff. It has been decided to place these schemes before the Imperial Council of Agricultural Research with an application for a grant from their funds as soon as the preliminaries are complete.
Recommendation 80	Protection against Wild Animals.	The Royal Commission considered that the grant of gun licenses on a more liberal scale provided the most effective method of dealing with the damage done to crops and cattle by wild animals. The Government of India do not consider it necessary to issue any fresh instructions to local Governments on the subject.
Recommendations 45, 70 and 71.	Tariff Concessions	The Royal Commission recommended that seeds, seedling plants and cuttings of exotic species and of exotic varieties of indigenous species imported for experimental sowing or planting should be exempted from import duty. This recommendation is still under consideration. There is considerable difficulty in accepting it owing to the fact that it is almost impossible to distinguish between seeds imported for sowing and seeds imported for other purposes. With reference to representations received by the Commission that whilst agricultural implements and machinery with a few exceptions were admitted into India free of

Chapter of Report and number of recommendation.	Subject.	Action taken.
CHAPTER IV—Agricultural Improvement —*concld.*		
Recommendations 45, 70 and 71—*contd.*		duty, high protective duties were levied on imported iron and steel, it was recommended that the claims of manufacturers in India for a rebate of the import duties on iron and steel used in the manufacture of agricultural implements and machinery should be investigated by the Indian Tariff Board. It is considered unnecessary to take any action in connection with this recommendation, as in any case in which it can be shown that an industry is hampered by reason of the fact that the duty on the finished article is lower than the duty on the materials required to be imported for its manufacture it is open to the manufacturers to apply for the removal of such inequality through the Tariff Board in accordance with the Commerce Department Resolution No. 38-T. 27, dated the 28th March, 1925, which was published in the *Gazette of India* of the same date. The manner in which effect can best be given to the recommendation of the Commission to the effect that the term "agricultural implements" in the Tariff Schedule should be interpreted in the sense most favourable to the interests of the cultivator, is still under consideration.
CHAPTER VI—Demonstration and Propaganda.		
Recommendation 1 .	Discontinuance by the Board of Agriculture of its Review of the Methods of Demonstration and Propaganda employed in the provinces.	The Royal Commission on Agriculture held that the discontinuance by the Board of Agriculture of its review of the methods of demonstration and propaganda adopted in the provinces was to be regretted. This recommendation will be referred to the next meeting of the Board of Agriculture in December, 1929, with a view to the revival of the review.

Chapter of Report and number of recommendation.	Subject.	Action taken.
CHAPTER VI—Demonstration and Propaganda—*contd.*		
Recommendation 34 .	Government of India Prize for Agricultural Improvement.	This recommendation has been referred to the Imperial Council of Agricultural Research as the grant of a prize for agricultural improvement appears to fall within the purview of the Council.
CHAPTER VII—Animal Husbandry.		
Recommendation 46 .	Export of Cattle	The Royal Commission held that the export of cows and heifers is usually undesirable and should be carefully watched but unless the extinction of some valuable breed is threatened the export of breeding bulls should not be prohibited. In the case of certain breeds, export might be subject to license. The export of cattle is at present negligible except from the Madras Presidency. In order that the export of cows and heifers from that province may be watched, the Collector of Customs, Madras, has been asked to maintain statistics of the export of cattle under suitable heads. As regards the export of bulls, the Madras Government were asked whether they wish the prohibition of export of all cattle of the Ongole breed, which has been in force since 1922, to continue or whether the export of bulls might now be permitted under license. As the local Government have stated that they are in favour of export of bulls under license to be issued by their Director of Agriculture, it has been decided to issue instructions under the Sea Customs Act amending the Notification of 1922.
Recommendations 52 and 53.	Establishment of a Central Institute of Animal Nutrition.	The Royal Commission recommended that the staff and equipment of the Animal Nutrition Section of the Imperial Institute of Animal Husbandry and Dairying, Bangalore, should be enlarged. A scheme for a research institute for the investigation of animal nutrition problems should be prepared and Mr. Warth, Physiological Chemist, should be deputed to study the organisation

Chapter of Report and number of recommendation.		Subject.	Action taken.
CHAPTER VII—Animal Husbandry— *contd.*			
Recommendations and 53—*contd.*	52		of research institutes at Cambridge and Aberdeen. The Royal Commission also recommended that there should be close contact between the staff of this institute and workers on the subject of human nutrition. As suggested by the Royal Commission, Mr. Warth was deputed to study the organisation of the research institutes at Cambridge and Aberdeen. He has drawn up a scheme for an institute which is still under consideration. It should be added that, in order to assist in securing that close contact between workers on human nutrition and those on animal nutrition on which the Royal Commission laid great stress, provision has been made for the representation of the Indian Research Fund Association on the Advisory Board of the Council of Agricultural Research. Colonel Graham, the Public Health Commissioner, has been nominated for the present, but, if and when the new Central Medical Research Institute is established and a special Unit of Nutrition is organised as part of the Institute, the question whether his place should be taken by the Director of that Unit will be considered.
Recommendations and 55.	54	Animal Genetics	The Royal Commission did not recommend the establishment of a research institute for the study of animal genetics but added that much useful observational work could be done in present conditions and that in this work officers of the Military Farms Department should take an important part. These recommendations have been accepted in their entirety. As regards the second, the Master General of Supply proposes to publish an annual bulletin giving information regarding the results so far obtained from the breeding policy adopted by the Military

Chapter of Report and number of recommendation.	Subject.	Action taken.
CHAPTER VII—Animal Husbandry— *contd.*		
Recommendations 54 and 55—*contd.*		Farms Department. That Department has expressed its willingness to render all assistance in its power in carrying out experimental breeding, provided that the scope of experiments is agreed upon by the Civil and Military authorities and that if the experiments are carried out for the benefit of cattle breeding generally and not for that of the Department, their cost will be met by the Imperial Council of Agricultural Research. It is proposed that the Expert Adviser in Animal Husbandry to the Council of Agricultural Research should get in touch with the Military Farms Department as soon as possible after his arrival. In the meanwhile, the first issue of the bulletin has been published and circulated to local Governments and others interested.
Recommendations 56-60	Dairying Section of the Imperial Institute of Animal Husbandry and Dairying, Bangalore.	These recommendations were discussed at the Conference which was held in Simla in October, 1928. The view taken by almost all the provincial representatives at the Conference was that there is a demand for higher training in dairying which the agricultural colleges are not at present in a position to meet and that, in these circumstances, it would be premature to close down the dairying section of the Institute. Local Governments have been informed that, in deference to this opinion, the Government of India do not propose to make any immediate change in the organisation of that section. The question of its future will, however, be examined in connection with the proposal for an enlarged Institute of Animal Nutrition. The advice of the Imperial Council of Agricultural Research will also be obtained. In the meantime, local Governments have been asked to examine the recommendations of the Royal Commission that a thoroughly efficient dairy school should be established as an integral part of one or more agricultural colleges

Chapter of Report and number of recommendation.	Subject.	Action taken.
CHAPTER VII—Animal Husbandry— *contd.*		
Recommendations 56-60—*contd.*		and that the curriculum of all agricultural colleges should include instruction in cattle breeding, the feeding of dairy cows and the handling of milk, and to report what action they propose to take in regard to them.
Recommendation 61	Continuance of the Cattle Bureau.	The Royal Commission recommended that the work of the Cattle Bureau should be taken over by the Council of Agricultural Research. This recommendation has been accepted and effect will be given to it in due course.
Recommendation 62	Cattle Conferences	Local Governments were consulted and were unanimously in favour of continuing the Cattle Conferences. The future arrangements which should be made for conferences of livestock and veterinary officers is one of the subjects which will be referred to the Board of Agriculture for discussion at its meeting in December, 1929.
Recommendations 63-65	Representation of the interest of Animal Husbandry on the Council of Agricultural Research.	The Royal Commission held that the great importance to India of cattle improvement and the magnitude of the problem made it desirable that the Central Government should pay much more attention in the future to this subject and suggested that, to this end, one of the whole-time members of the Council of Agricultural Research should represent animal husbandry and that he should be an authority either on livestock breeding, animal nutrition or veterinary medicine. They added that as he could not be expected to be equally competent in all these branches, arrangements should be made for *ad hoc* committees of experts under his chairmanship to deal with special questions. These recommendations have been accepted with the slight modification mentioned below. The Secretary of State has been asked to

Chapter of Report and number of recommendation.	Subject.	Action taken.
CHAPTER VII—Animal Husbandry—*concld.*		
Recommendations 63-65—*contd.*		recruit an expert in animal husbandry and veterinary matters from outside India. It is the intention that the Council of Agricultural Research should set up a strong sub-committee or sub-committees to deal with animal husbandry and veterinary matters. It has, however, been decided that, in order to maintain close touch between all the branches of agricultural and veterinary research dealt with by the Council, the Vice-Chairman should be the chairman of all sub-committees of the Advisory Board. The whole-time expert adviser in animal husbandry and veterinary matters will be a member of the sub-committee or sub-committees constituted to deal with these subjects.
CHAPTER VIII—Forests.		
Recommendations 5 and 7.	Railway freight on Fodder, Wood, Charcoal & Coal.	The question of transporting fodder at the cheapest possible rates has received the close attention of the railways and the majority are already carrying fodder at low schedule rates but the recommendation will be borne in mind. Many special rates are in force on various railways for the carriage of fire-wood and charcoal. Railways will re-examine these rates and the question generally. The rates for coal for long distances have been reduced from 1st June, 1929.
CHAPTER IX—Diseases of Livestock and their Control.		
Recommendation 14 .	All-India Contagious Diseases of Animals Act.	The Government of India have decided to refer this recommendation to the Council of Agricultural Research for consideration in all its aspects by the Sub-Committee on Veterinary Subjects, which, it is anticipated, the Council will set up. As it is obvious that the Council will not be in a position to advise the Government of India as to the action which should be taken on the

Chapter of Report and number of recommendation.		Subject.	Action taken.
CHAPTER IX—Diseases of Livestock and their Control—*contd.*			
Recommendation 14—*contd.*			recommendation of the Commission unless it is in possession of the views of local Governments as to the desirability of legislation and the possibility of working it effectively, local Governments have been asked to examine the question with as little delay as possible and to furnish the Government of India with their provisional views on it. Their special attention has been drawn to the problems presented by the Indian States in this connection.
Recommendations and 24.	23	Revision of the emoluments of the Veterinary Advisors to local Governments.	In view of the diversity of opinion which exists on this question, the Goverment of India have decided not to pursue the question of adopting a uniform rate of emoluments for Veterinary Advisers for all provinces. The local Governments have been informed accordingly and have been told that they may now, if they so desire, reconsider the question in the light of the recommendations made in paragraph 251 of the Report of the Royal Commission on Agriculture.
Recommendations 46.	43-	Higher Veterinary Training.	The Royal Commission did not recommend the establishment of an all-India Veterinary College nor the expansion of Muktesar as an educational centre. They suggested that, at the outset, one of the existing veterinary colleges should be selected for the training of veterinary surgeons but the training should include or be supplemented by a short period of work at Muktesar. They proposed that the additional expenditure involved in adapting the selected college to undertake higher veterinary education should be met by the Government of India. As little progress can be made in this matter until the Government of India are in possession of the views of local Governments on the Royal Commission's proposals

Chapter of Report and number of recommendation.	Subject.	Action taken.
CHAPTER IX—Diseases of Livestock and their Control—*contd.*		
Recommendations 43—46—*contd.*		for the re-organisation of their veterinary departments and in particular, on the proposal that two entirely distinct courses of study should be framed, one qualifying for admission to the superior and one to the lower veterinary service, local Governments have been asked for their views on these proposals.
Recommendations 49—55 and 59.	Re-organisation of the Imperial Institute of Veterinary Research, Muktesar.	The Royal Commission held that Muktesar is well suited for the prosecution of research into animal diseases and a second Imperial Institute of Veterinary Research is not required, but that in view of its isolation, Government should take all reasonable measures to increase the amenities of life at that station. The first part of this recommendation has been accepted by the Government of India. As regards the second part it is proposed to deal with each case as it arises in the light of the Commission's recommendations. The other recommendations concerning this Institute have been examined and the Secretary of State has been asked to recruit a new Director with the qualifications and experience on which stress has been laid by the Royal Commission on Agriculture. An officer of the Indian Audit and Accounts Service has been placed on deputation for one year for the present to place the administration of the accounts of the Institute on a thoroughly sound footing. With the abolition of the post of Agricultural Adviser, the administrative control of the Institute has been entrusted to the Director, who has now been declared a Head of a Department and deals with the Government of India direct. It is proposed to obtain the advice of the new Director and of the whole-time Expert Adviser to the Council of Agricultural Research in veterinary matters on the other recommendations of the Royal Commission affecting the Institute.

Chapter of Report and number of recommendation.	Subject.	Action taken.
CHAPTER IX.—Diseases of Livestock and their Control—*concld.*		
Recommedation 56 .	Revival of the appointment of the Inspector General, Civil Veterinary Department, or the creation of a post of Veterinary Adviser to the Government of India.	The views of the Royal Commission have been accepted. Neither of these posts is necessary in view of the appointment of a whole-time adviser in veterinary matters to the Council of Agricultural Research.
Recommendations 57-58.	Standing Committee of the Council of Agricultural Research to deal with Veterinary matters.	These recommendations have been implicitly provided for in the constitution of the Council of Agricultural Research subject to the modification that the Vice-Chairman of the Council will be the Chairman of the Sub-Committee, the whole-time expert adviser in veterinary matters being a member thereof.
CHAPTER X—Irrigation.		
Recommendations 19, 20, 25 and 37.	Establishment of a Central Bureau of Information on Irrigation matters (including matters arising out of Hydro-Electric development).	The Royal Commission suggested that a Central Bureau of Information on irrigation matters should be established, that frequent conferences of irrigation engineers should be held and that the interchange between provinces of officers engaged on irrigation was desirable and that this bureau should also deal with matters arising out of hydro-electric development. These recommendations have been substantially accepted in principle by the Government of India which has considerably amplified the recommendations of the Royal Commission. It is proposed to establish a Central Bureau of Information. The scheme is fully explained in the note,* dated September 22nd, 1928, by the Consulting Engineer to the Government of India, which forms an accompaniment to this progress report. The cost of the organisation is expected to be Rs. 40,000 and it is proposed that local Governments should contribute in proportion to the importance of irrigation in their province, the Government of India contributing at the same rate as

*Vide page 321.

Chapter of Report and number of recommendation.	Subject.	Action taken.
CHAPTER X—Irrigation—*contd.*		
Recommendations 19, 20, 25 and 31—*contd.*		Madras, Bombay, the United Provinces and the Punjab. The proposals have been placed before the local Governments which, with the exception of Madras, have whole-heartedly supported the scheme. The Punjab and Bombay Governments consider, however, that the Government of India should bear the whole cost. The question is still under consideration.
Recommendation 35	Transfer of District Canals in the North-West Frontier Province to the charge of the Irrigation Department.	The Chief Commissioner of the North-West Frontier Province, whose views were invited, has promised to submit a scheme under which all the more important civil canals would be transferred to the Irrigation Department for improvement, maintenance and repairs, *i.e.*, for the technical side of the control of the main branches. The distribution of water and the upkeep of the subsidiary branches would remain in the hands of the people and of the Deputy Commissioners as at present.
Recommendation 36 .	Irrigation in Baluchistan	This recommendation has been accepted and a temporary post of Superintending Engineer for Baluchistan has been created for two years in the first instance. Several new projects of considerable importance to the Agency have been put in hand.
CHAPTER XI—Communications and Marketing.		
Recommendations 15, 16, 18, 47 and paragraph 345 generally.	Freight Concessions	The Royal Commission recommended (1) that there should be a periodical revision of railway freight rates with a view to the adjustment of their incidence as between various sorts of produce according to their ability to bear, (2) that the anomalies in the rates on agricultural implements and for conveyance of livestock and the question of providing facilities for the rapid transport of cattle require examination,

Chapter of Report and number of recommendation.	Subject.	Action taken.
CHAPTER XI—Communications and Marketing—*contd.*		
Recommendations 15, 16, 18, 47 and paragraph 345 generally—*contd.*		(3) that the agricultural departments should experiment with the most suitable form of containers for fruits, vegetables, etc., and (4) that the concession granted by the North-Western Railway which allows "returned empties" to be despatched back to Chaman and Quetta in returning fruit vans, though booked at goods rates, should be made of general application. These recommendations were considered by the Indian Railway Conference Association with the result that the recommendation regarding the periodical revision of rates has been noted. Agricultural implements have been recently reclassified with the object of removing anomalies. The rates for carriage of livestock have been examined and reductions have been made. Though the necessity for the rapid transport of live-stock is recognised, it is not considered necessary that livestock booked at goods rates should be carried by passenger trains. It is realised that much could be done to educate the trader in better methods of packing, particularly of such articles as eggs, fruits and fresh vegetables, and while the result of experiments of the agricultural departments is awaited with interest it is considered that railways might with advantage co-operate with local agricultural departments with the object of attaining better results. As regards allowing low rates for the return of empty milk-cans and fruit cases, it has been decided to carry them in passenger trains at quarter parcel rates with effect from the 1st August 1929.
Recommendations 21 and 22.	Water Hyacinth .	The Royal Commission recommended that the water hyacinth problem in Bengal should be dealt with by legislation similar to that which has been enacted in certain other provinces, and that the formulation

Chapter of Report and number of recommendation.	Subject.	Action taken.
CHAPTER XI—Communications and Marketing—*contd.*		
Recommendations 21 and 22—*contd.*		of a programme for research on this pest should be one of the first questions to be taken up by the Council of Agricultural Research. The Government of India have accepted the second of these recommendations. As the action to be taken by the Council in regard to it must be largely determined by the views of the Government of Bengal on the first recommendation, that Government were asked whether they proposed to accept the recommendation of the Royal Commission regarding the necessity of legislation to deal with the water hyacinth problem. The Government of Bengal have expressed general agreement with the recommendation that legislation is necessary and the matter has been referred to the Council of Agricultural Research.
Recommendation 23 .	Post and Telegraph facilities.	The Royal Commission suggested that local Governments should be permitted to give a combined guarantee in respect of a number of new post and telegraph offices for a term of years. The Government of India have decided that collective guarantees for groups of associated post offices or mail lines may, in future, be accepted if the circumstances of the case are held to warrant such a course, as for example, if it were decided to stimulate the opening up of a large tract of country where the birth of a new industry led to the sudden development of a backward area. They are of opinion that this decision operating in conjunction with the liberal policy in regard to the development of postal facilities enunciated in May, 1928, will go far to meet the recommendation of the Royal Commission. As regards telegraph offices, their view is that as the present rules admit of the acceptance of a combined guarantee in respect of a group of telegraph

Chapter of Report and number of recommendation.	Subject.	Action taken.
CHAPTER XI—Communications and Marketing—*contd.*		
Recommendation 23 —*contd.*		offices in backward tracts, the recommendation of the Royal Commission has already been met so far as is compatible with the economical working of the Posts and Telegraphs Department.
Recommendation 37 .	Standardisation of Weights and Measures.	The Royal Commission recommended that the Government of India should again undertake an investigation into the possibility of standardising weights and measures throughout India, excluding Burma and should lay down general principles to which provincial Governments should adhere, so far as this is possible, without undue interference with local trade customs. When they made this recommendation, the Royal Commission appear not to have been aware that the Government of India had made enquiries, at the beginning of 1927, as to the progress made by local Governments in standardising weights and measures. The results of that enquiry show that progress in the direction of standardising weights and measures, though it can hardly be regarded as satisfactory, has been more substantial than the Royal Commission thought. In these circumstances, the Government of India are of opinion that no further action is called for at present.
Recommendation 46	Grain Elevator System	The Royal Commission did not recommend the establishment of a grain elevator system in India. This view has been accepted by the Government of India.
Recommendation 48	Possibilities of Cold Storage.	The Royal Commission recommended that investigations into the possibilities of cold storage in India should be carried out under the auspices of the Railway Board. The Railway Board are not satisfied that investigation by a special officer is called for. They have, however, asked all the Railways

Chapter of Report and number of recommendation.	Subject.	Action taken.
CHAPTER XI—Communications and Marketing—*concld.*		
Recommendation 48—*contd.*		to bring the Memorandum on Refrigerator Vans, which was prepared for the use of the Royal Commission, up to date, to enable them to review the entire position.
Recommendation 51	Expert assistance in Agriculture and Co-operation to the Indian Trade Commissioner in London and the Director General of Commercial Intelligence in Calcutta.	The Royal Commission suggested that an officer with experience of agriculture and co-operation in India should be attached to the staff of the Indian Trade Commissioner in London and to that of the Director General of Commercial Intelligence in Calcutta. The first part of the recommendation has been accepted and the steps necessary for creating the appointment are engaging attention. The second part of the recommendation has not been accepted as it is thought that the Director General of Commercial Intelligence is in a position to get all the expert advice he wants from the provincial Directors of Agriculture and the exporters at Indian ports and that what is really required is that his office should be strengthened to such an extent as to permit of more frequent personal consultations with Directors of Agriculture and their officers and with exporters and to enable action to be taken on the technical reports from Trade Commissioners.
Recommendation 52	Appointment of Trade Commissioners in other countries.	This recommendation has been accepted in principle by the Government of India and a scheme is under consideration.
CHAPTER XII—Finance of Agriculture.		
Recommendation 23 .	Review of position of Money-lenders.	The recommendation of the Royal Commission that the position of the money-lenders should be reviewed periodically by the Income-Tax Department has been accepted and the Central Board of Revenue has issued instructions to Commissioners of Income-Tax accordingly.

Chapter of Report and number of recommendation.	Subject.	Action taken.
CHAPTER XIII—Co-operation.		
Recommendation 15 .	The Co-operative movement in Minor Administrations.	The Royal Commission held that there was justification for a larger contribution from Government funds to the expenses of the co-operative movement in backward tracts, such as some of the minor Administrations. All minor Administrations have been asked to submit proposals for the improvement of co-operative administration. Certain additional co-operative staff has been sanctioned for the North-West Frontier Province and in the opinion of the Chief Commissioner this is all the staff that can be economically utilised. The Chief Commisioner, Ajmer-Merwara, has submitted proposals which are under consideration. Proposals from other minor Administrations are awaited.
Recommendation 39	All-India Enquiry into the Co-operative movement.	The Royal Commission did not consider that the appointment of an All-India Committee of Enquiry to review the progress of the co-operative movement and the defects which have been revealed since the Committee on Co-operation sat in 1914-15 was necessary. This view has been accepted both for the reason given by the Commission which was that provincial enquiries would serve a more useful purpose and also because the provincial committees to be appointed in connection with the enquiry into banking conditions in India will make a special study of the working of co-operative banks and co-operative marketing societies.
CHAPTER XIV—The Village.		
Recommendations 10 and 11.	Quinine	The quinine policy of the Government of India has again been exhaustively examined in the light of the recommendations of the Royal Commission. The Governments of Madras and Bengal have been asked for their views on the recommendations of the Royal

Chapter of Report and number of recommendation.	Subject.	Action taken.
CHAPTER XIV—The Village—*contd.*		
Recommendations 10 and 11—*contd.*		Commission, particularly on their financial aspect and to state in detail the terms upon which they would be prepared to transfer their plantations and factories to the Government of India if it were decided to give effect to the Commission's recommendations. The Director of the Botanical Survey has also been asked to submit an estimate of the financial results which may be expected to follow from the acceptance of the Commission's recommendation and to report the nature and strength of the staff which would be required for a Central Cinchona Department.
Recommendation 12 .	Medical Aid	This recommendation is couched in very general terms but, it can, it is thought, be fairly held that the Government of India are doing all they can to give effect to it. The establishment of an enlarged Central Medical Research Institute proposals for which are under consideration, will be an earnest of their desire to fulfil their obligations in this respect.
Recommendations 13, 15—17 and 19.	Human Nutrition	The importance of research into problems of human nutrition has already been recognised in Colonel McCarrison's work at Coonoor and will be still further recognised by the establishment of a Nutrition Section in the proposed new Central Medical Research Institute. Steps have been taken to secure that contact between workers on human nutrition and the agricultural departments on which the Commission has laid so much stress by giving a seat on the Advisory Board of the Council of Agricultural Research to a nominee of the Indian Research Fund Association and the question what further can be done in this direction will be considered in connection with the proposals for the new Central Medical Research Institute and the proposed Animal Nutrition Institute.

Chapter of Report and number of recommendation.	Subject.	Action taken.
CHAPTER XIV—The Village—*concld.*		
Recommendations 13, 15—17 and 19—*contd.*		It is understood that Colonel Mc. Carrison is in close touch with research workers in this subject in other parts of the world.
CHAPTER XV—Education.		
Recommendations 42 and 43.	Post-graduate Training in Agricultural Science.	The Royal Commission recommended that a period of post-graduate training should be an essential qualification for all candidates from the agricultural colleges for direct recruitment to the higher posts in the agricultural departments and that this post-graduate training should ordinarily be given at Pusa. These recommendations have been dealt with in connection with the expansion of Pusa as an educational centre, *vide* note against recommendation No. 22 in Chapter III.
Recommendation 47	Educational Conferences.	The Royal Commission suggested that all possible means should be taken to ensure a complete interchange of opinion and experience in educational matters throughout India. It has been decided that the consideration of the desirability of reviving the Conferences of Educational Officers, which were formerly held, and of improving the machinery of the Government of India for dealing with educational questions generally, should await the receipt of the Review of the Growth of Education in British India by the Auxiliary Committee appointed by the Indian Statutory Commission.
CHAPTER XVI—Rural Industries and Labour.		
Recommendation 8	Indian Lac Association	The Indian Lac Association for Research has recommended that no further extension after 31st December, 1931, of the Indian Lac Cess Act of 1921 should be made. In lieu of that Act, the Association

Chapter of Report and number of recommendation.	Subject.	Action taken.
CHAPTER XVI—Rural Industries and Labour —*contd.*		
Recommendation 8— *contd.*		has recommended that the Government of India should introduce fresh legislation for a continuance of the cess and for the constitution of a Statutory Committee for the control of the Research Institute and Lac Cess fund. The Government of India agree with the views expressed as to the necessity for transferring the administration of the Research Institute from the Lac Association to a Statutory Committee. They, therefore, propose to introduce legislation on the subject in the forthcoming session of the Indian Legislature.
Recommendation 21 .	Internal Migration	The Royal Commission on Agriculture recommended that all restrictions on the free movement of labour in India should be reduced to the minimum and should be abolished as soon as possible. This recommendation has been accepted in principle by the Government of India. Action on it has, however, been suspended for the present in view of the fact that the Royal Commission on Labour in India is now examining the whole question of labour and its organisation.
Recommendations 23 and 24.	Emigration	It has been decided that no further action on recommendations of the Royal Commission under this head is called for at present.
CHAPTER XVII—Horticulture and Plantations.		
Recommendation 17 ,	Representation of Planting Community on the Council of Agricultural Research.	The Royal Commission suggested that the value of the scientific work done by the Indian Tea Association and the United Planters' Association of Southern India should be recognised and co-operation between these Associations and the agricultural department secured by their joint representation on the Council of Agricultural Research.

Chapter of Report and number of recommendation.	Subject.	Action taken.
CHAPTER XVII—Horticulture and Plantations—*contd.*		
Recommendation 17—*contd.*		This suggestion has been accepted and a seat on the Advisory Board of the Council of Agricultural Research has been allotted to the Indian Tea Association and the United Planters' Association of Southern India, jointly.
CHAPTER XVIII—Statistics.		
Recommendations 1, 2, 4, 7, 8 and 16—25.	Improvement of Statistics.	The recommendations made by the Royal Commission for the improvement of agricultural, livestock, forest, irrigation, educational, vital and health statistics, are under consideration in consultation with the Heads of Departments concerned and the Director General of Commercial Intelligence. The adoption of most of them depends on the concurrence of local Governments, who will shortly be addressed.
Recommendation 32	Imperial Agronomist	The Royal Commission considered that the application of mathematics to agriculture has introduced an entirely new factor into scientific agriculture and that a specialist with the highest qualifications in this branch of agricultural science should, therefore, be attached to the Imperial Agricultural Research Institute, Pusa. There appears to be some difference of opinion as to the qualifications required in an agronomist and in these circumstances it has been decided to defer further consideration of this recommendation until the advice of the new Director of Pusa in regard to it can be obtained.
Recommendations 34 and 35.	Constitution of a separate Department of Statistics.	The Royal Commission recommended that the present statistical organisation of the Government of India should be strengthened by the appointment of a statistician of first rate ability as head of a separate Department of Statistics. They held that the appointment of this officer should precede any

Chapter of Report and number of recommendation.	Subject.	Action taken.
CHAPTER XVIII—Statistics—*contd.*		
Recommendations 34 and 35—*contd.*		changes in the present arrangements for statistical work but expressed the hope, that, as a result of his appointment, a Bureau of Statistical Information would be created with the administration of which leading economists, scientists and business men would be closely associated. These recommendations are under the consideration of the Government of India who agree that there is scope for improvement in the compilation of economic statistics. When a decision is reached as to the lines on which the improvement should proceed, the question of establishing a separate Department of Statistics will be taken in hand.
Recommendation 36	International Institute of Agriculture, Rome.	This recommendation has been accepted. It will be for the Council of Agricultural Research to make the fullest use possible of the statistical information in the possession of the International Institute of Agriculture, Rome.
CHAPTER XIX—Agricultural Services.		
Recommendation 19 .	Placing of officers of the Indian Agricultural Service and of the Superior Provincial Agricultural Services on an age for age equality with officers of other Services of similar standing.	The Royal Commission suggested that officers of the Indian Agricultural Service and future Class I officers of the Provincial Agricultural Services should be placed as far as possible on an age for age equality of pay with services of a like standing, such as the Educational and Forest Services. The Government of India have reexamined this question with reference to the Indian Agricultural Service. They do not consider that there is sufficient justification for reopening it, since as the result of the recommendations of the Public Services Commission, this service will gradually disappear. As regards the entrants to the new Superior Provincial Services, the question is one for local Governments.

Chapter of Report and number of recommendation.	Subject.	Action taken.
CHAPTER XIX – Agricultural Services—*contd.*		
Recommendation 23 .	Relations of Research Workers in India with Research Workers abroad.	The Royal Commission suggested that the establishment of close relations between research workers in India and all Empire research stations should be encouraged by mutual visits and possibly, also, in course of time, by a system of exchange of research workers for definite periods. It has been decided to refer this question to the Council of Agricultural Research for favourable consideration. It may be mentioned that the participation of India in the new Imperial Agricultural Bureau will provide one means of keeping research workers in India in touch with research workers in other parts of the Empire.
Recommendations 32–45.	Central Agricultural Research Service.	The recommendation that the Director of Pusa should be most carefully selected and that the pay of the appointment should be such as will enable the best man available to be obtained has been accepted. The Secretary of State has been asked to recruit a suitable candidate for the post. The other recommendations under this head have been examined in detail but a decision on them has been deferred until the advice of the new Director of Pusa in regard to them has been obtained.
Recommendation 46	Cost of Visits paid by the Pusa Staff to the Provinces.	The Royal Commission suggested that the cost of visits paid by the members of the Central Agricultural Research Service to the Provinces, whether in course of their ordinary work or to assist in dealing with a specific problem, should be regarded as part of the normal expenditure of the Pusa Institute. It has been decided that when any cases of the character discussed by the Royal Commission arise in future, they should be disposed of in the light of the recommendation of the Commission and the Head of the Institute has been instructed accordingly.

Chapter of Report and number of recommendation.	Subject.	Action taken.
CHAPTER XX—Miscellaneous.		
Recommendations 1—5	Agricultural organisations in the Minor Administrations of Ajmer-Merwara, the Andamans, Baluchistan, Delhi and Coorg.	These recommendations have been referred to the Heads of Minor Administrations. Replies have been received from the Chief Commissioners of Ajmer-Merwara, Delhi and Baluchistan. The Chief Commissioner, Ajmer-Merwara, has submitted proposals for the expansion of the agricultural and veterinary organisation of that province. The Chief Commissioner, Delhi, has reported that the agricultural, veterinary and co-operative staff of the Delhi Province work under the supervision of the Punjab officers in technical matters and that the proposals formulated in the Punjab on the recommendations of the Royal Commission on Agriculture will eventually be applied to Delhi. The Chief Commissioner, Baluchistan, has recommended the appointment of an agricultural officer for the province and proposes that the question of the steps to be taken for the agricultural development of Baluchistan should be taken up when this officer has been appointed.
Recommendation 9	Co-operation of Indian States in Agricultural (including Veterinary) and Co-operative matters.	There are indications that Indian States are realising the utility to them of a central organisation such as the Imperial Council of Agricultural Research, which will bring them in touch with the activities of Agricultural and Veterinary Departments in British India. The State of Hyderabad has already secured membership of the Council by a donation of Rs. 2 lakhs to its funds. Though it is not possible for many Indian States to follow this example, it is probable that through the re-constituted Board of Agriculture, which will hereafter be convened under the auspices of the Council and on which the representatives of several States already find a place, a means may be provided for ensuring this co-operation. Further, it is expected that the Council will work largely through committees appointed to deal with particular problems or particular crops.

Chapter of Report and number of recommendation.	Subject.	Action taken.
CHAPTER XX—Miscellaneous—*contd.*		
Recommendation 9—*contd.*		Membership of these committees will not necessarily be confined to members of the Council and it is not unlikely that, where their interests are affected, Indian States will be asked to send representatives to serve on such committees so that all the knowledge available in India on that particular question may be pooled for the common benefit. It may be mentioned that several Indian States have already secured representation on the Indian Central Cotton Committee.
Recommendations 13—15.	The International Institute of Agriculture, Rome.	The Royal Commission considered the continued adherence of India to the International Institute of Agriculture, Rome, desirable but that no change was called for in the existing arrangements under which the British respresentative on the Permanent Committee of the Institute is also in charge of the interests of India. They did not recommend the establishment of a Special Committee in India to work in co-operation with the Institute. The view taken by the Government of India on these recommendations is that, as India adheres to the Institute solely with a view to obtaining information of value to this country and as it will, in future, be for the Council of Agricultural Research to utilise that information in such a way as seems to it fit, the Government of India's liabilities in regard to the International Institute should be taken over by the Council. The question of continued adherence of India to the Institute was, therefore, placed before the Council (designate) of Agricultural Research in June last and the Council agreed to the proposal. The Royal Commission also suggested that officers of the Agricultural and allied departments should be encouraged to visit the Institute whilst on leave or on duty in Europe.

Chapter of Report and number of recommendation.	Subject.	Action taken.
CHAPTER XX—Miscellaneous—*contd.*		
Recommendations 13—15—*contd.*		So far as the Government of India are concerned, it has been decided to deal with any case which comes up on its merits in the light of the Commission's recommendation.
Recommendation 11	Agricultural Meteorology.	The Royal Commission held that the present was a specially opportune time to undertake an examination of the action which should be taken to promote investigation of the problems of agricultural meteorology and to decide which Department shall be responsible for the different branches of the work. This examination has been undertaken and the Director General of Observatories has formulated a scheme for the establishment of a branch either of his office or of the Pusa Research Institute to deal with agricultural meteorology at an annual cost of Rs. 42,000. This scheme is at present under the consideration of the Vice-Chairman of the Imperial Council of Agricultural Research and expert adviser to the Council on agricultural matters.
Recommendations 16 and 17.	Imperial Institute, London.	The Royal Commission suggested that the Government of India and provincial Governments should take steps to give wider publicity to the facilities offered by the Imperial Institute in regard to furnishing information about the commercial value of Indian products. They added that one method of doing this would be by a larger distribution of the quarterly bulletin issued by the Institute. The Government of India asked the High Commissioner to make enquiries from the Institute regarding the present extent of the free distribution of the bulletin in India and whether the Institute is prepared to supply additional complimentary copies for publicity purposes in India and if so to what extent. The High Commissioner was also asked to furnish the Government of India with the views

Chapter of Report and number of recommendation.	Subject.	Action taken.
CHAPTER XX—Miscellaneous—*concld.*		
Recommendations 16 and 17—*contd.*		of the Institute as to any other methods by which effect could be given to the recommendation of the Royal Commission. The High Commissioner has forwarded a list of institutions to which copies may be distributed—the first two issues free and thereafter on payment. This list is under consideration in consultation with the Director General of Commercial Intelligence and the Director of Public Information. The Royal Commission also recommended that the question of reorganising the Indian gallery at the Imperial Institute and of renewing the subscription for its maintenance should be considered. The Government of India had already taken up this question before the Royal Commission reported. It was decided in April, 1928, that the Indian galleries at the Institute should be regarded as part of the general scheme for the exhibition of Indian products which should include— (1) The show room at the High Commissioner's office which will be expanded on the completion of the new India House. (2) The galleries at the Imperial Institute. (3) Local fairs and exhibitions in the United Kingdom and on the Continent. The exhibits in the show-room and the galleries should be interchangeable and should together form a reserve of exhibits for use at fairs and exhibitions. It was also decided that the exhibits for the galleries should be financed from the general grant for publicity which is made each year to the High Commissioner for India and not from a special grant. The total grant for publicity work was accordingly increased by £200 for this purpose. In these circumstances, the Government of India decided that no further action was necessary on the recommendation of the Royal Commission.

No. 826-Agri.

GOVERNMENT OF INDIA.

DEPARTMENT OF EDUCATION, HEALTH AND LANDS.

Simla, the 23rd May 1929.

RESOLUTION.

In Chapter III of their Report, the Royal Commission on Agriculture in India held that agricultural research in this country is still in its infancy; that, however efficient the organisation which is built up for demonstration and propaganda, it cannot achieve a full measure of success unless it is based on research; that lack of co-ordination in agricultural research has prejudicially affected progress; that there is a wide field open for the co-operation of the Government of India and of provincial Governments in regard to agricultural research; and that it is the duty of the Government of India, in the discharge of their ultimate responsibility for the welfare of the vast agricultural population of this country, to advance research in every way possible without encroaching upon the functions of provincial Governments in that sphere.

2. The Royal Commission, after discussing possible methods by which closer contact might be established between scientific investigators working in institutions under the Central Government and investigators employed under provincial Governments, recommended the establishment of an Imperial Council of Agricultural Research to which the Imperial Agricultural Research Institutions and the Provincial Research Institutions would stand in exactly the same relation. The duties of the Council would be:—

(*a*) The promotion, guidance and co-ordination of agricultural and veterinary research throughout India. The Council would not, however, maintain research institutions directly under its control, nor would it employ its own staff of experts. It would merely determine whether a particular scheme of research was of all-India or of local importance and whether it could best be carried out at an Imperial or provincial research institution or by some other agency such as a University or a private individual and would then, after subjecting the scheme to examination by its expert advisers, make such grant as it considered suitable.

(*b*) The training of research workers under a scheme of research scholarships or in other ways.

(*c*) The collection and dissemination of information in regard not only to research but to agricultural and veterinary matters generally.

(*d*) The publication of scientific papers, etc.

3. The Royal Commission recommended that the Council of Agricultural Research should consist of the following members:—

(*a*) Three whole-time members appointed by the Government of India, of whom one should be an experienced administrator with a knowledge, if possible, of Indian conditions; one should

be an eminent scientist who had specialised in some branch of crop production and one should represent the interests of animal husbandry including animal nutrition and veterinary matters. It was suggested that the administrator should be the Chairman of the Council.

(*b*) Thirty-six other members, *viz.*, the Director of the Agricultural Research Institute at Pusa; the Director of the Imperial Institute of Veterinary Research at Muktesar; one representative of the minor administrations under the Government of India; one non-official elected member of the Council of State; two non-official elected members of the Legislative Assembly; one representative each of the European and Indian business communities; three representatives of Indian Universities nominated by the Inter-University Board; one representative of the Indian Central Cotton Committee; one joint representative of the Indian Tea Association and the United Planters' Association of Southern India; the nine Directors of Agriculture and the nine Directors of Veterinary Services in the major provinces and five other non-official members nominated by the Government of India on the recommendation of the Council by reason of their scientific or other special qualifications.

The Royal Commission recommended that the Council should constitute sub-committees to deal with special activities. They further recommended that provincial Governments should establish committees to work in close co-operation with the Council and to assist in maintaining touch between that body and agricultural activities in the provinces. They considered that provincial Governments should have full discretion regarding the constitution of the provincial committees.

4. As regards finance, the Royal Commission held that, only if the Council were placed in a secure financial position beyond the possibility of being affected by financial vicissitudes, would it be able to embark upon a programme of ordered advance. They, therefore, recommended that an agricultural research fund should be constituted by a grant of Rs. 50 lakhs from central revenues to which additions should be made from time to time as financial conditions permitted. They also recommended that the Council of Agricultural Research and the Agricultural Research Fund should be constituted by an Act of the Imperial Legislature.

5. The Government of India have given their most careful consideration to the proposals of the Royal Commission and are of opinion that they are, on the whole, admirably designed to secure the objects for the attainment of which the establishment of the organisation outlined above is recommended. They feel, however, that the composition of the Council and the method of financing it proposed by the Royal Commission might with advantage be modified in certain respects. It appears to them that a Council of thirty-nine members would be too large to be really effective and that it is not desirable that the Legislative Assembly should be deprived of its normal constitutional control over an activity which affects the staple industry of this country as it would be, if the method of financing the Council proposed by the Royal Commission were adopted. To meet these objections, the Government of India have decided to make the changes in the structure of the Council and the method of financing it which are explained in the subsequent paragraphs of this Resolution.

6. The central organisation will be divided into two parts, with executive and advisory functions respectively. The executive part, which will be known as the Governing Body, will have the management of all the affairs, and funds of the Council subject to the limitations mentioned in paragraph 7 below. This body will consist of the Honourable Member of the Governor General's Executive Council in charge of the portfolio of Agriculture, who will be *ex-officio* Chairman, the Principal Administrative Officer of the Council who will be appointed by the Government of India and who will be *ex-officio* Vice-Chairman, one representative of the Council of State, two representatives of the Legislative Assembly, one representative of the European business community elected by the Associated Chambers of Commerce of India and Ceylon, one representative of the Indian business community elected by the Federation of Indian Chambers of Commerce and Industry, one representative nominated by the Government of each major province, two representatives elected by the Advisory Board, and such other persons as His Excellency the Governor General in Council may from time to time appoint.

At the Conference convened by the Government of India in October last to consider the Report of the Royal Commission, the Provincial Ministers of Agriculture expressed the view that the provincial representatives on the Governing Body should be the Ministers of Agriculture. This proposal has been referred to Provincial Governments for opinion and has met with general acceptance. The Government of India entirely agree that the presence of the Provincial Ministers of Agriculture on the Governing Body will contribute very materially to the successful working of the Council. They consider it desirable, however, that provision should be made in the Rules and Regulations of the Council permitting a Provincial Government to nominate a representative to attend any meeting of the Governing Body at which the Provincial Minister of Agriculture is unable to be present.

The Honourable Mr. V. Ramadas Pantulu has been elected by the Council of State and Mian Muhammad Shah Nawaz and Chaudhri Mukhtar Singh have been elected by the Legislative Assembly as the representatives of those bodies on the Governing Body of the Council of Agricultural Research. The Associated Chambers of Commerce of India and Ceylon and the Federation of Indian Chambers of Commerce and Industry have elected Sir Joseph Kay and Mr. Walchand Hirachand, C.I.E., respectively, as their representatives on the Governing Body.

The functions of the Advisory Board will be to examine all proposals in connection with the scientific objects of the Council which may be submitted to the Governing Body, to report on their feasibility and to advise on any other questions referred to it by the Governing Body. It will consist of all those whose inclusion in the Council was recommended by the Royal Commission with the exception of the representatives of the Central Legislature and the representatives of the European and Indian commercial communities who will now find a place on the Governing Body. It does not appear necessary that the latter should also be members of the Advisory Board which, under the division of functions explained above, will be a body of experts. In view of their exclusion from the Advisory Board, the Government of India, after consultation with Provincial Governments, consider it desirable that the scientific and university representation on the Board should be increased and that, subject, where necessary, to the

acceptance of the invitation to elect representatives to the Board, it should be composed as follows:—

(1) The Vice-Chairman of the Council.
(2) and (3). Two whole-time expert advisers appointed by the Government of India.
(4) Director of the Pusa Research Institute.
(5) Director of the Imperial Institute of Veterinary Research, Muktesar.
(6) Director of the Indian Institute of Science, Bangalore.

The Directors of Agriculture in—

(7) Madras.
(8) Bombay.
(9) Bengal.
(10) The United Provinces.
(11) The Punjab.
(12) Burma.
(13) Bihar and Orissa.
(14) The Central Provinces.
(15) Assam.

Representatives of the Veterinary Department in—

(16) Madras.
(17) Bombay.
(18) Bengal.
(19) The United Provinces.
(20) The Punjab.
(21) Burma.
(22) Bihar and Orissa.
(23) The Central Provinces.
(24) Assam.

(25) A representative of minor administrations under the Government of India nominated by the Government of India.
(26) A representative of the Forest Research Institute, Dehra Dun, nominated by the Government of India.
(27) A representative of the Co-operative Movement nominated by the Government of India.
(28) A representative elected by the Indian Research Fund Association.
(29) to (32). Four representatives of Indian Universities elected by the Inter-University Board.
(33) A representative elected jointly by the Indian Tea Association and the United Planters' Association of Southern India.
(34) A representative elected by the Indian Central Cotton Committee.
(35) to (39). Five non-official members nominated by the Government of India on the recommendation of the Council on the ground of scientific knowledge or other special qualifications.

And such other persons as His Excellency the Governor General in Council may from time to time appoint.

Mr. P. H. Carpenter, Chief Scientific Officer, Indian Tea Association's Experimental Station Tocklai, Assam, has been elected as their representative on the Advisory Board by the Indian Tea Association and the United

Planters' Association of Southern India. The Government of India have nominated Mr. G. K. Devadhar, C.I.E., President, Servants of India Society, Poona, as representative of the Co-operative Movement on the Board. The names of the nominees of the Government of India to represent minor administrations and the Forest Research Institute, respectively, will be announced shortly.

The Principal Administrative Officer to the Council will be *ex-officio* Chairman of the Advisory Board.

All the other features of the Royal Commission's proposals for the organisation of the Council, *viz.*, the three whole-time officers of the Council, the sub-committees to deal with special activities and the provincial committees will remain.

As recommended by the Royal Commission, the duration of the appointment of members of the Council, other than the representatives of the Council of State and the Legislative Assembly and of those members who are appointed by reason of the office or appointment they hold, will be three years. The tenure of appointment of the Principal Administrative Officer and the two whole-time expert advisers will ordinarily be five years.

7. For the lump grant of Rs. 50 lakhs recommended by the Royal Commission, the Government of India have decided to substitute an initial lump grant supplemented by a fixed minimum grant annually. They have fixed the initial grant at Rs. 25 lakhs, of which Rs. 15 lakhs have been provided in the budget for 1929-30. Commencing from 1930-31, the annual recurring grant will be fixed at Rs. 7·25 lakhs per annum, of which Rs. 5 lakhs will be devoted to the furtherance of the scientific objects of the Council, and the remaining Rs. 2·25 lakhs to the cost of its staff and secretariat. A sum of Rs. 1·40 lakhs has been provided in the current year's budget to meet the cost of the staff and secretariat in this financial year. The provision in the current year's budget has been made with the approval of the Legislative Assembly and the grants to be made in subsequent years will also be subject to its approval.

The Council of Agricultural Research will have an entirely free hand in regard to the expenditure of the grants made to it for research purposes subject to the condition that it incurs no liability in respect of such matters as leave or pension contributions after the research for which the grant is given has been completed. In regard to the grant made to it to meet the cost of staff, establishment, etc., the Government of India have decided that, for reasons of administrative convenience, it should be in the same position as a Department of the Government of India Secretariat.

8. The broad outlines of the scheme were placed before the Conference of Provincial Ministers and other representatives in October last and met with general acceptance.

9. The Government of India have further decided that the Council should not be constituted under an Act of the Imperial Legislature as recommended by the Royal Commission but should be registered under the Registration of Societies Act, XXI of 1860. In order to comply with the requirements of that Act, a meeting of those who will constitute the Council will be convened at an early date to consider the terms of the Memorandum of Association and the Rules and Regulations which have to be filed with the Registrar of Joint Stock Companies.

10. Proposals have been approved by His Majesty's Secretary of State regarding the appointment of the Principal Administrative Officer, the two whole-time expert advisers and the Secretary to the Council. The Government of India hope shortly to be in a position to announce the names of the gentlemen appointed to the first three of these posts. The officer selected for the appointment of Secretary to the Council is Mr. M. S. A. Hydari, I.C.S. (Madras).

11. The Government of India trust that all Provincial Governments will take early steps to constitute provincial committees, on the lines suggested by the Royal Commission subject to such modifications as may be considered required in the light of local conditions, to work in co-operation with the Council of Research.

ORDERED that a copy of the Resolution be communicated to all local Governments and Administrations, the Agricultural Adviser to the Government of India and all Departments of the Government of India, including Financial Adviser, Military Finance.

Ordered also that the Resolution be published in the Supplement to the *Gazette of India* for general information.

G. S. BAJPAI,
Secy. to the Govt. of India.

MEMORANDUM OF ASSOCIATION OF THE IMPERIAL COUNCIL OF AGRICULTURAL RESEARCH.

1. The name of the Society is the Imperial Council of Agricultural Research.

2. The objects for which the Imperial Council of Agricultural Research is established are:

(*a*) To aid, develop and co-ordinate agricultural and veterinary research in India by promoting scientific (including technological) research, instruction and experiments in the science, methods and practice of agriculture (including the marketing of agricultural produce) and by promoting veterinary research and instruction in veterinary science, by the diffusion of useful information and by such other means as appear calculated to develop agricultural and veterinary research.

(*b*) To act as a clearing house of information not only in regard to research but also in regard to agricultural and veterinary matters generally.

(*c*) For the purposes of the Society to draw and accept and make and endorse discount and negotiate Government of India and other promissory notes, bills of exchange, cheques or other negotiable instruments.

(*d*) To invest the funds of, or money entrusted to, the Society upon such securities or in such manner as may from time to time be determined by the Governing Body and from time to time to sell or transpose such investments.

(*e*) To purchase, take on lease, accept as a gift or otherwise acquire, any land or building, wherever situate in India, which may be necessary or convenient for the Society.

(*f*) To construct or alter any building which may be necessary for the Society.

(*g*) To sell, lease, exchange and otherwise transfer all or any portion of the properties of the Society.

(*h*) To establish and maintain a research and reference library in pursuance of the objects of the Society with reading and writing rooms and to furnish the same with books, reviews, magazines, newspapers and other publications.

(*i*) To do all other such things as the Society may consider necessary, incidental or conducive to the attainment of the above objects.

3. The Governing Body of the Society shall be the body constituted to be the Governing Body under the Rules and Regulations of the said Society and the first members of the said Governing Body shall be—

Names.	Addresses.	Occupations.
1. The Hon'ble Khan Bahadur Sir Muhammad Habibullah Sahib Bahadur, K.C.S.I., K.C.I.E., Kt.	Gorton Castle, Simla	Member of the Council of His Excellency the Governor General.
2. The Hon'ble Mr. Setu Ratnam Ayyar.	Fort St. George, Madras	Minister for Agriculture, Madras.
3. The Hon'ble Mr. Baskarrao V. Jadhav, M.A., LL. B.	Secretariat, Fort, Bombay.	Minister for Agriculture, Bombay.
4. The Hon'ble Sir A. Ghuznavi, Kt.	Secretariat, Calcutta .	Member in Charge of Portfolio of Agriculture, Bengal.
5. The Hon'ble Maharaj Kumar Mahijit Singh.	Secretariat, Lucknow .	Minister for Agriculture, United Provinces.
6. The Hon'ble Sardar Sir Jogendra Singh, Kt.	Secretariat, Lahore .	Minister for Agriculture, Punjab.
7. The Hon'ble Sir Lee Ah Yain, Kt.	Secretariat, Rangoon	Minister for Agriculture, Burma.
8. The Hon'ble Sir Sayid Mohammad Fakhruddin, Khan Bahadur, Kt.	Secretariat, Patna	Minister for Agriculture, Bihar and Orissa.
9. The Hon'ble Sir Arthur Edward Nelson, Kt., C.I.E., C.B.E., I.C.S.	Secretariat, Nagpur	Member in charge of Portfolio of Agriculture, Central Provinces and Berar.
10. His Excellency Sir Egbert Laurie Lucas Hammond, K.C.S.I., C.B.E., I.C.S.	Secretariat, Shillong	In charge of Portfolio of Agriculture, Assam.

Names.	Addresses.	Occupations.
11. The Hon'ble Mr. V. Ramadas Pantulu.	Mylapore, Madras .	Member, Council of State..
12. Mian Muhammad Shah Nawaz.	Lahore . . .	Member, Legislative Assembly.
13. Chaudhry Mukhtar Singh	Meerut City . .	Member, Legislative Assembly.
14. Sir Joseph Kay . .	....	Representative of the Associated Chambers of Commerce of India and Ceylon.
15. Mr. Walchand Hirachand, C.I.E.	Bombay . . .	Representative of the Federation of Indian Chambers of Commerce and Industry.
16. Sir Frank Noyce, Kt., C.S.I., C.B.E., I.C.S.	Gorton Castle, Simla .	Officer on special duty, Department of Education, Health and Lands.

4. The income and property of the Society, howsoever derived, shall be applied towards the promotion of the objects thereof as set forth in this Memorandum of Association subject nevertheless in respect of the expenditure of grants made by the Government of India to such limitations as the Government of India may from time to time impose. No portion of the income and property of the Society shall be paid or transferred, directly or indirectly by way of dividends, bonus or otherwise howsoever by way of profit, to the persons who at any time are or have been members of the Society or to any of them or to any persons claiming through them or any of them, provided that nothing herein contained shall prevent the payment in good faith of remuneration to any member thereof or other person in return for any service rendered to the Society.

5. If, on the winding up or dissolution of the Society, there shall remain, after the satisfaction of all its debts and liabilities, any property whatsoever the same shall not be paid to, or distributed among, the members of the Society or any of them but shall be dealt with in such manner as the Governor General in Council may determine.

RULES AND REGULATIONS OF THE IMPERIAL COUNCIL OF AGRICULTURAL RESEARCH.

Preamble.

In these Rules and Regulations, the following words shall have the following meanings:—

"The Society" shall mean the Imperial Council of Agricultural Research.

"The Governing Body" shall mean the body which is under Rule and Regulation No. 22 the Governing Body of the Society.

"The Advisory Board" shall be the body which is constituted as such under Rule and Regulation No. 43.

"The Secretary" shall mean the Secretary appointed under Rule and Regulation No. 6.

Members of the Society.

1. The members, for the time being, of the Society shall consist of:—

(1) The Honourable Member of the Council of His Excellency the Governor General for the time being in charge of the portfolio of Agriculture.

(2) The Principal Administrative Officer of the Society appointed by the Government of India.

The Ministers of Agriculture for the time being or the Members of the Governors' Executive Council in charge for the time being of the portfolio of Agriculture in—

(3) Madras.
(4) Bombay.
(5) Bengal.
(6) The United Provinces.
(7) The Punjab
(8) Burma.
(9) Bihar and Orissa.
(10) The Central Provinces.
(11) Assam.

(12) A representative elected by the Council of State.
(13) Two representatives elected by the Legislative Assembly.
(14) A representative of the European business community elected by the Associated Chambers of Commerce of India and Ceylon.
(15) A representative of the Indian business community elected by the Federation of Indian Chambers of Commerce and Industry.
(16) Two whole-time expert advisers appointed by the Government of India.
(17) Director for the time being of the Pusa Research Institute.
(18) Director for the time being of the Imperial Institute of Veterinary Research, Muktesar.
(19) Director for the time being of the Indian Institute of Science, Bangalore.

The Directors of Agriculture for the time being in—

(20) Madras.
(21) Bombay.
(22) Bengal.
(23) The United Provinces.
(24) The Punjab.
(25) Burma.
(26) Bihar and Orissa.
(27) The Central Provinces.
(28) Assam.

Representatives of the Provincial Veterinary Department nominated by the Governments of—

(29) Madras.
(30) Bombay.
(31) Bengal.
(32) The United Provinces.

(33) The Punjab.
(34) Burma.
(35) Bihar and Orissa.
(36) The Central Provinces
(37) Assam.

(38) A representative of minor administrations under the Government of India nominated by the Government of India.

(39) A representative of the Forest Research Institute, Dehra Dun, nominated by the Government of India.

(40) A representative of the Co-operative Movement nominated by the Government of India.

(41) A representative elected by the Indian Research Fund Association.

(42) Four representatives of Indian Universities elected by the Inter-University Board.

(43) A representative elected jointly by the Indian Tea Association and the United Planters' Association of Southern India.

(44) A representative elected by the Indian Central Cotton Committee.

(45) Not more than five non-official members nominated by the Government of India on the recommendation of the Society on the ground of scientific knowledge or other special qualifications.

(46) Sir Frank Noyce, Kt., C.S.I., C.B.E., I.C.S., appointed by His Excellency the Governor General in Council.

And such other persons as His Excellency the Governor General in Council may from time to time appoint.

2. Should any Minister of Agriculture or Member of a Governor's Executive Council in charge of the portfolio of Agriculture, the Director of the Pusa Research Institute, the Director of the Imperial Institute of Veterinary Research, Muktesar, a Provincial Director of Agriculture or the representative of a Provincial Veterinary Department be prevented from attending a meeting of the Society, the Government of India or the Local Government concerned shall be at liberty to nominate a substitute to take his place at that meeting of the Society. Such substitute shall have all the rights and privileges of a member of the Society for that meeting only.

3. The Society shall keep a roll of members and every member of the said Society shall sign the roll and shall state therein his rank or occupation and address.

4. If a member of the Society shall change his address, he may notify his new address to the Secretary who shall thereupon enter his new address in the roll of members: but if he shall fail to notify his new address, the address in the roll of members shall be deemed to be his address.

Duration of appointment.

5. (1) Where a member of the Society becomes a member by reason of the office or appointment he holds his membership of the Society shall terminate when he ceases to hold that office or appointment.

(2) The members of the Society elected by the Council of State and the Legislative Assembly respectively shall cease to be members on the dissolution of the Council or Assembly by which they were elected.

(3) Unless their membership of the Society is previously terminated as provided in Rule 5 (4), all other members of the Society shall relinquish their membership on the expiry of three years from the date on which they became members of the Society but shall be eligible for re-appointment to it.

(4) All members of the Society elected, appointed or nominated shall cease to be such members on the happening of any of the following events—

If they shall die, resign become of unsound mind, become insolvent or be convicted of a criminal offence involving moral turpitude.

(5) Any vacancy in the membership of the Society caused by any of the reasons mentioned in Rule 5 (4) shall be filled up by election, appointment or nomination by the authority or association, as the case may be, entitled to make such election, appointment or nomination.

Officers of the Society.

6. The Officers of the Society shall be a Chairman, Vice-Chairman, two whole-time Expert Advisers and a Secretary. The Honourable Member of the Governor General's Council in charge of the portfolio of Agriculture for the time being shall be Chairman of the Society. The Principal Administrative Officer, who shall be appointed by the Governor General in Council, shall be Vice-Chairman of the Society. The two whole-time Expert Advisers and the Secretary shall be appointed by the Governor General in Council.

7. The Government of India and Local Governments shall be at liberty to obtain the advice of the Principal Administrative Officer of the Society and the two whole-time Expert Advisers on any agricultural and veterinary questions which they may desire to refer to them.

8. The Secretary shall keep a record of the proceedings of the Society of the Governing Body and of the Advisory Board and shall perform the duties hereinafter directed to be performed by the Secretary and all such other duties as usually pertain to the office of Secretary and not otherwise specifically provided for by these Regulations.

Proceedings of the Society.

9. An annual General Meeting of the Society shall be held at such time and place as may be determined by the Governing Body. At such annual General Meeting, the Governing Body shall submit the Annual Report and the yearly accounts of the Society. Except as herein provided, all meetings of the Society shall be called by notice under the hand of the Secretary.

10. Every notice calling a meeting of the Society shall state the date, time and place at which such meeting will be held and shall be served upon every member of the Society not less than twenty-one clear days before the day appointed for the meeting.

11. Eighteen members of the Society including substitutes nominated under Rule 2 present in person shall form a quorum at every meeting of the Society.

12. The Governing Body shall fix the date, time and place for every meeting of the Society.

13. The Chairman may convene a special general meeting of the Society whenever he thinks fit.

14. The Chairman shall convene a special general meeting of the Society on the written requisition of not less than eighteen members of the Society.

15. Any requisition so made by the members of the Society shall express the object of the meeting proposed to be called and shall be left at the address of the Secretary or posted to his address.

16. Upon such requisition the Chairman shall forthwith convene a meeting of the Society and if he neglects to give notice for the holding of such meeting within twenty-one days after the receipt of such requisition, the requisitionists may themselves convene a meeting of the Society. At all special general meetings no subject other than that stated in the notice or resolution, as the case may be, shall be discussed.

17. If neither the Chairman nor the Vice-Chairman shall be present at any meeting of the Society, someone of the members of the Governing Body shall be chosen to be Chairman of the meeting, but if there shall be no member of the Governing Body present or willing to take the Chair, the members of the Society shall choose one of their own number to be the Chairman of the meeting.

18. No business shall be discussed at any meeting of the Society except the election of a Chairman, whilst the Chair is vacant.

19. All disputed questions at meetings of the Society shall be determined by vote.

20. Each member of the Society shall have one vote.

21. In case of an equality of votes, the Chairman shall have a casting vote.

The Governing Body.

22. The Governing Body of the Society for the purposes of Act XXI of 1860, shall at the date of the Registration of the Society, consist of the Members whose names are set out in Clause 3 of the Memorandum of Association, and thereafter as soon as the necessary elections, appointments and nominations have taken place the Governing Body shall consist of the following:—

(1) The Honourable Member of the Council of His Excellency the Governor General for the time being in charge of the portfolio of Agriculture.

Chairman (*ex-officio*).

(2) The Principal Administrative Officer of the Society appointed by the Government of India.

Vice-Chairman (*ex-officio*).

The Ministers of Agriculture for the time being or the members of the Governor's Executive Council in charge for the time being of the portfolio of Agriculture in—

(3) Madras.
(4) Bombay.
(5) Bengal.
(6) The United Provinces.
(7) The Punjab.
(8) Burma.
(9) Bihar and Orissa.
(10) The Central Provinces.

(11) Assam.

(12) The member of the Society elected by the Council of State.

(13) The two members of the Society elected by the Legislative Assembly.

(14) The member of the Society representing the European business community elected by the Associated Chambers of Commerce of India and Ceylon.

(15) The member of the Society representing the Indian business community elected by the Federation of Indian Chambers of Commerce and Industry.

(16) Two members of the Advisory Board to be elected by the Board in such manner as the Society may decide.

(17) Sir Frank Noyce, Kt., C.S.I., C.B.E., I.C.S., appointed by His Excellency the Governor General in Council.

And such other persons as His Excellency the Governor General in Council may from time to time appoint.

23. The Chairman of the Society for the time being shall be *ex-officio* Chairman of the Governing Body.

24. The Vice-Chairman of the Society for the time being shall be *ex-officio* Vice-Chairman of the Governing Body.

25. Should any Minister of Agriculture or Member of a Governor's Executive Council in charge of the portfolio of Agriculture be prevented from attending a meeting of the Governing Body, the Local Government concerned shall be at liberty to nominate a substitute to take his place at that meeting of the Governing Body. Such substitute shall have all the rights and privileges of a member of the Governing Body for that meeting only.

Powers of the Governing Body.

26. The Governing Body shall have the management of all the affairs and funds of the Society and shall have authority to exercise all the powers of the Society subject nevertheless in respect of the expenditure of grants made by the Government of India to such limitations as the Government of India may from time to time impose.

27. The Governing Body shall have power, with the sanction of the Governor General in Council, to make such Bye-laws as they shall think proper for the preparation and sanction of budget estimates, the sanctioning of expenditure, entering into contracts, the investment of the funds of the Society and the sale or alteration of such investments and any other purpose that may be necessary.

28. The Governing Body may accept the management of any endowment, or trust fund, or subscription, or donation provided that it is unaccompanied by any condition inconsistent or in conflict with the nature, object and provisions of the scheme.

29. The Governing Body may by Resolution delegate to the Chairman, Vice-Chairman and Secretary such of its powers for the conduct of business as they may deem fit, subject to the condition that action taken by the Chairman, Vice-Chairman and Secretary under the powers delegated to them by this rule shall be reported for confirmation at the next meeting of the Governing Body.

30. The Governing Body may by Resolution appoint Sub-Committees for such purposes and with such powers as the Governing Body may think proper.

Proceedings of the Governing Body.

31. The Chairman of the Governing Body shall preside at all meetings of the Governing Body.

32. If the Chairman shall not be present at any meeting of the Governing Body, the Vice-Chairman of the Governing Body shall preside at such meeting.

33. If neither the Chairman nor the Vice-Chairman shall be present at any meeting of the Governing Body, the Governing Body shall elect a Chairman to preside at such meeting.

34. Six members of the Governing Body including substitutes nominated under Rule 25, present in person shall constitute a quorum at any meeting of the Governing Body.

35. Not less than twenty-one clear days' notice of every meeting of the Governing Body shall be given to each member of the Governing Body who shall for the time being be in India.

36. One meeting at least of the Governing Body shall be held in every year.

37. For the purposes of the last Regulation each year shall be deemed to commence on the 1st day of April and terminate on the 31st day of March.

38. The Chairman of the Governing Body may himself call, or by a requisition in writing signed by him may require the Secretary to call, a meeting of the Governing Body at any time, and on the receipt of such requisition the Secretary shall forthwith call such meeting.

39. Six members of the Governing Body may by a requisition in writing signed by them require the Secretary to call a meeting of the Governing Body at any time and on the receipt of such a requisition the Secretary shall forthwith call such meeting.

40. In case of a difference of opinion amongst the members of the Governing Body, the opinion of the majority shall prevail.

41. Each member of the Governing Body shall have one vote and if there shall be an equality of votes on any question to be decided by the Governing Body, the Chairman shall have a casting vote.

42. Any business which it may be necessary for the Governing Body to perform except such as may be placed before its annual meeting may be carried out by circulation among all its members and any Resolution so circulated and approved by a majority of the members signing shall be as effectual and binding as if such Resolution had been passed at a meeting of the Governing Body. Provided that at least nine members of the Governing Body have recorded their views on the Resolution.

The Advisory Board.

43. The Advisory Board of the Society shall consist of the following:—

(1) The Vice-Chairman of the Society.
(2) The two members of the Society appointed by the Government of India as whole-time expert advisers.
(3) Director for the time being of the Pusa Research Institute.
(4) Director for the time being of the Imperial Institute of Veterinary Research, Muktesar.

(5) Director for the time being of the Indian Institute of Science, Bangalore.

The Directors of Agriculture for the time being in—

(6) Madras.
(7) Bombay.
(8) Bengal.
(9) The United Provinces.
(10) The Punjab.
(11) Burma.
(12) Bihar and Orissa.
(13) The Central Provinces.
(14) Assam.

The members of the Society representing the Provincial Veterinary Departments of the Governments of—

(15) Madras.
(16) Bombay.
(17) Bengal.
(18) The United Provinces.
(19) The Punjab.
(20) Burma.
(21) Bihar and Orissa.
(22) The Central Provinces.
(23) Assam.
(24) The member of the Society representing minor administrations under the Government of India.
(25) The member of the Society representing the Forest Research Institute, Dehra Dun.
(26) The member of the Society representing the Co-operative Department.
(27) The member of the Society representing the Indian Research Fund Association.
(28) The four members of the Society representing the Indian Universities.
(29) The member of the Society representing the Indian Tea Association and the United Planters' Association of Southern India.
(30) The member of the Society representing the Indian Central Cotton Committee.
(31) Not more than five non-official members nominated by the Government of India on the recommendation of the Society on the ground of scientific knowledge or other special qualifications.

And such other persons as His Excellency the Governor General in Council may from time to time appoint.

44. The Vice-Chairman of the Society for the time being shall be *ex-officio* Chairman of the Advisory Board.

45. The Secretary to the Society for the time being shall be *ex-officio* Secretary to the Advisory Board.

46. Should the Director of the Pusa Research Institute, the Director of the Imperial Institute of Veterinary Research, Muktesar, a Provincial

Director of Agriculture or the representative of a Provincial Veterinary Department be prevented from attending a meeting of the Advisory Board, the Government of India or the Local Government concerned shall be at liberty to nominate a substitute to take his place at that meeting of the Advisory Board. Such substitute shall have all the rights and privileges of a member of the Advisory Board for that meeting only.

Powers of the Advisory Board.

47. The Advisory Board shall examine all proposals in connection with the scientific objects of the Society which may be submitted to the Governing Body and shall report on their feasibility. It shall also advise on any other questions referred to it by the Governing Body.

48. The Advisory Board may by Resolution appoint sub-committees of its members for the carrying out of the objects of the Advisory Board. Such sub-committees shall work under the direction of the Advisory Board.

49. Sub-Committees of the Advisory Board shall have power to co-opt members from outside the Society to assist them in dealing with the questions referred to them.

50. The Chairman of the Advisory Board shall be *ex-officio* Chairman of all sub-committees of the Advisory Board.

51. The Secretary of the Advisory Board shall be *ex-officio* Secretary of all sub-committees of the Advisory Board.

Proceedings of the Advisory Board.

52. The Chairman of the Advisory Board shall preside at all meetings of the Advisory Board.

53. If the Chairman shall not be present at any meeting of the Advisory Board, the Advisory Board shall elect a Chairman to preside at such meeting.

54. Twelve members of the Advisory Board including substitutes nominated under Rule 46 present in person shall constitute a quorum at any meeting of the Advisory Board.

55. Not less than twenty-one clear days' notice of every meeting of the Advisory Board shall be given to each member of the Advisory Board who shall for the time being be in India.

56. Two meetings at least of the Advisory Board shall be held in every year.

57. For the purposes of the last Regulation, each year shall be deemed to commence on the 1st day of April and terminate on the 31st day of March.

58. The Chairman of the Advisory Board shall fix the date, time and place for every meeting of the Advisory Board.

59. In case of a difference of opinion amongst the members of the Advisory Board, the opinion of the majority shall prevail.

60. Each member of the Advisory Board shall have one vote and if there shall be an equality of votes on any question to be decided by the Advisory Board, the Chairman shall have a casting vote.

60-A. Any business which it may be necessary for the Advisory Board or any Sub-Committee of the Advisory Board appointed under Rule 48 to perform, except such as the Board may direct to be placed before a meeting of the Board, may be transacted by circulation among all its members

and any resolution or report so circulated and approved by a majority of the members signing shall be as effectual and binding as if such resolution or report had been passed at a meeting of the Advisory Board. Provided that at least twelve members of the Advisory Board or two-thirds of the members, including co-opted members of a sub-committee, shall have recorded their views on the resolution or report.

Funds of the Society.

61. The funds of the Society will consist of the following:—

(1) Lump sum and recurring grants made by the Government of India for the furtherance of the scientific objects of the Society.

(2) Recurring grants made by the Government of India to meet the cost of the staff, establishment and general purposes of the Society.

(3) Contributions from other sources.

(4) Income from investments.

62. The Bankers of the Society shall be the Imperial Bank of India. All funds of the Society, with the exception of grants mentioned in Rule 61 (2), shall be paid into the Society's account with the Imperial Bank of India and shall not be withdrawn except on cheques signed by the Chairman or Vice-Chairman and countersigned by the Secretary of the Society. The grants referred to in Rule 61 (2) will remain in the public treasury until the money is required to be disbursed and expenditure against these grants will be charged directly to the public account.

Accounts and Audit.

63. The Accounts of the Society shall be subject to the audit of the Auditor General in India. The nature of audit to be applied and the detailed arrangements to be made in regard to the form of accounts and their maintenance and the presentation of the accounts for audit shall be prescribed in Bye-laws to be framed by the Governing Body and approved by the Governor General in Council with the concurrence of the Auditor General.

Annual Report.

64. An annual report of the proceedings of the Society and of all work undertaken during the year shall be prepared by the Governing Body for the information of the Government of India and of the members of the Society. This report and the audited accounts of the Society shall be placed before the Society at the Annual General Meeting and also upon the tables of the Council of State and the Legislative Assembly.

Office of the Society.

65. The Office of the Society shall be situated at the headquarters of the Government of India.

Seal.

66. The Governing Body shall provide a Seal and also provide for its safe custody and the Seal shall never be used except by the authority of the Governing Body previously given, and one member of the Governing Body shall sign every instrument to which the Seal is affixed and every such instrument shall be countersigned by the Secretary or by some other person appointed by the Governing Body.

Notices.

67. A notice may be served upon any member of the Society either personally or by sending it through the post in an envelope addressed to such member at his registered place of business.

68. Any notice so served by post shall be deemed to have been served on the day following that on which the letter, envelope or wrapper containing the same is posted and in proving such service it shall be sufficient to prove that the cover containing such notice was properly addressed and put into the Post Office.

Alteration or extension of the purposes of the Society.

69. Subject to the approval of the Government of India previously obtained, the Society may alter or extend the purposes for which it is established—

(*a*) If the Governing Body shall submit the proposition for such alteration or extension as aforesaid to the members of the Society in a written or printed report.

(*b*) If the Governing Body shall convene a special general meeting of the members of the Society, according to their Rules and Regulations, for the consideration of the said proposition.

(*c*) If such report be delivered or sent by post to every member of the Society fourteen clear days previous to such special general meeting as aforesaid.

(*d*) If such proposition be agreed to by the votes of three-fifths of the members of the Society delivered in person at such special general meeting as aforesaid, and

(*e*) If such proposition be confirmed by the votes of three-fifths of the members of the Society present at a second special general meeting convened by the Governing Body at an interval of one month after the former meeting.

70. The Rules and Regulations of the Society, save and except the Rule and Regulation No. 69, may be altered at any time by a Resolution passed by a majority of the members of the Society present at any meeting of the Society which shall have been duly convened for the purpose.

Certified to be a correct copy of the Rules and Regulations of the Imperial Council of Agricultural Research.

Note dated the 22nd September 1928 by Mr. D. G. Harris, C.I.E., Consulting Engineer to the Government of India, on the recommendation made by the Royal Commission on Agriculture in India for the establishment of a Central Bureau of Information for Irrigation.

The recommendation made by the Royal Commission on Agriculture in India in favour of the establishment of a Central Bureau of Information for Irrigation is contained in paragraph 285 of their Report, and runs as follows:—

"We, therefore, propose the establishment of a Central Bureau of Information for Irrigation, the headquarters of which would be at Delhi and which might suitably be placed in charge of the Consulting Engineer to the Government of India. The main functions of the Bureau would be to establish and maintain a comprehensive library of irrigation publications both Indian

and foreign, which could be consulted by irrigation engineers and to act as a clearing house of information needed by provincial officers. It should, however, be something more than a mere repository of information and a centre for answering enquiries. It should endeavour to reach a wider public than the irrigation departments and to keep agricultural officers, and the public generally, in touch with irrigation development in India and abroad."

The recommendation probably had its origin in the suggestion made by Mr. B. d'O. Darley, C.I.E., Chief Engineer, United Provinces, in his evidence before the Commission, that an All-India Irrigation Congress should be constituted with its headquarters at Delhi. A copy of the relevant portion of this evidence is appended.

2. I have had an opportunity, during my recent tours, of discussing the question at issue with several Chief Engineers, and have found them unanimously in favour of the proposal. But there is a very general feeling that it does not go far enough. It is beginning to be realized that we are drifting towards a dangerous state of what I may call technical decentralization and there is a real desire, on the part of every officer with whom I have come in contact, that the process should be checked.

3. I feel very doubtful whether the establishment of the Bureau will, in itself, solve the problem. If the Bureau is to be a live thing, it must be in much closer and more intimate touch with the provinces than such an organization as is sketched in the Report would ordinarily be. What seems to me to be required is a Bureau attached not to the Central Government but to the Central Irrigation Board, which, in turn, should be converted into an active Committee, somewhat on the lines of the Indian Railway Conference Association, and not regarded merely as a panel from which technical sub-committees can be drawn to report on specific questions.

4. In order to attain, to the fullest degree, the objects which the Commission evidently had in view in making their recommendation we should, in my opinion, visualize the Central Irrigation Board as a Committee of Engineers, meeting at intervals, with the so-called Bureau as their office. In charge of this office, and acting under the general direction of the Consulting Engineer, will be a technical Secretary, who will discharge the duties which, under the Commission's proposal, would have devolved upon the Librarian and Curator of the Central Bureau.

5. The first point to be considered is what work this office will have to do. One of its main functions will be that of keeping the irrigation engineers of India in touch with what is going on in other countries in the same and allied lines of work. No engineer can possibly find time to read more than a small fraction even of the most important technical journals and, consequently, many new developments, new labour saving devices, and the like, which might well be applied to Indian conditions, are unnoticed and remain unknown. In the organisation now proposed it will be a duty of the Secretary to scrutinize the principal technical papers and to prepare brief digests of all articles likely to be of use or interest to Indian irrigation engineers. Such digests will be issued periodically, and it will be open to any officer, who discovers one which seems to have a bearing on his work, to apply to the office of the Board for the original article to be sent to him.

6. Contact will also be established between the office of the Board and the somewhat similar bureaus which exist in other countries where irrigation is practised, and more especially with those in Egypt and America,

with a view to accounts of developments in those countries, in so far as they may be applicable to India also, being made available to all Indian engineers. Bureaus of this nature are usually only too glad to agree to an exchange of publications.

7. The office will also, as proposed by the Commission, maintain a technical library, of which the Secretary will be librarian. A technical library is of little or no use unless it is in the charge of a technical officer, as, in the majority of cases, an engineer cannot specify exactly the book which he wants. What he does know is the problem which confronts him, and what he requires is an organization to which he can put his problem and which will look out and send him books or articles bearing upon it.

8. Perhaps the most important of all the duties which the office will have to undertake is the establishment and maintenance of liaison between the provinces. The present position in this respect is most unsatisfactory. Very few provinces have the least idea of what is being done in any areas except their own, and one finds the same experiments being made over and over again with a view to the solution of problems which have already been solved elsewhere, the same mistakes being made as were made years ago and rectified in other parts of India, and the same study being applied to questions which have already been studied and finally settled only a couple of hundred miles away. This all means waste of time, energy and money. The Consulting Engineer, during his tours, can do a little to carry information from one province to another, but not nearly enough.

9. It is mainly the furtherance of a proper liaison between the provinces which has dictated the organization now suggested. There is not the slightest doubt that the respective Chief Engineers will take a much keener interest in the proper functioning of an organization of which they are themselves members than in that of an independent Central Bureau in which they would have no direct concern. The submission of a paper for formal publication by the Central Government is a very different matter from the supply of information to a Committee of brother engineers. At present a vast amount of useful information is buried in the files of local Secretariats, and probably an even greater amount never gets put upon paper at all; it will be a function of the Central Board to say what type of information is required and for the members of the Board to see that their subordinate officers supply it. Considering the scope of the irrigation works of India, the technical literature regarding them is inadequate in the extreme, and this fact is, in my opinion, due far less to the unwillingness of officers to write up their experiences than to the fact that, in the past, there existed no ready means of ensuring that the records would be of use, when written. Under the proposals now made, all information collected will be presented to the Board, the members of which will bring such as may be relevant to their work to the notice of officers serving under them.

10. The Royal Commission have also mentioned publicity as one of the functions of the proposed Bureau, and it certainly seems desirable that something should be done in this behalf. For every ten persons, including engineers, outside India who have some knowledge at least of the development of irrigation works in Egypt and America, there will not be found one who knows anything of irrigation in India, although the total area irrigated in either of the former countries is less than that irrigated by a single one of our larger schemes. Everyone has heard of the Assuan Dam, for example, but how many people outside India (I might

even go further and say outside the Bombay Presidency) have heard of the far bigger and bolder dams recently constructed at Bhatgarh and Bhandardara. This is entirely due to the fact that the Governments of other countries publish accounts of their works, whereas we do not. I have found engineers at Home astonished to hear of the size of the works constructed in India, especially works such as dams, which are in no way peculiar to this country. India can, at present, boast the biggest dam in the world (measured by its masonry content) and even this will be far outdone by that now under construction at Metur in Madras. Until last year, when it was surpassed by one in America, she could also boast the highest; if the Bhakra Dam in the Punjab, the scheme for which has recently been submitted for approval is constructed, India will again take the lead. As regards the extent of her canal systems, with their 21,000 miles of main canals and branches and their 41,000 miles of distributaries, India is in a class by herself. A little publicity on the subject in other countries would certainly be wholesome, but it has been impossible to secure such publicity in the past owing to the preoccupations of the few officers with any general knowledge of what was actually being done throughout India. The office of the Board, working in conjunction with its members, will supply the Press with articles of general public interest; it might also, with advantage, take over the publication of the annual Review of Irrigation in India and make it a rather more interesting production than it is at present.

11. Another very important subject in respect of which co-ordination is most desirable is research. Practically all the possible simpler and more obvious irrigation schemes have already been constructed, and future progress must depend, on the one hand, on the construction of new projects of far greater complexity and technical difficulty than those built in the past and, on the other, on the extension of existing systems by economy in the use of water. This spells detailed research; the local Governments are beginning to recognize this fact and at least three of the major irrigation provinces have now special officers engaged wholly on such research, an example which others are bound to follow in due course.

12. If waste of energy and money is to be avoided, it is essential that there should be some central co-ordination of these activities. There are certain matters which must be investigated locally with reference to local conditions, but there are others, particularly, those connected with improvements in design, in regard to which investigation at one centre would be sufficient, at any rate in the earlier stages. It may be desirable to have a design, which is found generally suitable, experimented upon at different stations, with a view to a final form being evolved as nearly perfect as possible, but it is quite unnecessary for all the research officers to perform the initial spade work leading up to it. One officer only need do this; the others would enter the enquiry only at its more advanced stage. Co-ordination should be established not only between the Chief Engineers responsible for the general direction of the operations but also between the research officers themselves, who should be kept in close touch with one another and with the office of the Board. The office will act as the medium of exchange of information between them, which information will usually be of a somewhat different nature from that which will be exchanged between the various Chief Engineers.

13. The office of the Board, in addition to disseminating information which is of interest only in particular circumstances (which will be done through Chief Engineers and probably, in many cases, without incurring the expense of printing it up), will publish, at intervals, professional papers of general interest relating to works, to the management of works, to irrigation practice and to research. Such papers are occasionally, but all too rarely published by local Governments, but they obtain, as a rule, no real circulation. I feel convinced that, with an organisation such as that now proposed, Chief Engineers will be ready to co-operate to see that such papers are written and, if publication by the Central Board comes to be regarded as giving a *cachet* to a paper, as it should be, it will probably stimulate engineers to write them. Where the paper is of such a nature that its supply to all officers is unnecessary, the office will circulate a digest, as in the case of technical periodicals; this is especially necessary in the case of papers dealing with research, where the paper itself may be long and difficult to read. It would be unnecessary for every officer to receive and read such a paper; from the digest he would see whether it affected his particular line of work and, if so, he would apply for a copy.

14. The complete organization which I propose will thus consist of the Central Board of Irrigation (comprising all provincial Chief Engineers and the Consulting Engineer to the Government of India) as the controlling and directing force, a Central Research Committee (comprising all provincial Research Officers and the Consulting Engineer) which will be purely a co-ordinating Committee reporting to the Central Board, a Secretary, who will be also Librarian, and a small office staff. The Central Board and the Research Committee will each meet once a year. It is very desirable that the provincial research officers should be given this opportunity of personal contact; it will not only ensure proper co-ordination of their work but will give them a chance to exchange ideas on a wider scale than is possible by mere writing. One of the main functions of this Committee will be to draw up a brief report on the work done and the results obtained by its members, and to make recommendations as to the lines to be adopted for the future and as to the nature and distribution of the work to be undertaken during the following year. I understand that a meeting of provincial research officers was actually held this year, largely for the purposes outlined above; all that it is now desired to do is to make provision for such meetings being held periodically and to place their deliberations on a proper and regular footing.

15. At the annual meeting of the Central Board any special work to be undertaken by the office during the ensuing year will be prescribed, the papers to be published decided upon, the subjects upon which further papers are required settled, the distribution of research work among the various provinces determined, after considering the report of the Research Committee, and matters of general interest connected with the practice or administration of irrigation discussed.

16. As regards the post of Secretary, it will be essential to secure for it a really keen and capable engineer with a taste for literary work. As Sir Thomas Middleton expressed it, the most important requirement is a "skilled and experienced editor of Indian experience". An Executive Engineer of some standing will probably be suitable; he will have to be a man of considerable scientific ability and technical attainments, as

much of his work, especially the preparation of digests and his duties as librarian, will tax him highly. At first, at any rate, he will require very little clerical staff, probably only one clerk and one typist, to assist him, as the bulk of his work will have to be done by himself.

17. As regards the recommendation made in the last sub-paragraph of paragraph 285 of the Royal Commission's Report that annual or biennial conferences should be arranged so as to bring the irrigation engineers in the provinces into closer touch with each other, such conferences being held in rotation in the different provinces, the proposals made in this note meet it to some extent but not in full. What the Commission obviously had in mind was not a conference of Chief Engineers but one at which more junior officers could meet and exchange ideas. Such a conference was held in Simla in 1913; it was attended by officers from all provinces and was most successful. It was then the intention to hold such conferences at regular intervals but owing to the war, and, subsequently, to the introduction of the Reforms, the matter was not pursued. A conference of this nature, held triennially under the auspices of the Central Board would, in my view, be most valuable to all concerned.

18. I have, in this note, stated what seem to me to be the more important duties which a Central Bureau might be expected to perform. But if the Bureau is to be of real value, its primary function must be to meet the needs of the provinces and it would be premature to proceed with details either of the organisation to be adopted or of the work to be done by it until the views of the local Governments on both subjects are known. I suggest, therefore, that the first step to be taken is to consult the local Governments as to whether, in their opinion, the proposals outlined above are generally suitable and, if not, what modifications in them they would suggest.

19. I realize that an objection which may be levelled against the scheme is the imminence of further constitutional changes, which may entirely alter the present position of the Central Government *vis-a-vis* the provinces in respect of such matters as irrigation. But I venture to doubt whether this objection can be sustained. In the whole scheme there is no element of control over or interference with the local Governments; it is purely a co-operative and co-ordinating scheme designed to give to each local Government the benefit of experience gained elsewhere and to prevent waste of money owing to work being done in two places where it need only be done in one. Whatever may be the degree of provincial independence or of administrative decentralization which follows upon the next instalment of the Reforms, anything in the nature of technical isolation will be as dangerous and wasteful then as it is to-day.

EXTRACT FROM EVIDENCE GIVEN BEFORE THE ROYAL COMMISSION ON AGRICULTURE BY MR. B. D'O. DARLEY, C.I.E., I.S.E., SECRETARY TO THE GOVERNMENT OF THE UNITED PROVINCES, PUBLIC WORKS DEPARTMENT, IRRIGATION BRANCH.

Written Statement.

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One of the chief duties of a research officer would be to keep in touch with modern irrigation practice not only in other Provinces, but also in

other countries. The science of irrigation is developing year by year in America, South Africa, Australia and elsewhere, and little is done at present to collect and record the experience gained in different parts of the world.

In India, irrigation is far too provincial and there is little interchange of ideas between one province and another. The Institution of Civil Engineers (India) was supposed to remove, to a certain extent, this disability, but, for reasons it is unnecessary to mention here, this institution is not popular amongst P. W. D. officers and very few have joined. Also, embracing as it does all classes of engineering, irrigation can only find a place among many other subjects which have little or no interest for irrigation engineers.

Engineers in India have always been diffident about publishing the result of their experience, priding themselves that they do their work without advertising. Any notes that have been written, have rarely gone beyond the local Secretariat, where invaluable matter is buried in such a manner that after a year or two it is often entirely forgotten. The world at large knows little of the great irrigation works of India, and officers of one Province often know nothing of what is being done in an adjoining Province. Mistakes are made and money is wasted because experience gained is unknown outside a limited circle and often forgotten altogether.

The Punjab has got a local Engineering Congress, which by reason of the fact that the majority of the Engineers in that province are irrigation officers, has advanced the science of irrigation engineering enormously. Bombay has also got an Engineering Congress, but the subjects dealt with are often of little interest to the irrigation engineer.

There is a crying need for an All-India Irrigation Congress with headquarters and a library at some central place like Delhi, where notes and papers already written would be collected and tabulated and members from all Provinces could meet, read papers and exchange views, and so dissipate the provincial spirit which is such a bar to progress at present.

The obvious head of such a congress would be the Consulting Engineer to the Government of India. Under him would be an assistant who should be selected most carefully from amongst the keen engineers of one of the provinces; this assistant would act as librarian and would keep in touch not only with the research officers in the various provinces, but also with the irrigation practised in America, Australia and elsewhere.

This proposal was brought forward in 1925 and was welcomed by all Irrigation Engineers of the various provinces consulted. It was therefore forwarded demi-officially to the Acting Consulting Engineer to the Government of India but nothing has been done pending the decision on the question of the continuance of that post. It would be little short of a calamity if this post is abolished, and this liaison officer, in touch with every part of India, is not available to advise provincial officers and keep them in touch with improvements found possible elsewhere. Without such an officer of ripe experience to direct the librarian, organise the annual meetings and generally superintend the whole organization, an All-India Irrigation Congress cannot progress satisfactorily. The knowledge gained by local research will not be properly discussed and disseminated, and irrigation practice will remain provincial as at present.

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The Chairman.—35,114. Do you think a central research station dealing with the fundamental problems of irrigation under the Government of India would be helpful?—I have dealt with that I think fairly fully in my note, under Research. I think it is not only helpful but absolutely essential that we should have a central organisation which would bring together the experience gained in other Provinces so that it could be utilised all over India.

35,115. Yes, I have read your note with care. I was not quite sure whether you wanted a central body actually to carry on research?—No, I think we must have provincial research and that information collected together at a central point.

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35,250. *Sir Thomas Middleton.*—In reading your paragraph on research, it seemed to me that your most important requirement was a skilled and experienced editor of Indian irrigation experience?—Yes.

35,251. That is what you think is the first need in connection with research?—Yes.

35,252. There is a vast amount of information available that has not yet been digested?—Yes, and collated.

* * * * *

Professor Gangulee.—35,305. On page 157, you have explained what the chief duties of the research officer would be. Have you any idea as to how this object would be attained. You state that the chief duties of the research officer would be to keep in touch with modern irrigation practice, not only in other provinces, but in other countries?—At the present time a large number of engineering papers are published, especially in America, and papers are written in other provinces on hydraulics and other matters in connection with irrigation. But these papers are not circulated; they are retained in their own Province. A research officer would get in touch with other Provinces and collect all such papers into a library where he would collate the material received.

35,306. Would this research officer be under the Central Government?—I think I have explained that in my reply. What we need is a Central Irrigation Congress, which would have its library at Delhi or some other central place. The librarian should be an irrigation officer of experience. That officer would then collect all the information he can on the question of water-logging, subsoil flow, depth of water used by crops, what is done in America, and 101 other subjects. He should collect all the information he could and collate it in that central library, to which we could have access. When we started the Sarda Canal there was no place to which we could turn to find out what had been done all over the world on the question of subsoil flow.

35,307. You want an All-India Irrigation Congress?—Yes, a Congress with a library attached, where officers would meet once a year under the direction of the Consulting Engineer to the Government of India, very much on the lines of the Punjab Congress, which has done an enormous amount towards advancing knowledge and science of irrigation and the flow of water. And then I would have research officers in each province looking into the questions that affect that particular province.

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Report showing the progress made in giving effect to the recommendations of the Royal Commission on Agriculture in India.

Part II—Local Governments and Administrations.

PART II.

Statement showing the progress made by local Governments and Administrations in giving effect to the recommendations of the Royal Commission on Agriculture in India, with which they are concerned.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER III—The organisation of Agricultural Research.	
1. Constitution of Provincial Committees to co-operate with the Council of Agricultural Research (paragraph 57).	**Madras.**—A committee of officials and non-officials has been constituted to advise on the lines on which effect could be given to the recommendations of the Royal Commission. This will serve as the Provincial Committee contemplated by the Commission.
	Bombay.— The question is under consideration.
	Bengal.—The question is under consideration.
	United Provinces.—The Government have decided on the composition of the proposed committee and formal orders will issue as soon as replies have been received from the proposed members accepting membership.
	Burma. —The question is under consideration.
	Bihar and Orissa.—The recommendation has been accepted and details are being worked out. The Provincial Committee will soon be constituted.
	Central Provinces.—An Advisory Board of Agriculture already exists. This can be expanded, if necessary, to deal with agricultural research.
CHAPTER IV—Agricultural Improvement.	
2. Progress of research work on Soils and Soil Conditions (paragraph 78).	**Madras.**—Proposals are under the consideration of Government for the appointment of a Soil Physicist. The estimated cost is Rs. 10,053 per annum.
	Bengal.—The recommendations are accepted in principle but financial reasons stand in the way of formulating any definite scheme.
	United Provinces.—With the exception of some research work on "Root development in rice under different conditions of growth" which touched in some parts on soil conditions no other research on soils has been done this year.
	Punjab.—No special work has been taken in hand as a result of the Commission's Report, but soil analysis forms parts of the routine work of the Chemical Section and is always in progress.
	Burma.—No action is necessary at present.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER IV—Agricultural Improvement—contd.	
	Bihar and Orissa.—The local Government agree that there is much scope for work in many directions on soils and soil conditions more particularly where rice is grown. To deal adequately with these problems would mean a recurring expenditure of some Rs. 50,000 which the local Government do not feel justified in proposing now or in the next few years. These problems are common to several provinces and the local Government consider that they should be examined by the Imperial Council of Agricultural Research at an early date and a co-ordinated scheme for adequate research in soil science framed by that body.
	Central Provinces.—Research work on soils and soil conditions has already taken and will continue to take a prominent place in the work of the Agricultural Department, particularly of the Chemical Section.
3. Soil erosion (paragraph 79). (Special to U. P., Bombay, Punjab, Bengal and B. and O.)	**Bombay.**—The local Government hope to extend the scheme of *bunding* and land development by increasing the number of *bunding* officers as funds permit.
	Bengal.—The local Government accept the recommendation. The feasibility of the methods suggested is being investigated.
	United Provinces.—Some parts of this province suffer severely from such erosion. The zamindars and cultivators of villages thus affected would welcome any steps taken to remedy the evil, but at present, as far as engineering remedies are concerned, neither the staff nor the funds are available to carry out investigations or remedial measures. The latter are likely to be costly. However, it is now proposed that a third temporary circle of superintendence should be organised to include the investigation of this and other questions. The Forest Department has been working on the problem for some years. In brief the results are: (*a*) Erosion in bad ravine country (Chambal and Jumna) can be mitigated, if not entirely stopped, by mere closure, provided a strip of land about 50 yards wide at the head of the ravines is available. This strip is usually agricultural land. (*b*) The process is certainly assisted by afforestation, but large areas of ravine country cannot be successfully afforested on account of adverse physical and climatic conditions. (*c*) Even where afforestation is possible, most of the bad ravine country is too far from markets for commercial success. (*d*) There are very large tracts of waste land in the provinces in which afforestation is a practicable proposition, and a financial return may be anticipated. These lands consist primarily of wild ravine country and tracts known as *Bhur* which are too sandy for agriculture. There are also large

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER IV—Agricultural Improvement—contd.	
	tracts of *Usar* land which probably cannot be afforested, but make excellent fodder reserves. Detailed proposals for further action have been made by the Chief Conservator of Forests, and are under consideration. *Bunding* arrangements have in some cases satisfactorily checked the tendency shown by ravine tracts to cut back into arable land. Plantation with *babul* trees in Bundelkhand has been tried successfully and there is a ready market for *babul* bark in the tanneries of Cawnpore.
	Bihar and Orissa.—The Kanke system of high level contour *bandhs* is definitely successful in the Ranchi districts. The local Government have sanctioned a special temporary staff for the purpose of carrying out surveys and assisting in the alignment of the *bandhs*. A proposal is under consideration for deputing an officer of the Agricultural Department to examine the Bombay system in order to ascertain whether any improvements can be effected in the methods at present adopted in Chota Nagpur.
4. Work on Fertilisers (paragraphs 80—93).	**Madras.**—The Agricultural Advisory Committee considered the recommendations contained in these paragraphs. It was of opinion that research should continue on the lines now followed and that the Agricultural Department should collect information and publish it. It was also suggested that a consolidated bulletin giving the results about manures arrived at so far and about which the department is certain may be published.
	This Government have approved the proposals of the Director of Agriculture for starting subsidised manurial stations where the artificial manures placed on the market by the manufacturing firms will be tested in respect of each crop so that the Agricultural Department may be in a position to advise ryots as to the particular manure suited for a particular crop and for a particular locality. A beginning has been made with a station for work on paddy. The station involved a non-recurring expenditure of Rs. 250 and a recurring expenditure of Rs. 1,400 per annum. Other crops will be dealt with in due course as men and money are available.
	With a view to prevent the use of farmyard manure as fuel for domestic purposes, it has been suggested that an investigation should be made as to whether ryots may not be allowed to grow trees other than fruit trees on minor channel banks and take the wood free.
	On the advice of the Advisory Committee, the Government also propose to advise Municipal Councils to convert night soil into poudrette and sell it in neighbouring villages, transporting it in lorries or municipal carts.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER IV—Agricultural Improvement—contd.	
	The Agricultural Department has already installed an activated sludge plant at the Agricultural College Estate, Coimbatore, for the purpose of converting night soil into manure.
	With regard to the Commission's recommendations regarding green manure crops, the Advisory Committee was satisfied that suitable action was already being taken by the Agricultural Department in the matter.
	Bombay.—The question is under consideration.
	Bengal.—The local Government accept the recommendation. The lines of work suggested as regards manurial experiment are being followed.
	United Provinces.—Some experiments with artificial fertilisers have been made by the Agricultural Department in conjunction with the Irrigation Department in the course of work to determine the best methods of using canal water now being provided in the Sarda area. The main work, however, has been done on green manuring. Work on composts and on the activated sludge process is being carried on at the Technological Institute at Cawnpore (Industries Department). The Director of Agriculture expresses the opinion that there will be no difficulty in selling oil-cake meal of not under 4½ per cent. nitrogen content for manure at rates not above Rs. 2 per maund. The return from the use of bone-meal is spread over a number of years and is not immediately apparent as in the case of nitrogenous fertilisers. The Director does not anticipate that it will be widely taken up even if sold at a low price. It is useful in conjunction with green manure and its use will probably increase in proportion to the increase in green manuring. He suggests a small experimental crushing plant in one of the areas, where hydro-electric power will soon be available, as soon as funds can be spared, in order to obtain experience of the cost of production. The Co-operative and Public Health Departments have done some work to educate villagers in the better conservation of manure and refuse.
	Nominal rates for water, *viz.*, Re. 1 per acre flow and Rs. 0-8-0 per acre lift, have been fixed this year for green manuring. Active propaganda is being initiated to further this scheme, and the areas in which this concession has been used are being carefully watched.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER IV—Agricultural Improvement—contd.	**Punjab.**—A large number of experiments with artificial fertilisers are being conducted on the various experimental farms of the Department and on the lands of private zamindars. Experiments on manure composts have been taken up in the Kangra valley by the Agricultural Chemist and the Deputy Director of Agriculture, Jullundur Circle. **Burma.**—A programme of experiment with the object of ascertaining with exactitude the extent to which fertilisers can profitably be used has been formulated. The Director of Agriculture is dealing with the question of the steps which should be taken to promote the preservation of such farmyard manure as is not diverted to consumption as fuel. The problem of poudrette will be taken up in due course. Beyond this it is not considered that any action is required. **Bihar and Orissa.**—Recommendations 11, 13, 14, 15, 16, 18, 19, 21, 26, 27, 28 and 29 in paragraph 117 of the Report are accepted. On the various farms of the Department carefully planned manurial experiments, so planned as to permit of statistical interpretation of the results, are already undertaken. Such work will be expanded and developed as the staff and resources of the Agricultural Department permit. The Agricultural Department will prepare a leaflet "Agricultural notes for rural up-lift workers" which will include such general recommendations for agricultural improvements as all un-official workers can safely advocate. In this leaflet the better conservation of natural manures will be dealt with. The last sentence of paragraph 88 of the Commission's report is not strictly accurate now, ammonium sulphate and the more expensive artificial manure ammophos are definitely profitable on rice cultivation in certain tracts and the use of these fertilisers is spreading. **Central Provinces.**—The economic use of fertilisers is being demonstrated and will continue to be the subject of further experiment. The results of past experience are also being collected and examined. Arrangements for supply on a commercial scale have been organised.
5. Introduction of Improved Varieties of Crops (paragraphs 97—103).	**Madras.**—The Agricultural Department is already following the policy enunciated by the Commission that no new variety should be put out unless it has been thoroughly well established that it possesses marked advantages over those already grown and that improved varieties should be thoroughly tested in the conditions under which they would be grown by the cultivator. The Agricultural Advisory Committee was of opinion that steps should be taken by the Director of Agriculture to increase the supply of good seed whether by opening or extending seed farms or by other means. Action will be taken to give effect to the recommendation.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER IV—Agricultural Improvement—contd.	
	Bombay.—The need for the kind of work recommended in paragraph 97 of the report is great since, with the exception of one rice-breeding station, there is no other special cereal breeding station. The establishment of a new station for wheat breeding and the multiplication of improved wheat seed in the Nasik district, which contains 25 per cent. of the total wheat area of the Presidency proper, is under consideration.
	Bengal.—The local Government agree generally. The policy underlying the recommendations of the Commission regarding seed distribution is being followed.
	United Provinces.—The work already in progress in popularising varieties which have proved suitable for the province has been continued. There has been a further large increase in the area in Rohilkhand under improved sugarcane. The failure of the wheat crop in 1928 in Bundelkhand owing to rust produced a large demand for seed and the opportunity was seized and large supplies of Pusa wheat were purchased by the Agricultural Department, and issued in that area. The cultivators were given the seed on credit and the price recovered in cash, a form of *takavi* loan. Wheat and grain seed was similarly distributed in the Benares District and appreciated. Similar operations with seed rice seed were conducted on a smaller scale in the Gorakhpur District. Work on cotton continued at Raya (in the Muttra District) and some work has also been done on oil seeds. The seed distribution operations of the Agricultural Department show a rapid increase and the success of the policy of arranging for increased supplies of seed by grants-in-aid to private farms, on condition that a fixed quantity of seed is supplied at a specified price, is exceeding expectations. Expansion of the departmental seed operations is mainly a matter of funds; and for the moment money spent in this way through the Agricultural Department is more productive of quick results than attempts to develop co-operative organisations for the purpose. One or two experiments are however also being made with the latter method, and rural reconstruction societies in the Benares and Partabgarh Districts have made the supply of improved seed to be sown by improved methods of cultivation a chief item in their work. Rs. 1,40,000 for increased purchases of seed was provided in the budget of the current year for Agricultural Department seed stores. It has not proved practicable yet to put a special officer in charge of seed distribution. The work is self-supporting but its constant expansion means that new working capital has to be provided. The supply of seed has been the most important single item of the work of the Agricultural Department during the past year.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER IV—Agricultural Improvement —contd.	**Punjab.**—Work previously in hand on the improvement of crop varieties, rotations and methods of tillage has continued and has been expanded. **Burma.**—Paragraphs 117 (52) and (53)—The Director of Agriculture has been instructed to prepare a comprehensive progressive programme for annual development of seed farms for the approval of the local Government. Paragraphs 117 (54)--(57)—The Director has been asked to report on these recommendations. It is not considered that any action beyond what is being done at present is required in regard to the remainder of the recommendations under this head. **Bihar and Orissa.**—The local Government have under consideration a proposal for the strengthening of the Botanical Section for general research on crops at an estimated recurring cost of Rs. 6,000 a year. A scheme for rice research at an estimated cost of Rs. 2,05,000 non-recurring and Rs. 1,10,000 recurring is also under consideration. The following recommendations have been accepted in principle and will be given effect to as need arises and funds permit:— (1) *Provision of seed stores for distribution of seeds*—(Paragraph 101)—A permanent advance of Rs. 1,00,000 has been sanctioned from April, 1929 to enable the Department to carry more adequate stocks of seed. It is hoped to establish several seed stores at a cost of Rs. 5,500 to Rs. 6,500 (non-recurring) for each store; five such stores will be required very soon. For further ultimate expansion, the cost will be Rs. 1,20,000 non-recurring and Rs. 15,500 recurring. It is definitely the policy of Government to develop co-operative seed distribution. Useful work is already being done by a number of central banks. The Registrar of Co-operative Societies and the Director of Agriculture have formulated a scheme for future development. A system of registered seed growers, who will multiply pure seed for general distribution, has also been started. (2) *Establishment of seed farms*—(Paragraph 103)—Each farm will cost Rs. 1½ lakhs to start with and to provide one such farm for each important tract the expenditure will be Rs. 12 lakhs non-recurring and Rs. 1½ lakhs recurring. Before contemplating such expenditure the organisation of the seven Range farms sanctioned at present will have to be completed and it will be some years before any effect can be given to this recommendation;

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER IV—Agricultural Improvement—contd.	
	(3) *Evolution of pure and improved seed*—(Paragraph 103)—Under the conditions prevailing in Bihar and Orissa, special crop farms are not so much needed as farms for particular tracts. Government agree, however, that these crops should receive a due share of attention. No financial proposals are made at present.
	(4) *Organisation for seed distribution*—(Paragraph 103)—The statement that seed distribution and testing is the work of the Agricultural Department and will remain a heavy charge on its resources is correct, but it is not proposed to employ any special staff for this work at present.
	Central Provinces.—Special attention is being paid to the improvement of the staple crops of the province, *viz.*, cotton, rice and wheat.
6. Research and Experiment on Rotations and Methods of tillage (paragraph 104).	**Madras.**—The Agricultural Department is already taking suitable action in this direction.
	Bengal.—The local Government accept the recommendation.
	United Provinces.—Experiments and demonstrations of proved methods are continually in progress.
	Punjab.—The work previously in hand has continued and has been expanded.
	Burma.—No special action is required beyond what is already being done.
	Bihar and Orissa.—The recommendation has been accepted. A "better farming" campaign is being undertaken in parts of North Bihar on an experimental scale.
	Central Provinces.—Particular attention is being given to rotations suitable for irrigated crops, *e.g.*, paddy and pulses, and for unirrigated crops, *e.g.*, cotton and groundnut.
7. Mass production of Wooden Parts of Agricultural Implements (paragraph 105).	**Madras.**—The recommendation of the Commission was considered by the Advisory Committee who were not in favour of it.
	Bengal.—The matter is receiving the attention of the newly appointed Agricultural Engineer of this province.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER IV—Agricultural Improvement—contd.	
	United Provinces.—Nothing has yet been done.
	Burma.—No special action is required beyond what is already being done.
	Bihar and Orissa.—Efforts will be made to give effect to this recommendation.
	Central Provinces.— This has not yet been attempted as the village carpenter fulfils present requirements. Suitable timber is generally available locally.
8. Organisation of the Agricultural Engineering sections of the Agricultural Departments (paragraph 106).	**Madras.**—The Royal Commission recommend that the engineering section of the Agricultural Department should be divided into two branches, one of which would concentrate solely on work on agricultural machinery and implements and the other on pumping and boring, that, in provinces like Madras where wells are numerous, work on water lifts might be entrusted to a third and separate branch and that these branches should be under the technical control of a senior engineer who would himself be under the general control of the Director of Agriculture. In this Presidency, however, the work connected with pumping and boring has been transferred to the Department of Industries which has got an Industrial Engineer for the purpose. This officer has in addition to pumping and boring to attend to the erection of industrial plant and new power installations, maintenance of industrial machinery and investigation of loans under the Agriculturist's Loans Act and of certain applications under the State Aid to Industries Act. For research work in connection with agricultural machinery and implements, a separate officer called the Research Engineer has been appointed under the Agricultural Department. These officers have special qualifications for the work entrusted to them. One officer cannot attend to both these duties and the present arrangement has been working satisfactorily and does not in the opinion of this Government require any change. **Bengal.**—The Government prefer to await further experience of work of its Agricultural Engineer before committing itself to any opinion on these recommendations. They agree in principle that the officer in charge of the work on agricultural machinery and implements should be primarily an engineer and secondarily a farmer. **United Provinces.**—*Vide* remarks against item 9 below.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER IV—Agricultural Improvement—contd.	
	Punjab.—The engineering section of the Punjab Agricultural Department had already been organised on the lines recommended by the Royal Commission.
	Burma.—The post of Agricultural Engineer is now included in the Burma Agricultural Service, Class I. There is no reason why his section should be treated differently from the others. His staff has been included in the cadres of the Burma Agricultural Service, Class II, and the Subordinate Agricultural Service, the draft rules of which will shortly be considered by Government. The present Agricultural Engineer is primarily an engineer and secondarily a farmer.
	Bihar and Orissa.—The recommendation for the organisation of the agricultural engineering section with a view to make it an integral part of the Agricultural Department has already been accepted in principle as that section was organised recently and placed on a better footing. Further effect will be given to this recommendation at an ultimate cost of about Rs. 1,800 a year. The recommendation for the division of the engineering section into two branches, one for work on agricultural machinery and implements and the other for pumping and boring, has been reserved for future consideration. The cost would be approximately Rs. 20,000 a year. The work on water-lifts in Bihar and Orissa is closely connected with the improvement of wells and the two sections of the work are under one officer. If power pumping from tanks and streams develops in the future, a mechanical engineer will be required. The cost including a qualified workshop superintendent and additional subordinate staff will be Rs. 24,000 recurring, while a properly equipped workshop will cost about Rs. 1,00,000 non-recurring.
	Central Provinces.—An Agricultural Engineer has recently been engaged.
9. Research work on Agricultural Implements and Machinery (paragraphs 107 and 108).	**Madras.**—A Research Engineer was appointed last year and is attending to these problems. He has examined several implements forwarded by manufacturing firms and has suggested improvements which have been adopted by them.
	Bengal.—The recommendations are accepted.
	United Provinces.—The agricultural engineering section was already an integral part of the Agricultural Department of the Province. The past year has seen a re-organisation of its personnel under a senior engineer from the well-boring division of the Public Health Department brought in temporarily

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER IV—Agricultural Improvement—contd.	
	for the purpose. There has been a great increase in efficiency and in the speed of construction. Work is still, however, almost entirely confined to wells; but when the reorganisation is complete, work on other machinery and implements will be taken up. The prospect of hydro-electric power being available shortly for well pumping for agricultural purposes in the western districts of the province gives hope of a great expansion in this form of irrigation, and interesting experiments are now in progress. The financial success of the hydro-electric schemes partly depend on an extensive use of current for well irrigation, and every effort will, therefore, be made to develop a demand for it. Current for the purpose will be supplied at a cost of one anna per unit. Experiments with a small five-roller power cane crusher have given very promising results. Some progress has also been made in investigating the economics of power cultivation with *kans* eradication in *kans* infested tracts in Bundelkhand. Progress is slow and expensive, and definite conclusions have not yet been reached.
	Punjab.—Some progress has been made in the evolution of certain agricultural implements and machinery, *e.g.*, winnowing machines, Persian wheels and ploughs. A proposal to appoint an Engineer for work on agricultural machinery and implements is under the consideration of Government.
	Burma.—The capacity of the cattle governs the sale of the implements, and no special investigation is required. As regards the other recommendations, no special action beyond what is being done is required.
	Bihar and Orissa.—The recommendation for an investigation of the relation of the capacity of draught cattle to the implements they are required to draw is accepted, but no effect can be given to it as it is not proposed to appoint a special engineer for research at present. Preliminary work on this problem should be undertaken by the Central Research Council or at the Pusa Research Institute.
	Every Deputy Director of Agriculture does carry on a certain amount of experimental work in this direction, but it is difficult to do much without a special staff.
	Central Provinces.—The economics of ploughing with a steam tackle, based on three years' experience, is now being investigated by the newly appointed Agricultural Engineer.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER IV—Agricultural Improvement—contd.	
10. Attention to problems of cultivation in Dry and Precarious Tracts (paragraph 112).	**Madras.**—The Agricultural Advisory Committee have suggested the starting of a farm to study dry tracts with red soil. Proposals are under the consideration of Government for opening a millet station at Adoni to serve the Ceded Districts. It involves a non-recurring expenditure of Rs. 1,79,350 and a recurring expenditure of Rs. 31,597 per annum. **Bengal.**—The recommendation [illegible]epted. **United Provinces.**—No special success is reported. A farm in Banda and the new farm in the hill circle provide material for work of this type. **Punjab.**—A certain amount of attention has been paid to *barani* cultivation in unirrigated tracts, and recently a farm of about 500 acres has been opened at Sirsa which will be mainly utilised for dry-farming experiments; also an experimental *barani* farm of 250 acres has recently been opened at Rawalpindi A Millet Botanist was appointed in September, 1927, who is giving his attention to work on these crops. **Burma.**—No action is required. The dry tracts of Burma are receiving as much attention as the wet. **Bihar and Orissa.**—The precarious tracts in Bihar and Orissa, broadly speaking, are: (1) The flooded areas in Orissa. (2) The unirrigated rice tracts. (3) The uplands of Chota Nagpur. A farm for the study of the special problems in the flooded areas has been recently started at Kujang at an initial cost of Rs. 17,574 and recurring cost of Rs. 3,335. Two more such farms are needed at a cost of Rs. 50,000 non-recurring and Rs. 6,670 recurring. The engineering section already assists cultivators and co-operative societies in the construction and repair of minor irrigation projects. It will be necessary to strengthen the staff in this section as need arises. The special problems connected with Chota Nagpur are under examination at Kanke and the small farms of the range. The recommendation is accepted in principle and effect will be given as funds permit. The ultimate cost will be Rs. 50,000 non-recurring and Rs. 18,200 recurring. **Central Provinces.**—In view of the fact that a large part of the land in the Central Provinces and Berar is unirrigated, most of the Agricultural Department's work done is with crops grown on water supplied by the rainfall alone.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER IV—Agricultural Improvement—contd.	
11. Legislation to deal with Pests and Diseases (paragraphs 113 and 114).	**Bengal.**—Considers that the question of undertaking legislation in Bengal is premature.
	United Provinces.—No legislation has been undertaken or is at present under consideration. The Director of Agriculture is not in favour of legislation on the lines of the Madras Act at present. An interesting experiment is in progress with treatment of cotton seed by sun heat in a limited area, in an attempt to control the spread of the pink bollworm.
	Punjab.—Data has been collected during the year regarding the incidence of certain pests and diseases of fruit and farm crops with a view to determining whether there is a case for legislation.
	Burma.—The matter of the prevention of importation of pests and diseases from outside and of their internal control is receiving consideration and draft legislation has been prepared.
	Bihar and Orissa.—There is no necessity for such legislation in Bihar and Orissa at present. Before legislation is attempted, the scientific side of the case should be fully worked out and the problem clearly defined.
	Central Provinces.—No legislation on pests and diseases applicable to the Central Provinces and Berar alone has been put into force.
12. Protection against Wild Animals and Vermin (paragraph 116).	**United Provinces.**—No special action has been taken. The Chief Conservator reports that the bulk of the forests are near cultivation, and that it would be extremely difficult to make effective game sanctuaries of such blocks of forests as could be described as not being near cultivation. A great number of animals are killed in the neighbourhood of reserved forests, but it is impossible to distinguish between crop protection and killing for sport or meat. The Chief Conservator, however, considers that the number of deer in most divisions is too large for the welfare of fields and forests, and is likely to remain so. But in his opinion a policy of extermination is sure to be violently opposed from many quarters and such a policy is by no means as simple as it sounds as an efficient means of protection of forests or field crops. It is also repugnant to forest officers. He has recently submitted detailed proposals for the protection of young forest crops from deer by fencing.
	Punjab.—This line of work has been continued and developed.
	Burma.—The matter is receiving consideration.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER IV—Agricultural Improvement—concld.	
	Bihar and Orissa.—The local Government do not propose to take any further action on this recommendation as there are quite a sufficient number of gun licences in existence at present.
	Central Provinces.—The use of wire fencing is demonstrated and arrangements are made to enable cultivators to purchase the same. Crop protection societies are being organized and the possibilities of co-operative fencing considered. The question of the damage done by wild animals from the forests is also under the consideration of the Forest Enquiry Committee recently appointed. Gun licences are freely given.
CHAPTER V—The Sub-Division and Fragmentation of Holdings.	
13. Action to deal with the problems presented by the Sub-division and Fragmentation of Holdings (paragraphs 124—127).	**Bengal.**—Some encouragement to the consolidation of holdings by exchange of lands amongst the raiyats has been given in the amended Bengal Tenancy Act by the reduction of the rate of landlords' fee to one-fourth of the normal transfer fee of 20 p. c. of the consideration money. Sub-division of holdings is chiefly due to the Hindu and Muhammadan laws of inheritance and it is hardly possible to remedy the existing state of affairs by legislation. The matter will, however, be considered in connection with the recommendations made by the tenth Conference of Registrars of Co-operative Societies held in 1928.
	United Provinces.—Efforts for the consolidation of holdings have been made by the Co-operative Department, by District officers, and by the Board of Revenue in the Court of Wards estates. Some success has been attained in the matter in the Districts of Bahraich, Partabgarh, Sultanpur and Benares. The Co-operative Department work was undertaken in the Districts of Saharanpur and Bijnor, five societies being started in the former, and one in the latter. One honorary organiser assisted by a paid assistant, and by a supervisor *quanungo* on special duty was at work, but difficulties were experienced and the work is now at a standstill until a suitable organiser can be obtained. The Registrar of Co-operative Societies of the Punjab has been asked to lend this Government an expert. The question of legislation was considered by the Committee which dealt with the amendment of the Agra Tenancy Act. The consensus of opinion was that at the present stage of the movement any kind of compulsory legislation would do more harm than good by creating suspicion and antagonism, till opinion in the villages has been more familiarized with the idea. The Government accepted this view, and do not at present intend to legislate in the matter. They propose to continue their efforts along voluntary lines. Recent orders about partition procedure contain provisions aimed at preventing the increase of fragmentation of ownership.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER V—The Sub-division and Fragmentation of Holdings—contd.	**Punjab.**—The consolidation of holdings is being pressed and the staff for this purpose is also paid for by Government in the Co-operative Department and has been increased each year. **Burma.**—The opinion of revenue authorities and Divisional Commissioners has been asked for before coming to a final conclusion. **Bihar and Orissa.**—The Punjab method of consolidation is not applicable to the conditions of Bihar. The method depends for its success, on three factors, none of which is present in Bihar and Orissa, namely, uniformity of tenure, uniformity of soil, and adequate *mufassal* agency in touch with the people. The Co-operative Department is not in a position to undertake the work. The local Government, therefore, consider that any general measure to promote consolidation in the province is impracticable. It is possible that an experiment on co-operative lines might be made in some of the Government estates and the local Government are investigating the practical possibility of such an experiment in the Khurda Khas Mahal estate in Orissa. The local Government are not prepared to undertake propaganda work as they consider it useless to do so where they have no practical solutions to offer. They also consider that in any case legislation at present would be premature, but they accept in theory the legislative principles formulated by the Commission. They do not accept the recommendation that revenue should be remitted on consolidation but they argee that consolidation should not be made a ground for enhancement of rent. They agree to provide, as opportunity occurs, for reduction of mutation fees on exchange of land made for the purpose of consolidation. Such provision is now being made in the Orissa Tenancy Act, but has not been made in the new Bihar Tenancy Bill, as provision could only be made by agreement between the representatives of the landlords and the tenants' parties in the circumstances in which that Bill has been framed. In view of what is stated above, no action is being taken on the recommendation made in paragraph 128 (20) of the Report of the Royal Com- **Central Provinces.**—An Act called the Central Provinces Consolidation of Holdings Act was passed and was brought into force in 1928; it has been applied to the Chhattisgarh Division and the work of consolidation is in progress.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER V—The Sub-division and Fragmentation of Holdings—concl d.	**Delhi.**—In the Co-operative Department some useful work has been done in the matter of consolidation of holdings and the appointment of two Sub-Inspectors has recently been sanctioned as an experimental measure for this special class of work.
	Ajmer-Merwara.—The local Administration does not consider that efforts to consolidate holdings would meet with any success.
CHAPTER VI—Demonstration and Propaganda.	**Bengal.**—The matter is under consideration.
14. Review of Methods of Propaganda employed (paragraph 130).	**United Provinces.**—No comprehensive review has so far been made; but naturally those methods only are employed which the Director considers to give the best value for the money available for propaganda out of his very limited budget.
	Burma.—It has been decided that propaganda should be dealt with comprehensively in the annual report of the Agricultural Department.
	Bihar and Orissa.—The Provincial Development Board and the officers of the Agricultural Department at staff meetings review the various methods of propaganda employed, their relative cost and the claims of each upon the time of the staff. Any method proved ineffective is abandoned. The discussions at the meetings of the Board of Agriculture in India have also been helpful in the past. No further organisation for the purpose is needed.
	Central Provinces.—Existing methods are constantly coming under review and efforts to render propaganda work more effective and efficient will constantly be made. At present the proper training of demonstration staff in practical work and also by means of refresher courses is receiving attention.
15. Re-examination of the policy of establishing Demonstration Farms in the Punjab and the United Provinces (paragraph 131).	**United Provinces.**—*Vide* remarks against item (16) below.
	Punjab.—*Vide* remarks against item (16) below.
16. Establishment of Special Demonstration Farms (paragraph 131).	**Madras.**—The local Government are of opinion that the best form of demonstration is that which is conducted on the cultivator's fields.
	Bengal.—The local Government agree in principle with these recommendations, subject to the view in regard to recommendation No. 8 in paragraph 151 of the Report that the district farms in Bengal are not exclusively demonstration farms.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER VI—Demonstration and Propaganda—contd.	**United Provinces.**—The matter is under consideration; but such farms in the United Provinces are already being more and more developed into experimental and seed farms. They also serve as centres of agricultural organization and propaganda, and as a general policy, the Government are not disposed to close the existing farms though each case will be considered on its own merits. **Punjab.**—The Agricultural Department's policy of establishing farms in the Punjab was re-examined by Government and it was decided to carry it through and not to accept the recommendation of the Royal Commission. **Burma.**—No action is necessary. **Bihar and Orissa.**—The accepted policy of Government is to establish seven large experimental farms at range headquarters and 64 small farms—one in each sub-division. There are at present five large farms and 19 small farms; of the latter, one is a small cocoanut plantation and one a cattle farm, leaving 17 sub-divisional farms proper. These are primarily small experimental farms necessitated by the varying conditions of the province, secondly, seed farms and only indirectly demonstration farms. As lack of funds has prevented the opening of one farm in each sub-division, the farm programme has been revised and more attention devoted to propaganda. The Director of Agriculture has accordingly been requested to submit official proposals for the provision of funds in his budget for 1930-31 for the following items: (1) Additions to the strength of the subordinate agricultural service so as to provide one overseer per sub-division irrespective of whether a small farm has been opened in the sub-division. The cost for this will be Rs. 27,000 recurring. (2) An addition of 30 kamdars every year to the existing staff to work under the new overseers. This will mean an additional recurring expenditure of Rs. 9,000 in the first year increasing gradually to Rs. 45,000 in the fifth year. **Central Provinces.**—Permanent demonstration farms and temporary demonstration plots have both been established on a fairly liberal scale.
17. Establishment of Short Courses on Demonstration and Seed Farms (paragraph 135).	**Bengal.**—The local Government agree in principle. **United Provinces.**—The Bichpuri farm in the Agra District undertakes the practical training of primary school teachers. The Nagina farm at Bijnor is doing valuable work in organizing practical courses for

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER VI—Demonstration and Propaganda—contd.	
	small cultivators. Co-operative Department supervisors received training this year at the Partabgarh farm. The system will be extended as funds become available on the basis of the experience obtained and is receiving close attention.
	Burma.—The Government have decided to give effect to this recommendation and the Director of Agriculture has been instructed to submit schemes for short courses in due course.
	Bihar and Orissa.—The small farms and the range headquarters farms are used for training *kamdars* for propaganda work. Apart from the fact that there are no special demonstration farms, the training of overseers for the subordinate agriculture service as well as *kamdars* is a heavy tax on the time of Deputy Directors and a general short course cannot be attempted at present. The recommendation that short courses in particular subjects should form an important part of the work of demonstration and seed farms has been accepted in principle and if and when an agricultural college is established, the position will be reconsidered.
	Central Provinces.—Provision for giving short courses on Government farms exists in the Central Provinces and Berar.
18. Comparison of the two systems of carrying our Demonstrations on the Cultivator's own fields (paragraph 136).	**Madras.**—The two systems were discussed by the Advisory Committee who came to the conclusion that the system under which the land is cultivated by the cultivator himself under departmental supervision was the better one for demonstration purposes.
	Bengal.—The local Government agree with the views of the Commission. As observed by the Commission, the second method is being practised in this province but the feasibility of carrying on some demonstrations under the first method is receiving consideration.
	United Provinces.—Both systems are in use in this Province. The Director believes the method of hiring a plot and carrying out demonstration by means of the departmental staff to be the best suited for the early stages of the introduction of new methods under village conditions in the province.
	Burma.—The principle has been accepted and is being followed.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER VI—Demonstration and Propaganda—contd.	
	Bihar and Orissa.—The comparison of results is a minor matter, for the two methods are complementary rather than alternative. At present, the Agricultural Department use only demonstrations on cultivator's plots. There is scope also for supplementary demonstrations on hired land. In areas where there are as yet no small farms, a *quasi*-permanent demonstration plot would provide a most useful centre for district work.
	A scheme for a "Portable demonstration farm" of this nature is being worked out for Banki in Cuttack Sadr Sub-division where successful work has been done with the help of the local Central Co-operative Bank. For an area of five acres the initial cost would be Rs. 2,500. The farm would be in charge of a 'Sardar' (Sub-overseer) who would live in the village. No permanent buildings would be erected. Recurring costs would be on an average of Rs. 400 per annum for each sardar and Rs. 500 for rent and contingencies. The farm should be moved on after five years. It is proposed to give a trial to this scheme in one range to start with.
	Central Provinces.—Both systems are in operation.
19. Peripatetic Demonstrations of the use of Improved Implements (paragraph 138).	**Madras.**—The question was considered by the Advisory Committee. It was stated that demonstrations of the use of improved implements are being given, but that there was not much demand for the hiring out of the more expensive implements either by the department or by manufacturers.
	Bengal.—The matter is under consideration.
	United Provinces.—This recommendation is being carried out on a gradually increasing scale. At present demonstrations are confined to the big fairs and exhibitions that take place in the various districts of the province, but action is in contemplation to organise travelling exhibitions of this kind in definite
	Punjab.—This is the main system of demonstration in progress in the province and it is expanding.
	Burma.—Peripatetic demonstrations are being given and no special action is required.
	Bihar and Orissa.—This recommendation is in accordance with the present policy of the Agricultural Department. A small scheme on these lines was sanctioned by Government in 1927 and given effect to from October, 1928. The scheme costs Rs. 6,360 recurring and Rs. 2,950 initial, including one agricultural inspector and two overseers and ten *kamdars*, each with a set of implements, a cart and a pair of bullocks. The scheme goes further than the

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER VI—Demonstration and Propaganda—contd.	
	recommendation of the Commission, being part of a better farming campaign. Progress will be reviewed after a year's working. Work on improved agricultural implements is still in its infancy in Bihar and Orissa and there are only a few such implements fit for demonstration. When funds are available, it is proposed to allot Rs. 5,600 a year for the demonstration of improved implements in the various ranges and to re-examine the position after five years. The Agricultural Department will limit the hiring of improved implements to special cases connected with the propaganda work and judiciously develop their sales on the instalment system, and if it can thereby create a demand for private enterprise, it will be considered whether co-operative societies for the purchase and sale of these implements can be organised.
	Central Provinces.—These are carried out on a fairly extensive scale by touring agricultural assistants. A motor lorry is also used.
20. Agricultural Shows and Agricultural Stalls (paragraph 139).	**Madras.**—Suitable action is being taken in accordance with the recommendations of the Royal Commission.
	Bengal.— The question is under consideration.
	United Provinces.—Each Agricultural Circle has now a permanent exhibit of machinery, implements and produce, which is sent to as many district exhibitions and fairs as possible. These exhibits are expanded and kept up to date. Besides this the Government give grants of Rs. 100 to 250 for prizes to the show committees of approximately 25 districts. A grant of Rs. 4,000 is being given this year to the Allahabad Kumbh Mela Committee for an agricultural exhibition. This is probably the largest fair in the province. A special organisation for cattle shows is also being developed. At present a travelling exhibition of cattle and modern dairy equipment visits six of the large religious fairs each year. This proves expensive on account of transit and maintenance charges although there is no doubt that it is an extremely useful form of demonstration which it is proposed to expand.
	Punjab.—A new feature of propaganda work has been the opening of a permanent agricultural stall in the Lyallpur Mandi as an experiment.
	Burma.—The principle has been accepted. At present both district headquarters agricultural shows as well as shows at Pagoda festivals are subsidised. No regulated market exists at present.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER VI—Demonstration and Propaganda—contd.	
	Bihar and Orissa.—Small grants to agricultural shows are given by Government, and the Agricultural Department arranges suitable demonstrations in certain cases. As the work of the Agricultural Department develops, these various subsidiary forms of propaganda can be developed *pari passu* as funds and staff permit. Agricultural shows must succeed village demonstrations work and not precede it. Prizes at agricultural shows should consist of improved agricultural implements or seeds but sometimes money prizes would be more suitable, *e. g.*, for market gardening. The recommendation for the establishment of permanent agricultural stalls in any regulated markets which may be established has been accepted in principle and will be considered in due course.
	Central Provinces.—Small agricultural shows are held every year in various parts of the province. The establishment of agricultural stalls in markets will be considered when staff is available.
21. Other Forms of Propaganda (paragraph 141).	**Madras.**—The question of the production of cinema films by the Agricultural Department was considered by the Advisory Committee which was of opinion that magic lantern slides would be more useful in villages than cinema films. The Department has already begun propaganda by motor exhibition vans fitted up with magic lanterns and slides showing the various agricultural improvements.
	Bengal.—The question is under consideration.
	United Provinces.—The Agricultural Department has experimented with cinema films and not found them very useful. Unless they deal with exact local conditions, which vary considerably in different districts, the cultivator is slow to take them in, and does not appreciate the lessons taught. At present the Government are of opinion that the funds available are better spent on other forms of propaganda. A detailed proposal for a demonstration train was prepared last year in conjunction with the East Indian Railway, but had to be postponed owing to the financial situation.
	Punjab.—The demonstration train toured for 6 months and 8 days throughout the province during the past year. The Department's Cinema lorry also toured.
	Burma.—The principle has been accepted but no immediate action is required so far as production of films is concerned.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER VI—Demonstration and Propaganda—contd.	
	Owing to the fact that in Burma railways affect only a very small proportion of the agricultural population, the Government do not consider that the use of demonstration trains would, at the present time at least, be justified. Demonstration motor buses are likely to prove more useful than trains and will be tried when the necessity for them is felt.
	Bihar and Orissa.—Production of films is an expensive form of propaganda to organise and one organisation for the whole of the rural uplift activities of Government would be preferable to sporadic departmental action. Some tentative experiments are in progress in some of the wealthier provinces and the experience gained by them will be beneficial to Bihar and Orissa.
	At present the province cannot provide adequate material to make demonstration trains, as organised recently in Bengal and Punjab, effective.
	Central Provinces.—A motor lorry provided with a cinema, implements for demonstration, exhibits of improved varieties of crops and plant pests has been provided. Touring officers also give lantern lectures in the villages and camp with Revenue officials.
22. Formation of Divisional Boards and Taluka Development Associations (paragraph 145).	**Madras.**—The local Agricultural Advisory Committee consider that no action is required.
	Bengal.—The matter is under consideration.
	United Provinces.—Agricultural associations have been formed in various areas, in some cases by districts, in others by *tahsils*; but the movement is still experimental and in its infancy. Agricultural assistants are not yet available in sufficient numbers to be spared for camp work.
	Burma.—The principle is accepted. Its operation is possible only when the co-operative societies have been reinvigorated.
	Bihar and Orissa.—Divisional Development Boards have been established in this Province already but not *taluka* development associations. These Divisional Boards differ from those in Bombay in that they are purely advisory bodies. On the other hand their constitution is wider since they include representatives of the Veterinary and Industries Departments. District Agricultural Associations, with one outstanding exception, have proved a failure and Divisional and Sub-divisional Boards would equally prove failures. A Revenue *thana*, though a suitable unit in some respects, is probably too small to provide a sufficient number of enthusiastic non-officials to make a development association a success.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER VI—Demonstration and Propaganda—cont l.	
	For the present better results may be expected from the joint organisation of propaganda by the Co-operative and Agricultural Departments. Central Banks are already giving valuable assistance in this direction.
	Central Provinces.—District and *taluq* agricultural associations are already in existence.
23. Use made of Co-operative Societies in Demonstration Work (paragraph 147).	**Madras.**—The local Agricultural Advisory Committee suggest that the tour programmes of agricultural demonstrators should be communicated to co-operative societies in advance to enable the latter to co-operate with the former.
	Bengal.—The question is under consideration.
	United Provinces.—Every effort is being made to maintain close touch between the Agricultural and Co-operative Departments, and to educate co-operative primary societies as much as possible. The Registrar, however, emphasises the point that these should not be used as a field for agricultural experiments of which the success is doubtful.
	Punjab.—Some more better farming co-operative societies have been started during the past year. The Co-operative Department is continuing the registration and promotion of better farming societies.
	Burma.—The principle is accepted. No special action is required. Better farming societies do not yet exist in Burma.
	Bihar and Orissa.—There are at present no better farming societies of the Punjab type in this Province. The Registrar of Co-operative Societies will take steps for the organisation of such societies in consultation with the Director of Agriculture and in close co-operation with him.
	Central Provinces.—Co-operative and agricultural officers attend joint meetings and rallies and carry on propaganda work. Officers of the Veterinary and Public Health Departments have also taken part. A scheme for financing the marketing of improved varieties of cotton through co-operative agency in Berar is under consideration. Demonstration is arranged on member's holdings.
24. Appointment of a Special Officer for the organisation and systematisation of Propaganda Work (paragraph 148).	**Madras.**—An officer of the grade of Deputy Director of Agriculture has been appointed for this work at a cost of Rs. 10,260 per annum.
	Bombay.—The matter is under consideration.
	Bengal.—The matter is under consideration.
	United Provinces.—No action has been taken owing to lack of funds and pressure of more urgent demands.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER VI—Demonstration and Propaganda—concld.	
	Punjab.—A proposal to appoint a Propaganda Officer is under the consideration of Government.
	Burma.—The Director of Agriculture has been instructed to report on the question of appointing a specialist propaganda officer with reference to other proposals of the Royal Commission for additional specialist officers.
	Bihar and Orissa.—The appointment of such an officer is considered premature.
	Central Provinces.—No such officer has yet been appointed.
CHAPTER VII—Animal Husbandry.	**Madras.**—The local Agricultural Advisory Committee do not consider that any remarks are called for on the recommendations made. Work on the lines recommended is already being done at Hosur.
25. Work on Sheep and Goat Breeding (paragraphs 158 and 159).	**Bombay.**—A comprehensive scheme for sheep-breeding has been prepared by the Agricultural Department but in view of the prevailing financial stringency it is contemplated to undertake the work on a small scale only by the importation of Australian ewes and rams. It is also proposed to stock a small number of goats on several farms and to grade them up by selection. Proposals in this regard are under consideration.
	Bengal.—Sheep and goat breeding has not yet been taken up in this Province.
	United Provinces.—No work is in progress yet, but a detailed proposal to establish two flocks of sheep has been put before the Provincial Cattle Committee and approved, and awaits the provision of funds.
	Punjab.—Steps are being taken to encourage the sheep-breeding industry. During the year 1928-29, 73 cross-bred Merino rams were issued from the Government Cattle Farm, Hissar, of which 70 were sent to the Kangra District, 2 to the Rohtak District and 1 to the Gurdaspur District. The sale of 100 three-quarter bred Merino rams from the Hissar Farm to the Kangra District Board was sanctioned at a concession rate. Of this number, 70 have already been supplied. Damani rams were purchased from Dera Ismail Khan and distributed amongst flocks of local sheep to the exclusion of local rams in the 'Thal' (*i.e.*, the desert part) of the Mianwali District. These are famous for milking qualities.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER VII—Animal Husbandry—contd.	
	Goat breeding is also going on in the Government Cattle Farm, Hissar, to grade up the indigenous breed by breeding from selected stock.
	Burma.—These recommendations are not considered to require the attention of the Agricultural Department at present.
	Bihar and Orissa.—The recommendations have been reserved for consideration when a whole-time Livestock Expert has been appointed. Sheep are of minor importance in most parts of the province and no demand for work on the improvement of goats has arisen so far.
	Central Provinces.—In view of the much greater importance of cattle-breeding to the province, no work on sheep and goat-breeding has yet been undertaken.
26. Improvement of Grazing Facilities (paragraphs 181—183).	**Madras.**—The matter is still under consideration.
	Bengal.—While appreciating the value of these recommendations Government are of opinion that conditions in this province are such that it is not possible to give effect to them except to a very limited extent.
	United Provinces.—The new Settlement Act passed during the year provides in section 63-C. for the exclusion from assessment of all grazing grounds from which no rent is derived. The Revenue Department have under consideration the starting of some experiments in communal management of grazing grounds. There was a fodder famine in certain districts due to the failure of the monsoon and hay was imported from a distance by rail, from Government forests, and sold at cost price. The results conclusively prove that, unless scarcity conditions are extremely bad, the railing of fodder from reserved forests to plains districts is utterly impracticable. Villagers will not purchase it in preference to *bhusa*. The Agricultural Department advocates a scheme for subsidising the growing of fodder crops and thus building up a fodder reserve in precarious tracts. The Forest Officer put on special duty for the supply of hay has advocated a scheme for growth of pasture on *Usar* land by fencing it during the rains, and thereby preventing it being trodden down by cattle as at present. This will be investigated. The question of grazing in reserved forests is subsequently dealt with—*vide* item 36.
	Punjab.—The matter was considered at a Conference which included the Chief Conservator of Forests and the Director, Civil Veterinary Department. It was agreed that the Forest and Agricultural Departments would collaborate in drawing up a scheme for the improvement of forest grazing in the Murree Hills.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER VII—Animal Husbandry.—contd.	
	Burma.—The methods for improving the productivity of grazing grounds are not in all cases applicable to Burma. The problem of improving the productivity of grazing grounds must be postponed in favour of more urgent problems which require the attention of the Agricultural Department.
	Bihar and Orissa.—Practically nothing can be done to improve grazing facilities in the villages, though it may be possible to help the professional grazers by improving facilities in recognised grazing areas. The question will receive the personal attention of the Livestock Officer when appointed. Broadly speaking, however, the cattle of Bihar and Orissa are stall-fed and the larger production of fodder crops is infinitely more important than the improvement of grazing.
	Central Provinces.—The matter is under consideration and special attention is being paid to the improvement of grass lands.
27. Promotion of the use of Silage (paragraph 185).	**Bengal.**—The policy recommended is being followed.
	United Provinces.—A few demonstrations with silage have been carried out in four districts. The process has been appreciated by the cultivators but has not been generally adopted. It is proposed to initiate concentrated effort in good cattle-breeding districts where there is usually insufficient grazing in the hot weather as in the Meerut, Agra and Allahabad Divisions. The controlled breeding areas in these divisions are suitable tracts for starting demonstrations. Ensilage experiments made by certain better living societies were successful.
	Punjab.—In addition to the siloing of ordinary farm crops, investigations are in progress regarding the possibility of converting into silage inferior grasses and other plants now allowed to rot in some parts of the province.
	Burma.—It has been decided that the Agricultural Department should extend its experiments in regard to dry grass, hay and silage. The Director of Agriculture will mention these matters in his annual report.
	Bihar and Orissa.—In the past, silage-making has been mainly confined to large farms. It is now proposed to carry out experiments and demonstrations on the small farms with simple silage pits and also to ascertain more exactly the value of silage made from grass and waste. Some experiments have, in fact, been started. A small bullock-driven fodder-cutting outfit suitable for small farms and co-operative societies will be tried in the Chota Nagpur

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER VII—Animal Husbandry—contd.	
	Range and other parts of Bihar where there are big cultivators who do not know the value of silage. The demonstrations will in lude the demonstration chaff cutters. The estimated cost of propaganda by trained *kamdars* will be Rs. 3,000 a year.
	Central Provinces—The utilization of fodder crops and rough grasses for silage making is already being demonstrated.
28. Investigation of the correct period at which to harvest Cereals (paragraph 186).	**Madras**.—This problem will be taken up by the Nutrition Section of the Agricultural Department which it is proposed to start.
	Bengal.—The recommendation is accepted in principle.
	United Provinces.—No work on this is reported.
	Burma.—The Government consider that variation of the period of harvesting is not feasible.
	Bihar and Orissa.—The recommendation has been accepted and will receive attention. No special proposal are necessary.
	Central Provinces.—The applicability of this recommendation to agricultural conditions prevailing in the Central Provinces and Berar will be considered.
29. Encouragement of the cultivation of Leguminous Fodder Crops (paragraph 187).	**Bengal**.—The Government agree genera ly in principle.
	United Provinces.—Propaganda work has been started to induce cultivators to grow fodder crops on their holdings. An exhaustive note on the subject has been prepared and published broadcast in the controlled cattle-breeding areas. The Public Health Department is interested in the cultivation of clover from an anti-malarial standpoint and is making some large scale experiments, including the sowing of clover on canal banks.
	Punjab.—The concession for the supply of canal irrigation at much reduced rates has continued. Experiments have also been set up on farms in various parts of the province to ascertain in what locality berseem will ripen its seed best.
	Burma.—The Government are of opinion that the matter is not of very great importance in Burma. Where leguminous crops can be grown best, other fodders are abundant. In Lower Burma generally the leguminous fodder crops cannot be grown.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER VII—Animal Husbandry—contd.	
	Bihar and Orissa.—At present this recommendation is hardly applicable to Bihar and Orissa where the method of assessing canal rates differs somewhat from that in vogue in other provinces. The recommendation has, therefore, been reserved for future consideration. Special attention will continue to be given to leguminous fodder crops on the various farms of the department in those areas where a catch leguminous crop after rice is not already the custom.
	Central Provinces.—The growing of berseem (*Trifolium alexandrium*) and lucerne (*Madicago sativa*) under irrigation is demonstrated and other leguminous crops are under trial. It is doubtful if sufficient water is available to enable concession rates to be given.
30. Progress made in establishing pure and improved type of good Cattle (including buffaloes) with special reference to the policy of producing "dual purpose cattle" (paragraphs 188-198).	**Bengal.**—The local Government agree in principle and have decided to leave its Cattle Breeding Expert to carry out his programme in the light of the observations made.
	United Provinces.—Work on cattle breeding had been proceeding along the lines approved by the Royal Commission and no alteration of policy has been necessary. A third farm is being established in the Jhansi district. At each of the Madhurikund and Manjhra farms two distinct herds are being built up :— 1. A herd bred purely on the basis of draught conformation. 2. A herd in which milk capacity is considered in connection with good draught conformation. There is thus no danger of draught qualities being overlooked in the search for milking qualities. The distribution of bulls from the dual purpose herd is limited to certain areas, namely, the tract west of the Ganges from Cawnpore northward to Muzaffarnagar and efforts are being made to locate them where milk production is of importance or likely to become so. Murrah buffaloes are bred on both farms as a dairy breed.
	Punjab.—At the Government Cattle Farm, Hissar, efforts are made to meet the ever-increasing demand for the supply of farm bred stud bulls. Standard cows, yielding over 2,000 lbs. of milk in one lactation, have been put into a separate herd with bulls of a good milking pedigree.
	Burma.—The principle and conclusions are generally accepted. No special action is required.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER VII—Animal Husbandry—contd.	
	The question of limiting the issue of breeding bulls has no practical application until the Agricultural Department has developed its breeding herds.
	The question of provision of dual purpose cattle has slight application in Burma owing to the small demand for dairy products.
	Bihar and Orissa.—There are at present four farms in the province under the Agricultural Department which undertake cattle-breeding, and also the cattle-breeding and dairy farm attached to the veterinary college. At the Kanke farm, a purely dairy herd is maintained which includes a number of pedigree Montgomery, some cross-bred and some miscellaneous animals. This farm can at present supply a limited number of Montgomery bulls and the herd has reached a fairly high standard of excellence from the point of view of milk production. It has recently been decided to add a herd of Thar Parkar Cattle as likely to produce bulls of more value for general distribution. The necessary funds (Rs. 10,000) have been provided in the budget for 1929-30. The Monghyr Dairy Farm was started five years ago as a dairy farm. No definite breeding policy was adopted. Some cross breeding with a half-bred Holstein Montgomery bull was tried: this was unsuccessful and has been stopped. The farm has a fair number of Shahabad cows and is now being converted into a breeding farm for this important local type. A commencement was made in the purchase of Shahabad cows in 1928-29. At Sipaya, a breeding herd of Murrah buffaloes has been established. Steps have also been taken to establish a definite breeding area in North Bihar where the demand for the bulls is keen, by intensive distribution of bulls. A special grant for the purchase of 30 Murrah bulls from the Punjab was made in 1928. A livestock inspector for the supervision of the stud bulls distribution is now being appointed.
	At Cuttack, a small herd of local cows has been established and by rational feeding a marked improvement in the milk yield has been obtained. Some experiments have been made in cross-breeding with the Montgomery breed with unexpectedly successful result so far as the first crosses are concerned but with little success so far in the next generation. Something has been done, however, in the grading up of local cows, and two local bulls have recently been obtained for use in the herd. Administrative sanction has already been given to the establishment of a cattle breeding and dairy farm at Cuttack at a cost of Rs. 1,20,000 non-recurring and Rs. 25,740 recurring, but it has not yet been possible to allot funds. It is now proposed that the farm should be definitely a breeding farm for the local breed of cattle and not a dairy farm, the sale of milk being incidental and not

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER VII—Animal Husbandry—contd.	
	the main object. Crossing involving imported sirs (or their progeny) has been discontinued and attention will now be concentrated on the improvement of indigenous breeds and the improvement of working cattle.
	It is difficult to state to what extent specific breeds of cattle exist in Bihar. In addition to the export of cattle to Bengal, to which the Royal Commission refer, there is an undoubted import from the United Provinces as part of the general south-eastern movement of cattle. To what extent this affects the character of provincial cattle is uncertain. Apart from Orissa and the nondescript cattle of Chota Nagpur, two types are recognizable, viz., the Shahabad breed—a medium sized breed of fair milking capacity and producing useful working bullocks, and the North Bihar breeds which spend most of the year in Nepal, spoken of as the Sitamarhi, Bachaur, Purnea and Morang—small active plough cattle of no merit as milkers. It is proposed to study the relation of the Shahabad breed to the United Provinces Kosi-Mewati and of the North Bihar breeds to the United Provinces Khairigarh and Ponwar breeds. For the improvement of the local breeds, it may be necessary to start farms for North-West Bihar, North-East Bihar and Shahabad. The cost of each will be Rs. 2 lakhs non-recurring and Rs. 25,000 recurring. Hence to give effect to the recommendation fully seven lakhs non-recurring expenditure and one lakh recurring expenditure are required. But Government do not propose to incur this expenditure until a Livestock Officer and staff, whose appointments have been approved, are actually appointed. In the meantime, stock will be purchased for the Kanke and Monghyr farms according to necessity (Rs. 10,000 to Rs. 15,000 a year) but this will not be given precedence over the appointment of the Livestock Officer.
	The recommendation for issuing breeding bulls to selected districts and regularly inspecting the stock in all districts to which bulls are supplied has been accepted. The cost will be Rs. 14,000 per annum but will not exceed Rs. 5,000 a year in the early years.
	Central Provinces.—Three pure bred herds of draught cattle are now maintained and one herd of milch cattle. Two central cattle-breeding farms for grading have recently been opened and these have sub-depots from which young bulls will eventually be supplied. An experimental herd for producing dual purpose animals also exists. No buffalo herd has yet been started but the matter is under consideration.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER VII—Animal Husbandry—contd.	
31. Improvement of the Urban Milk and Ghee supply (paragraphs 199-201).	**Madras.**—In Madras a union of co-operative milk supply societies has been formed for the supply of pure and unadulterated milk to the residents of the city. The Government have sanctioned a loan of Rs. 15,000 to the union for the purchase of two motor lorries and a cream separator. The question of giving further financial assistanace for the erection of a pasteurising plant is under consideration. **Bengal.**—The local Government agree in principle, but in the absence of a Minister are unable to take up the question of amendment of the Bengal Municipal Act to deal with the recommendation *re* supply of pure milk to urban consumers. The Co-operative Department is, however, investigating the question of milk supply in municipalities. As regards protection against vegetable *ghee* the local Government are inclined to adopt the suggestion that this article should be described with an entirely distinct name and trade mark, etc., so as to distinguish it from pure *ghee*. **United Provinces.**—The matter is receiving close attention from the Agricultural and the Public Health Departments. One of the main difficulties is the extent to which the sale of pure milk is handicapped in competition with adulterated milk sold at lower rates. Milk is supplied from the two cattle farms to the towns of Muttra and Lakhimpur, and from private schemes under the auspices of the Department at Agra, Lalkua, Hathras, Etawah and Jhansi. Further attempts to start such schemes at Saharanpur and Lucknow have not yet succeeded. A tendency among *Ghee* consumers to take butter in its place has been noted. **Burma.**—The principles laid down by the Royal Commission in regard to the essentials for a successful scheme of urban milk supply are accepted, but it is considered that no action is required at present. **Bihar and Orissa.**—The recommendations are now under consideration. **Central Provinces.**—One co-operative dairy has been organized to meet the needs of a large city but large cities in the Central Provinces and Berar are very few in number. Legislation for the prevention of adulteration of milk and butter already exists.
32. Organisation of Co-operative Breeding Societies (paragraph 202).	**Bombay.**—The question of the encouragement of the organisation of such societies by the loan or gift of good bulls and by the provision of grazing grounds is under consideration. **Bengal.**—The policy recommended is being followed.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER VII—Animal Husbandry—contd.	
	United Provinces.—No action is reported yet.
	Punjab.—A ceratin number of co-operative cattle-breeding societies still exist, but are not of much use so far.
	Burma.—This will apply when the Agricultural Department has created its breeding herds.
	Bihar and Orissa.—The recommendation has been accepted in principle. The formation of such societies at present would be premature as it is not possible to supply suitable bulls.
	Central Provinces.—Several have been started from time to time but on the whole have not proved successful, but the question of the formation of such societies is being investigated by the Berar Co-operative Institute. Bulls on the premium system have been maintained.
33. Livestock Shows and Fairs (paragraph 203).	**Madras.**—The revival of the cattle fair at Ongole has been recommended by the local Agricultural Advisory Committee which has also suggested that the question of reviving cattle shows may be considered when there is a local demand.
	Bengal.—The policy recommended is being followed.
	United Provinces.—*Cf.* remarks against item 20 above. Special attention is given to cattle shows in the controlled breeding areas and good prize money given. This year, however, these areas were among those threatened with scarcity and fodder famine, and so shows were not held on the same scale.
	Punjab.—The holding of livestock shows and fairs in the various districts of the Punjab is being encouraged, prizes being given with special regard to the classes for cows, calves, yearling cattle and bullocks.
	Burma.—The principle is accepted and is being practised.
	Bihar and Orissa.—The recommendation has been accepted in principle. No special action is called for at present.
	Central Provinces.—Cattle shows and fairs are already held, most frequently, as a section of a general agricultural exhibition.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER VII—Animal Husbandry—concld.	
34. Castration (paragraph 207)	**Madras.**—No action was considered necessary by the Agricultural Advisory Committee. **Bengal.**—The policy recommended is being followed. **United Provinces.**—No special progress is reported. **Punjab.**—330,889 castrations were performed during the year 1928-29. **Burma.**—The recommendation has been accepted. **Bihar and Orissa.**—The recommendation has been accepted. Elimination of scrub bulls is absolutely necessary for the general improvement of cattle. **Central Provinces.**—The need for early castration is recognised, but at present many difficulties prevent the wider adoption of the practice.
35. Control of Livestock improvement (paragraph 208)	**Madras.**—This work is at present under the control of the Agricultural Department and a whole-time officer—Deputy Director of Agriculture, Livestock—is in charge of it. Both the Agricultural Advisory Committee and the local Government consider that the existing arrangement needs no change for the present. **Bengal.**—The local Government agree with the recommendation and the policy underlying is being followed. **United Provinces.**—The Royal Commission approved what was the existing practice in this province. **Punjab.**—The livestock improvement of the Province has been placed under the control of the Livestock Officer to Government, Punjab, at Ferozepur. **Burma.**—The principle has been accepted. The question of appointing whole-time officers in charge of live-stock improvement is under consideration. **Bihar and Orissa.**—The proposal for the appointment of a Livestock Officer and staff has been accepted. The cost of three officers and staff will be Rs. 40,000 a year. **Central Provinces.**—This is under the Agricultural Department and a whole-time officer is employed. **Assam.**—A Livestock and Dairy Expert has been appointed.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER VIII—Forests.	
36. Grazing in Forest areas and Fodder supplies from those areas (paragraphs 218—219).	**Bengal.**—The recommendations in this chapter are still under consideration.
	United Provinces.—(*i*) The encouragement of grass-cutting as an alternative to grazing has a double object:—
	(*a*) To benefit the forests.
	(*b*) To benefit the cattle.
	As regards (*a*), with the exception of Kumaon Circle, the valuable forests are generally speaking adequately protected by closures to grazing. Any considerable extension of closures would be a hardship and would probably result in the starvation of cattle rather than in forcing the people to cut grass, because they have not the time to give to such work and if they had the time, the cattle are mostly not worth it. To cut grass at Government expense for them on a large scale would be very expensive and it is quite impossible even to suggest a figure. Generalisations are really not possible because the conditions are different everywhere, but it may be stated that over very large areas, grass cutting is not, at present, a practicable alternative at all. The main grazing grounds of the Tarai contain only coarse grasses from which hay cannot be made—the cattle graze on the fresh green shoots of these grasses after they are burnt. Such grass cannot be cut economically. A possible way of extending stall feeding would be to create grass farms out of the coarse grass lands of the plains. The Forest Department can experiment in this direction at a small cost— in fact experiments in improving the quality of the grasses are already in hand. A demand for cut fodder would, however, have to precede the creation of such farms on a bigger scale. It has been already proposed to put an officer on special duty to study grasses and this will be done when a suitable officer is available.
	As regards (*b*), the cattle would benefit mainly where the grazing is in tree forest which contains little grass. Fodder grasses would have to be cut from more distant hill forests and the difficulties noted above would apply. The Gonda Division is experimenting with a partial restricton of grazing in favour of grass cutting. In the Kumaon Circle, taking cattle to the forest daily and home again is not possible in the case of a large number of villages and stall feeding is much practised. Some forests are certainly overgrazed and an extension of stall feeding is most desirable. The Forest Department has long been engaged in encouraging it by making forest reserves, as far as the funds of Kumaon Circle and the difficulties of Kumaon forest policy permit. No new schemes requiring special estimate are under consideration. The proposed communal forests will no doubt be largely concerned with the provision of fodder-reserves (*cf.* also item 26 above).

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).

CHAPTER VIII—Forests—contd.

(*ii*) Discouraging the grazing of inferior cattle:—

A suggestion made at the all-India Silvicultural Conference to put a prohibitive grazing fee on entire bulls to discourage promiscuous breedings is being considered. Popular opinion is most strongly against any interference with existing habits because it means more labour.

(*iii*) The Forest Department is experimenting in several places with improving the quality of grasses.

Success demands (*a*) closures,
(*b*) considerable expense,
(one officer says Rs. 10 per acre). The results so far are not very encouraging.

(*iv*) *Railway freights and fodder supplies.*—Extract from a note by Mr. E. A. Smythies, Officer in charge of fodder famine operations, 1928-29:—

"On the other hand, whenever there is sufficient grazing, grass cutting in areas closed to grazing is *never* resorted to, and never will be owing to the increased labour involved (*e.g.*, Jhansi and Banda Divisions).

"The recent famine fodder operations have proved *conclusively* that the railing of fodder from reserved forests to the plains districts is utterly impracticable except in periods of severe scarcity. In April this year although hay was being supplied to villagers at less than the cost of delivery on rail, immediately the new harvest brought *bhusa* on the market, our hay became practically unsalable. The same will apply to grass areas not under the Forest Department. With protection, these will supply fodder for local consumption but never for distant areas (except possibly for sale in large towns). It may be taken as an axiom that the poorer agricultural population will not pay the cost of cutting and baling hay (let alone railing) in normal years, but will in many plains districts be glad to cut and remove hay or fodder for their own use from any areas in their vicinity. Hence the question of railway freights is beside the point."

Punjab.—Subject to the observance of the recorded rights in grazing, the existing policy of the Forest Department is to encourage grass cutting as an alternative to grazing. The recommendation regarding the discouraging of grazing of inferior cattle in the forests is not feasible in practice, where all the cattle of a village have grazing rights in a forest.

As regards intensity of grazing, the results of a series of experiments made some years ago were inconclusive. The question of the possibility of rotational closures in selected forests with a view to improving pasture will be referred to the local Forest Advisory Committees for consideration as soon as they are established.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER VIII—Forests—contd.	
	The question of fodder supplies from forest areas is under consideration. As regards transport of fodder, there is no grass surplus anywhere in the Punjab for export elsewhere, except in some parts of the high hills whence the cost of carriage would be prohibitive. No action is contemplated.
	Burma.—Owing to the difficulty of excluding cattle from forests, the local Government are of opinion that it is impracticable to exercise an effective discouragement of inferior cattle in respect of grazing in the forests.
	As it is impracticable to control the grazing of cattle in the forests without fencing, which is too costly, it is not proposed to undertake any inquiry into the intensity of grazing consistent with proper forest development and preservation of desirable grasses in each forest area.
	The question of fodder supplies from forest areas and their transport by railway is not applicable to conditions in Burma where there is little transport of fodder by rail except for ponies in Rangoon.
	Bihar and Orissa.—The fees for grass cutting in reserved forests are already as low as they can be made and in the protected forests the cutting of grass is generally free. Distance is also the governing factor. No action on this recommendation is, therefore, possible.
	Government consider that the recommendation for the discouragement of the grazing of inferior cattle in the forests is impracticable for reasons which the Commission itself has admitted. They, therefore, do not propose to take any action.
	Investigation regarding the intensity of grazing consistent with the proper development of the forests and the preservation of desirable grasses is unnecessary in this province. The reserved forests are mostly far away from the areas of close cultivation and the Conservator of Forests is of opinion that the demand for grazing is not heavy, is well within the capacity of the forests and is unlikely to increase in the near future. The problem contemplated by the Commission has not arisen and the local Government, therefore, do not propose to take action.
	Owing to the situation of the Government reserved forests at a long distance from the areas of close cultivation and to the unfavourable layout of the railway communications, the export of fodder from the forests is generally impracticable in Bihar and Orissa. The Government have decided that the investigation proposed by the Commission into the possibilities of fodder export would serve no useful purpose.

Subject (with paragraph of the Report.)	Action taken by the Government (or Administration).
CHAPTER VIII—Forests—contd.	
	Central Provinces.—Grazing settlements are in existence and very large areas are available in Government forests for the grazing of cattle. No attempt is made to store hay.
37. Investigation into cost and efficiency of Wood and Charcoal relative to that of Coal.. (paragraphs 220—221).	**Madras.**—The local Agricultural Advisory Committee have recommended that :— (*a*) concessions may be given to villagers to encourage the raising of fuel plantations near villages, the fuel being taken by the villagers who grow the trees ; (*b*) the growth of trees on *poramboke* (village common land) lands may also be encouraged though conditions would have to be laid down carefully to prevent the monopolising of *porambokes* by rich people, and (*c*) trees may be permitted to be grown in tank beds.
	United Provinces.—No action has been taken as regards research into comparative values. The canal plantations on the Cawnpore branch of the Ganges Canal have recently been handed over to the management of the Forest Department (Afforestation Division) and offer a field for experiment in afforestation for fuel supplies. Several such schemes have been prepared, but in the opinion of the Forest Department can only be certain of paying if in the neighbourhood of large cities. The Afforestation Division now possesses a good deal of knowledge about what works of this nature would certainly not pay. On the cow-dung question, the Chief Conservator's opinion is that the Royal Commission have made too much of difficulties due to custom and too little of those due to poverty. Low railway freights to towns for wood and charcoal will have some effect in reducing the consumption of cow-dung for fuel, but low rates for the sale of these articles direct to villagers will have none, because they cannot afford to pay the cost in any circumstances. The Forest Department did obtain some reductions of fuel rates during the year, but bulky goods of very low value will not bear the cost of transport by rail over long leads.
	Punjab.—Preliminary investigations have been made into the cost and efficiency of "cow-dung", "coal" and "charcoal". Results seem to indicate that cow-dung is the most economical material to use as fuel. Further investigations should be carried out at the Forest Research Institute, Dehra Dun, which is equipped for such work and has, it is believed, already on record a good deal of information on this subject.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER VIII—Forests—contd.	
	Irrigated plantations have been or are being formed in all the canal colonies in the Punjab. The question of forming additional plantations will be considered if any further colonization projects are taken up.
	Burma.—The Government are aware of the importance of the problem and Rule 28 of the rules under the Burma Forest Act provides means for dealing with it. The cost of production of fuel from plantations would be so high in the opinion of the local Government, that it would not be justifiable to establish such plantations and no so-called stringency in the demand for fuel is at present known of. No action is therefore called for from the Forest Department.
	Bihar and Orissa.—The local Government have decided that the investigation proposed would not be profitable. Owing to the geographical situation of the coal-field and the forests, serious competition between the two is largely precluded. They will generally have their own defined areas of supply. In any case, the layout of the railways renders the supply of fuel from the forests to the agricultural areas in competition with any other fuel an economic impossibility. The local Government have undertaken a programme for the improvement of forest extraction roads, in order to facilitate cheap extraction and the creation of local markets for fuel and small timber. Beyond this they do not propose to take action. Enquiry into the economic possibilities of afforestation for fuel supplies is financially impossible in a permanently settled Province, as the Government do not own the land and the cost of acquisition would be prohibitive. The local Government, however, are making a limited enquiry into the possibility of improving the afforestation of the side lands on the irrigation canal systems.
	Central Provinces.—No investigation has been undertaken so far.
38. Initiation of new and development of existing Forest Industries (paragraph 224).	**Madras.**—The Agricultural Advisory Committee consider that no remarks are called for.
	United Provinces.—Considerable work has been done in the past through the Utilisation Division, as for example, the development of the resin and turpentine industry. No special progress during the year is reported.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER VIII—Forests—contd.	
	Punjab.—A very flourishing resin industry has been built up in the Punjab which gives part time employment to a considerable number of agriculturists in Rawalpindi, Kangra and Hoshiarpur districts. It has been developed practically to the limit of the available resources. In other respects the Punjab is badly off for minor forest products, and in the matter of timber trees its flora is distinctly poor.
	Burma.—The opinion of the Royal Commission is accepted. No action is necessary or required.
	Bihar and Orissa.—The development of forest industries is already carefully studied by the Provincial Research Division of the Forest Department and much spade work has been done. The local Government accept the principle of the recommendation for the development of forest industries but consider that all that can profitably be done in this direction is already being done. The Provincial Research Officer performs the functions of Forest Utilisation Officer. In view of the amount of work to be done, the local Government do not consider the appointment of a separate Utilisation Officer justified.
	Central Provinces.—A Forest Utilisation Officer has been appointed. He is engaged in finding markets for the exploitable surplus of timber outside the Central Provinces. The propagation of lac has been extended.
39. Disafforestation of Forest Lands required for construction of Small Irrigation Works (paragraph 225.)	**Madras.**—The Agricultural Advisory Committee consider that no remarks are called for.
	United Provinces.—No case is known in this Province where any contrary policy was ever even suggested.
	Punjab.—This does not apply to the Punjab.
	Burma.—A general disafforestation of a locality on account of a small irrigation work is deprecated. Rule 10 of the Rules under the Burma Forest Act provides for permission being given to cultivators to take irrigation channels through a reserved forest. The construction of small works would not be opposed by the Forest Department.
	Bihar and Orissa.—The recommendation is accepted in principle There has never been any difficulty in releasing land for protection work.
	Central Provinces.—No difficulty has arisen in the Central Provinces.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER VIII—Forests—contd.	
40. Control of Shifting Cultivation (paragraph 228).	**Madras.**—The Agricultural Advisory Committee consider that no remarks are called for. **United Provinces.**—This is under control in the United Provinces. **Punjab.**—This is not applicable to the Punjab now. The old hill custom of 'korali' cultivation is fast dying out. **Burma.**—This problem has had the attention of the Government for many years. The Director of Agriculture has proposed to open a Ninth Agricultural Circle to deal with this problem among others in Northern Burma and that matter is now under consideration. **Bihar and Orissa.**—Shifting cultivation exists only on a very small scale and no further measures to control it are necessary or possible. **Central Provinces.**—Shifting cultivation is under proper control.
41. Classification of Forest areas (paragraph 229).	**Madras.**—The Agricultural Advisory Committee consider that no remarks are called for. **United Provinces.**—The recommendations of the Commission appear to be based on conditions in Madras where apparently the Forest Department has or had charge of large areas of inferior forest chiefly used as grazing grounds. Such is not the case in the United Provinces and the real connection between forestry and agriculture in the United Provinces as a whole lies in what the Afforestation Division can do to demonstrate the possibilities of a better use of waste lands and inferior forest lands not belonging to Government. That demonstration will include the fundamental fact which is not recognised at all to-day, that forestry whether for timber or fuel is not an industry which can be run with success if the claims of pasturage over the same ground are given priority. For the purpose of the afforestation, a classification of the waste land throughout the Province into *usar*, *bhur*, ravines, *kudir*, etc., each of which has a different value for grazing and forestry, is needed. **Punjab.**—There is no room for any such reclassification in the Punjab. Practically all the plains forests have already been handed over for cultivation, and the question of the remainder is under consideration. The remaining forests in charge of the Forest Department are protective and commercial forests in the hills and low hills must be preserved. **Burma.**—The examination of forest areas in accordance with this recommendation is a process which is constantly going on in Burma.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER VIII —Forests—contd.	
	Bihar and Orissa.—The local Government do not consider any general reclassification of forest areas necessary as the present division of their forests into reserved and protected forests has been made on principles which follow very closely the classification recommended by the Commission. There are two areas in which some alteration of the classification might be possible, namely, the Sambalpur and the Palamau forests, and this matter will be investigated by the Conservator of Forests.
	Central Provinces.—This matter will come under the consideration of the Forest Enquiry Committee.
42. Establishment of Village Forests (paragraph 230).	**Madras.**—The Agricultural Advisory Committee consider that no remarks are called for.
	United Provinces.—Village (or communal) forests are put forward as a solution of the forest problem in Kumaon, and the Government's order are about to be issued. So far, no demand for them has arisen elsewhere, and conditions in the small and valuable forests of these Provinces are considered by the Forest Department to be generally unsuited to this policy.
	Punjab.—Experiments in this direction have been a dismal failure, and it is not desirable to disafforest any of the protective and commercial forests now under the control of the Forest Department and to make them over to the village management.
	Burma.—This problem has been very fully considered by Government. Village waste rules are contained in the Burma Land Revenue Manual. No special further action is required.
	Bihar and Orissa.—The question of handing over forests to village *panchayats* for management was considered by the local Government in detail in 1926 and was found definitely unsuitable for the conditions existing in this Province. The local Government, on further examination, adhere to their opinion and do not propose to take any action on this recommendation.
	Central Provinces.—This matter will come under the consideration of the Forest Enquiry Committee.
43. Creation of Minor Forest Divisions (paragraphs 231—232).	**Madras.**—The Agricultural Advisory Committee consider that no remarks are called for.
	United Provinces.—The Afforestation Division is devoting much attention to the development of minor forests and the encouragement of zamindars in afforestation.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER VIII—Forests—concld	
	Punjab.—This does not apply to the Punjab.
	Burma.—*Vide* remarks against item 42.
	Bihar and Orissa.—In view of the existing classification of forests, the local Government do not consider it necessary to create any special agency for the management of minor forests. Minor forests are already mostly in separate divisions. In any case, the province could not afford any duplication of staff.
	Central Provinces.—This matter will come under the consideration of the Forest Enquiry Committee.
44. Institution of Short Courses in Agriculture for newly recruited Forest Officers (paragraph 233).	**Madras.**—This is not considered necessary by the Agricultural Advisory Committee.
	United Provinces.—No action has yet been taken.
	Punjab.—Arrangements have been made with the Forest Department that selected Forest Officers will attend the annual Rural Economy Course at Lyallpur and a Forest Officer will also be deputed to give some lectures in foresting.
	Burma.—Neither the Chief Conservator of Forests nor the Director of Agriculture is in favour of a short course and it is not considered necessary to take up the question at present.
	Bihar and Orissa.—The local Government accept the recommendation in principle but there is no Agricultural College in this Province to which Forest Officers can be sent. The Conservator of Forest has been asked to estimate the cost in consultation with the Director of Agriculture.
	Central Provinces.—No action has yet been taken.
CHAPTER IX—Diseases of Livestock and their control.	
₹45. Adoption of Serum-simultaneous method of Inoculation against Rinderpest (paragraphs 237—244).	**Madras.**—Inoculation by the serum alone method is compulsory only in places where the Cattle Diseases Act is in force, and it is free. In other areas, the serum alone method has been replaced by the serum-simultaneous method and inoculations by this method are free, though not compulsory. The question of legislation to make the serum-simultaneous method compulsory in place of the serum alone method in large cities is under consideration. (*Vide* also item 46.)
	Bombay.—The question is under consideration.
	Bengal.—The policy involved is being generally followed. It has been decided to supply serum free of charge to local bodies in this province.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER IX—Diseases of Livestock and their control—contd.	**United Provinces.**—The serum-simultaneous method has been tried during the year on a small scale on one of the Government Cattle farms with successful results so far. Further experiment will be continued, but the qualified staff of the department is so small that it can only be done at times when they can be spared from other work. **Punjab.**—Work has commenced this year, but as yet sufficient time has not elapsed to enable a report being given thereon. **Burma.**—These opinions regarding serum-simultaneous inoculation are accepted subject to the reservation that compulsory inoculation should be kept in view as the ultimate aim. The Agricultural Department is dealing with the problem of introducing serum-simultaneous inoculation. The recommendation regarding free inoculation is accepted; but the matter will be reconsidered when the system of serum-simultaneous inoculation is established. **Bihar and Orissa.**—The condition in Bihar and Orissa are not favourable for the undertaking of this method of inoculation on a wide scale. It has, however, been adopted with satisfactory results on cattle farms and will be introduced gradually in limited areas for protecting the more valuable cattle. The inoculation is done free except that the price of serum is recovered from local bodies or private estates concerned. **Central Provinces.**—The method will be adopted on a small scale to begin with and extended gradually.
46. Compulsory Inoculation (paragraph 244).	**Madras.**—The Agricultural Advisory Committee was generally in favour of legislation to make inoculation against rinderpest by the serum-simultaneous method compulsory in the case of animals kept by milk sellers in large cities, but observed that the question of the supply of serum and of the support the Legislative Council may give to the proposal for compulsory legislation had to be considered. **Bengal.**—The local Government agree in principle. **United Provinces.**—No attempt has been made to introduce compulsory inoculation. The Public Health Department are, however, pressing for its introduction in municipal areas. **Burma.**—The Director of Agriculture has been asked to report after consultation with the large municipalities.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER IX—Diseases of Livestock and their control—contd.	
	Bihar and Orissa.—This pre-supposes legal measures such as bye-laws passed by local bodies. In Bihar and Orissa, the cattle of the milk-sellers are not registered by any municipality. The question of taking measures for the control of milk supply in municipal areas is now under the consideration of Government.
	Central Provinces.—The question is under consideration.
47. Increased provision of veterinary hospitals and Dispensaries (paragraph 248).	**Madras.**—Except in the case of six districts, properly equipped hospitals have been provided at the headquarters of the districts. Of these six, action is being taken to convert the dispensaries in five of them into hospitals at a cost of Rs. 79,300. At least six dispensaries are opened in the province every year, the ultimate goal being one for each *taluk*. The cost is Rs. 12,708 non-recurring and Rs. 5,700 recurring per annum. Three touring veterinary assistants were sanctioned during 1929-30 at a cost of Rs. 6,404 per annum.
	Bengal.—The question is under consideration.
	United Provinces.—Five new dispensaries were opened within the year with the aid of grants made to district boards for their construction. There is at present a difficulty in obtaining trained subordinate veterinary staff and it has not been possible to increase the staff of existing dispensaries. Thirteen men are being sent for training this year to the Bengal Veterinary College.
	Punjab.—There were 241 veterinary hospitals in the Punjab last year and an increase of 17 more, making a total of 258, has been effected this year.
	Burma.—The recommendation is accepted. The Director of Agriculture has been asked to submit a proposal.
	Bihar and Orissa.—The existing scheme provides for one veterinary hospital and two or more (if funds permit) touring veterinary assistant surgeons at district and sub-divisional headquarters. The touring veterinary assistant surgeons, though their main duties are in the *mufassal*, have each a separate dispensary for treating outdoor patients brought to them. The ultimate sanctioned strength is 189 against the present number of 119 veterinary assistant surgeons. The recommendation is accepted and effect will be given to it as funds permit.
	Central Provinces.—The matter is under consideration.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER IX—Diseases of Livestock and their control—contd.	
48. Re-organisation of Provincial Veterinary Departments (paragraphs 249—254).	**Madras.**—This will be gradually taken up The chief veterinary officer has been styled "Director of Veterinary Services". The number of district veterinary officers was raised from 7 to 12 from 1st April 1929 at a cost of Rs. 2,500 non-recurring and an annual recurring expenditure of Rs. 37,300. The number of veterinary dispensaries and assistant surgeons was also slightly increased. **Bombay.**—The questions of (1) the creation of a veterinary directorate for the Presidency, (2) the appointment of veterinary surgeons of the Provincial Service, and (3) increase in the number of veterinary dispensaries and the consequent increase in the number of veterinary assistant surgeons are under consideration. **Bengal.** -The question is under consideration. **United Provinces** -The chief veterinary officer is now styled "Director of Veterinary Services" (*vide* also item No. 50 below). **Punjab.** -Effect has been given to the recommendations of the Royal Commission. The chief veterinary officer of the Punjab is now styled "Director, Civil Veterinary Department, Punjab". The Civil Veterinary Department, Punjab, is now an independent department. The position of the Principal, Punjab Veterinary College, Lahore, in relation to the Director, Civil Veterinary Department, is the same as that of the Principal, Punjab Agricultural College, to the Director of Agriculture. **Burma.**—The local Government have issued the Burma Veterinary Service, Class I, rules. The framing of the Burma Veterinary Service, Class II, rules, and proposals for the reorganisation of the staff are under consideration. **Bihar and Orissa.**—The province is divided, for veterinary purposes, into three administrative circles called ranges, each of which will be in charge of a member of the Superior Provincial Veterinary Service, when created The question of the scale of pay of this service and that of the Director is now under consideration. Government do not propose to take up at present the question of passing Public Services Act regarding the recruitment, discipline and conditions of this service. The control of measures for treating and preventing the spread of contagious diseases is regarded as the concern of the local Government; the duty of providing a local veterinary service for treating diseases not scheduled as contagious and for dealing with operations and wounds, rests with local bodies with a few exceptions. The number of fully qualified

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER IX—Diseases of Livestock and their control—contd.	
	veterinary surgeons available is very small. The grade of veterinary inspectors will, therefore, remain as it is. Government agree that progress in the direction of transferring greater responsibility to local bodies in veterinary matters can only be made gradually. At present local bodies are consulted in regard to appointments, transfers, promotions, punishments and dismissal of veterinary assistant surgeons. Government accept the recommendation that private effort should be encouraged in every possible way to supplement the efforts of Government and of local bodies to provide veterinary aid. But this will remain a pious hope for some time to come. **Central Provinces.**—The matter is under consideration. **North-West Frontier Province.**—Up till December 1927 the province had no gazetted officer of its own; it shared the Superintendent of the neighbouring Punjab circle and was dependent entirely on the Punjab for research and experiment work. The appointment of a separate Superintendent has now been sanctioned and every effort is being made to extend the activities of the department according to the resources of the Province.
49. Separation of Agricultural and Veterinary Departments in the Punjab (paragraph 251).	**Punjab.**—The separation of the Agricultural and Veterinary Departments has been effected with effect from 4th July 1928.
50. Training of Veterinary Surgeons and Veterinary Assistant Surgeons (paragraphs 255—258).	**Madras.**—The course of training at the Madras veterinary college for veterinary assistant surgeons already extends to three years. The question of revising the curriculum is under consideration. **Bombay.**—The framing of a suitable curriculum for the training of veterinary assistant surgeons is under consideration. **Bengal.**—The local Government agree with the recommendation that two entirely distinct courses of study are required for the training of veterinary surgeons and assistant surgeons, respectively, and are awaiting reference from the Government of India on the recommendation made in paragraph 265 (42) regarding settling by conference the course of study for veterinary surgeons. The questions of framing a suitable curriculum and course of study for veterinary assistant surgeons are under consideration.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER IX—Diseases of Livestock and their control—contd.	**United Provinces.**—Lack of funds and trained staff stand in the way of a reorganization of the Veterinary Department. There are at present four scholars under training in England and two more are being sent this year. With these and the present three deputy superintendents and by training selected men from among the inspectors and veterinary assistant surgeons by short courses at veterinary colleges in India, it is hoped to build up the nucleus of a corps of district veterinary officers, which will be expanded when training on the lines advised by the Royal Commission is made available in India. In regard to veterinary assistant surgeons, progress is handicapped by the fact that there is no veterinary college in the Province, while the rates of pay of the service are less attractive than those in neighbouring provinces. As soon as the new veterinary college at Patna opens it is hoped to arrange for the training of a large number of men for this province there. An increase in pay will also be considered when funds permit. At present district boards contribute to the pay of their veterinary surgeons but in their present financial position, it is probable that the Government will have to meet the entire cost of any increase in pay and also of any expansion in numbers. **Punjab.**—The training of veterinary assistant surgeons is being conducted at the Lahore veterinary college where a four years' course of study is provided. **Burma.**—The Director of Agriculture has been asked to report on the desirability of distinct courses of study for veterinary surgeons and assistant surgeons, respectively. The curriculum for veterinary assistant surgeons has been examined and passed by expert officers of the Agricultural Department. The opinion of the Royal Commission regarding the period, etc., of the course for veterinary assistant surgeons is accepted. The Director of Agriculture has been asked to report regarding the course of study, etc., for veterinary surgeons, and the proposal for the establishment of an All-India veterinary college. **Bihar and Orissa.**—The Government have decided to establish a veterinary college at Patna where a post-graduate course for veterinary assistant surgeons already in Government service will be introduced. The buildings have already been put up and the staff is being recruited. The recommendation for the preparation of a suitable curriculum in consultation with a body of experts has been accepted in principle and will be given effect to in due course.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER IX—Diseases of Livestock and their control— concld.	
	Central Provinces.—It is proposed to send two scholars to England for the M. R. C. V. S. course during the current year. 22 scholarships are being awarded annually for three years for the training of candidates at the Bombay veterinary college.
51. Research work in Provincial Veterinary Colleges (paragraph 261).	**Bombay.**—The question of the provision of a well-equipped laboratory at the Bombay veterinary college is under consideration.
	Bengal.—The local Government agree in principle.
	United Provinces.—There is no veterinary college in the Province. A scheme for one was prepared some years ago but there is no prospect of funds being available for it the near future. Some minor research work is done at the circle laboratories at Lucknow and Agra; while the Director and Superintendents keep in touch with the Muktesar Institute, which is situated within the province.
	Burma.—Owing to lack of space and accommodation at the existing veterinary school, the Director of Agriculture is not disposed to accept this recommendation without further enquiry. This he has been asked to make and to submit a report to Government.
	Bihar and Orissa.—The Professor of Pathology and Bacteriology for the Bihar and Orissa veterinary college will act as a research officer in addition to his own duties. Other senior officers will also be expected and encouraged to undertake investigations in their own special spheres.
	Central Provinces—No college exists in this Province, but the establishment of an Institute is under consideration to accommodate a research branch.
CHAPTER X—Irrigation.	
52. Review of position in regard to outstanding Irrigation Projects (paragraph 275).	**United Provinces.**—There are several projects in these provinces that have been surveyed from time to time and for one reason or the other abandoned or kept pending, such as:—
	1. Rapti and Candak Canal projects in the Gorakhpur District. 2. Nindeh reservoir in the Mirzapur district. 3. Kaprar weir project in the Jhansi district. 4. Faisuni Canal project in the Banda district. 5. Urmal Canal project, Dhasan Canal Division. 6. Chan Canal project, Dhasan Canal Division. 7. Belan Canal project, Mirzapur. 8. Allahabad Branch Extension.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER X —Irrigation —contd.	Other projects that are under investigation at present are :— 9. Bewar Branch Extension. 10. Anti Minor Extension. 11. Irrigation of tract between the Jumna and Chambal rivers. 12. Gangan river project in the Moradabad district. It is hoped, when staff becomes available with the closing down of the Sarda Canal Construction, to look into these projects once more and also to investigate the possibility of tapping the smaller rivers and streams for irrigation.
	Burma.—This is being done.
	Bihar and Orissa.—The recommendation has been accepted for immediate action. No expenditure is involved.
	Central Provinces.—The work of the Irrigation Department has just been reviewed by a Committee. Until cultivators in the areas commanded by irrigation works show by results that they appreciate the advantages of irrigation and pay for them no new irrigation projects are likely to be undertaken.
	North-West Frontier Province.—A small staff has been operating since 1927 over the Dera Ismail Khan, Bannu, Kohat and Peshawar Districts. It is too early yet to say anything definite as regards the possibilities, but four large and two small irrigation schemes are under investigation as below :— Three large control **and/or** storage schemes in Dera Ismail Khan and Waziristan, one large control scheme in Kohat, one small scheme of improvement in existing methods in Bannu and one small scheme of improvment in existing methods in Peshawar.
53. Investigation and experiment on Sale of Water by volume (paragraph 277).	**United Provinces.**—The question was not investigated owing to pressure of other work, but the Research Officer, Irrigation Branch, is to take it up next cold weather.
	Burma.—Meters on flumes are being experimented with by the Irrigation Department on the Ye-u Canal. No further action is required on this at present.
	Bihar and Orissa.—Investigation and experiment will continue on the possibilities of sale of water by volume at the village outlet so as to obviate departmental interference and harassment by minor officials during irrigation of the village lands.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER X—Irrigation—contd.	
	In the long-term lease system, Government are approaching this desideratum, for a definite area below the outlet pays water rate whether cultivated or not and even if not irrigated, so that field measurement work is reduced to a minimum. The outlets certainly need improvement and a start is being made on evolving a suitable type of module outlet to replace the existing unsatisfactory pipe outlets. In this province, the capacity of the outlet is proportional to the irrigable area under it and is not reduced when its working duty is improved. The recommendations, which do not involve expenditure, have been accepted for immediate action.
	Central Provinces.—Under existing conditions, the sale of water by volume from Government works for the irrigation of rice, the only irrigated crop in the Province, is impracticable at present.
	North-West Frontier Province.—The time has not yet arrived for this in the North-West Frontier Province.
54. Formation of Irrigation *Panchayats* (paragraph 278).	**United Provinces.**—The question of associating village *panchayats* with canal management was under consideration from 1920 to 1925, but no decision was arrived at. It is in any case doubtful whether any control of the distribution of canal water can be entrusted to outside agencies not possessing the requisite technical knowledge, but in certain matters, such as preparation of *Osarbandies* and the prevention of the wastage of water, *panchayats* might be helpful. It has been decided that the Superintending Engineer, I Circle, should investigate in this direction in selected areas and should propose rules for defining the powers of such *panchayats*, after which further action will be taken. Three co-operative irrigation societies are in the initial stages.
	Burma.—The Chief Engineer, Irrigation Department, reports that the formation of Water-course Committees for distribution of water is encouraged and that they do not function very well at present. No further action is necessary.
	Bihar and Orissa.—The question of the formation of irrigation *panchayats* for the management of and distribution from village field channels was considered in 1916, when it was decided that owing to lack of communal spirit in irrigating villages, the establishment of *panchayats* or irrigation boards for the distribution of water was not a practicable proposition in this province. Another objection raised at that time was that because water is supplied under a personal agreement between Government and each individual cultivator, Government are legally bound to supply water to the land of each signatory to the lease and cannot, therefore, make over their responsibility to an irrigation board. The same reasons still hold good and the recommendation is, therefore, not acceptable to the local Government.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER X—Irrigation—contd.	In actual practice, however, Government seldom interfere in the contribution of the water after it leaves the outlet in the Government channel and distribution is managed by the cultivators themselves under the supervision of a headman or *lambardar* selected from amongst the more influential persons concerned with each lease and appointed by the Sub-divisional Officer in consultation with the lessees. The *lambardar* receives a fee from Government in proportion to the assessment of water rate for various duties connected with distribution, assessment and collection, but he is not really a Government servant and what Government want to encourage is a better recognition by the cultivators of the *lambardar* as their own representative and leader and of the advantage of abiding by his decisions in the matter of distribution of water. **Central Provinces.**—Irrigation *panchayats* are in existence for the purpose and their efficiency is gradually improving. **North-West Frontier Province.**—The time has not yet arrived for this in the North-West Frontier Province.
55. Establishment of a special agency for Minor Irrigation Works (paragraph 279).	**United Provinces.**—It is hoped in due course to extend the activities of the Irrigation Branch to minor irrigation schemes when the necessary staff and funds are available. There is a proposal to retain the seventh Circle (Sarda), which was to have been abolished this year, for an investigation, among other matters, into several possibly remunerative schemes of this class which might be taken up. **Burma.**—The Financial Commissioner (Transferred Subjects) has been asked to report on this recommendation after consulting the Chief Engineer, Irrigation Department. **Bihar and Orissa.**—There is ample scope in this Province for the addition of such an agency to the establishment of the Irrigation Department but there is a shortage of qualified divisional officers and there is also no suitable legislation for undertaking minor irrigation works and recovering the cost from the tenantry benefited. The Minor Irrigation Works Act of 1922 deals only with the landowners and as this has been found to be unsatisfactory, proposals for amending the Act to permit of more direct dealings with the tenants are under consideration. The formation of a special permanent division must be postponed until after amendment of this Act. There is however, in existence at present a temporary division for project work which is made use of by the people through their District Officers for investigating likely irrigation schemes or advising on existing schemes, which serves the purposes of this recommendation.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER X—Irrigation —contd.	
	The recommendation has been accepted for action at some future date when the financial condition of the province has improved. A special minor works division will involve a recurring expenditure of about one lakh of rupees.
	Central Provinces.— The establishment of such a special agency has not yet been considered. The Irrigation Committee doubt if the appointment of a special officer is necessary unless the construction of irrigation works is decided on in areas where there are no representatives of the Irrigation Department.
	North-West Frontier Province.—There is no sc ope for the employment of a special agency. There are no Government minor irrigation works in the province and any that may be sanctioned in the future should be constructed and maintained by the Irrigation Department or the Civil Canals Establishment under the former's advice.
56. Pumping and Boring Operations and Tube Wells (paragraph 280).	**Bengal.**—The question is under consideration.
	United Provinces.—The United Provinces Government do not accept the recommendation that the system of subsidizing tube wells at present in force in that province should be at once discontinued. To do so now would be to cause a decided check to the popularity of these wells at a time when there seems a possibility, with suitable encouragement, of a large increase in this form of irrigation. During the past year, however, this section of the Department has made every effort to encourage private enterprise to undertake the construction of these wells and to ensure that in the case of approved contractors the cost to the owner will be no greater than if the well was constructed by the department direct. Success has not been attained so far and contractors do not appear to find the work remunerative unless at rates which are far in excess of those for which the department can do the work after allowing for all overhead charges. Further efforts are in progress with the aim of eventually abolishing the subsidy and getting the work done entirely by private enterprise.
	Punjab.—The scheme for the installation of the battery of tube wells referred to in the Royal Commission's Report has not come into operation. During the last year several other schemes of the same nature have been drawn up and have been, or are being, submitted for the consideration of Government.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER X—Irrigation —contd.	

Burma.—The new Agricultural Engineer has recently joined his appointment and he will be instructed later to take up the survey of sub-soil water supplies in suitable areas, and Deputy Directors have already been instructed to make a preliminary survey of localities likely to be suitable from the cultivation point of view. The recommendations regarding Government assistance in regard to the construction of tube wells, encouragement of private enterprise and entrusting of pumping and boring operations to the Agricultural Department are accepted.

Bihar and Orissa.—The economics of tube well irrigation are being studied at the Sabour farm from an agricultural standpoint and similar experimental work will be carried out at the Patna farm ; the necessary engineering records will also be kept. The Agricultural Engineer in the course of work for the improvement of village wells is accumulating valuable data on sub-soil water supplies and the areas in which strainer tube wells are successful. Besides additional boring plant, the Agricultural Engineer has recently been provided with three testing sets for determining the discharge of tube wells.

The development of this type of work will require additional expenditure in the future. An accurate meter is required for determining the quantity of water supplied to crops, this will cost about Rs. 2,100 non-recurring and some two or three will be needed.

At present, sub-soil water survey is partly conducted indirectly at the expense of well owners in promising areas. To prove other areas would involve a small gang of borers and a supervisor on experimental work only at a non-recurring cost of Rs. 12,000 for plant and some Rs. 10,000 average recurring. This is not an immediate necessity. But the Agricultural Engineer will receive an annual allotment of Rs. 5,000 for experimental work in tube wells and boring generally. This is a more urgent need.

Conditions on the Chota Nagpur Plateau proper are far from promising and there seems little hope of securing water supplies by boring. The Geological Survey were consulted on the point in 1911. But there are areas lying between the Plateau and the alluvial tracts of South Bihar (in the Bhagalpur and Patna and Chota Nagpur Divisions) where the occurrence of rock at comparatively small depths prevents tube wells being constructed at present. In such areas, rock drilling might lead to successful results. There is a demand for assistance for the improvement of water supplies in Chota Nagpur and South Bihar and the possibilities of shallow rock drilling are worth investigating.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER X—Irrigation —contd.	
	A hand power plant capable of drilling small holes to depths not exceeding 250 feet would cost some Rs. 3,000 only and about Rs. 2,000 per annum to operate. A set of this size will be purchased first for experimental work and for subsequent testing of areas. The cost per foot bored varies enormously with the rocks met with and the depth of the boring. The Director of Agriculture has accordingly been requested to include these items in the list of his new demands.
	The recommendation that Government assistance in regard to the construction of tube wells should be limited to the provision of information, of technical advice and of finance, where required, on the *taccavi* system and to placing boring equipment and skilled labour at the disposal of the landholder on payment of a moderate fee, has been accepted being entirely in agreement with the present policy in Bihar and Orissa.
	The local Government also agree that private enterprise in the construction and maintenance of tube wells should not be discouraged by Government competition. At present, however, the pioneer and exploratory work of the Agricultural Department has not reached the stage where the construction of tube wells at prices which the agriculturist can pay is attractive to private enterprise.
	The recommendation that pumping and boring operations should be entrusted to the Agricultural Department has been accepted with the qualification that only pumping and boring operations for agricultural purposes are included. Water supplies for drinking and sanitary purposes are the concern of the Public Health Department who are encouraging private contractors to take up the work. Pumping and boring for industrial purposes can quite well be left to private enterprise.
	Central Provinces.—Boring experiments are being made in Berar where water is scarce.
57. Ordinary Wells (paragraph 281).	**Bengal.**—The question is under consideration.
	United Provinces.—The well boring division of the Agricultural Engineering Section has continued its work along the usual lines. In the present state of co-operative development, Government are not prepared to ask co-operative societies to undertake costly works which require technical knowledge. Where a tract shows abandonment of irrigation wells the present practice is that the Revenue Department issues orders to Collectors to ascertain during their cold weather tour the causes of abandonment, so that the question can be satisfactorily looked into

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER X—Irrigation —contd.	**Punjab.**—A considerable staff with about 100 boring plants have been at work boring existing wells with a view to augmenting their water supplies.
	Burma.—The Agricultural Engineer already deals with improvement of pumping apparatus. No other action by the Department is demanded.
	The question of co-operative sinking and working of wells and the institution of an enquiry regarding abandoned wells are not applicable to the conditions in Burma.
	Bihar and Orissa.—The local Government agree that the construction of ordinary wells is essentially a matter for private enterprise but that there are many ways in which the Agricultural and Irrigation departments can help the landholder. At present the Agricultural Engineer assists the owners of ordinary wells in the following ways :— (*a*) By test boring, when necessary for the construction of new wells ; (*b*) By sinking open tubes, through the foundation clay to enable a better water-bearing sand to be tapped or by the addition of smaller strainer tubes to existing masonry wells for the same purpose ; (c) By the supply and fitting of *Rahat* bullock pumps, suitable to various sizes of masonry wells ; (*d*) With advice in difficulties.
	At present no new proposals are needed and steady development on existing lines is called for. Government have recently sanctioned an addition to the number of small size boring plants employed on the improvement of village wells.
	Work is at present in progress on small tube wells for co-operative societies and the recommendation for encouraging the co-operative sinking and working of wells has been accepted.
	There are only four districts in this province where well irrigation is of any importance. The local Government have no information to indicate that there has been any abandonment of well irrigation on a large scale. If such a movement had taken place, it could not have escaped notice. They do not consider, therefore, that any investigation into the causes of abandonment of wells is necessary in Bihar and Orissa.
	Central Provinces.—Irrigation from wells is encouraged by loans for construction and plant.
	North-West Frontier Province.—The local Irrigation Branch has so far had nothing to do with wells but any advice asked for will be freely given.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER X—Irrigation —contd.	
58. Establishment of close relations between Agricultural and Irrigation Departments (paragraph 283).	**Madras.**—Orders have been issued enjoining on Irrigation officers to consult the Agricultural Department at every stage of investigation of new projects. The Government have also decided that short courses of training in agriculture are not likely to be useful to officers of the Public Works Department. **Bengal.**—The local Government agree with the opinion regarding the establishment of closer relations between the two departments. The question of the institution of short courses in agriculture for irrigation officers is under consideration. **United Provinces.**—The two Departments have been collaborating in experiments in the Sarda area, to investigate the best methods of using the water now available there from the new canal system for cultivation. The following arrangements have been made this year for training junior officers of both departments :— (*a*) Four officers of the Irrigation Branch have been selected and arrangements are being made to send them to the Government agricultural farm at Shahjahanpur to study green manuring. (*b*) A course of six lectures on irrigation has been delivered to the students of the Agricultural College by the Research Officer, Irrigation Branch, and Professor of Engineering (Irrigation), Thomason College, Roorkee. It is also proposed to post an Irrigation Branch officer as Agricultural Engineer, and thus close liaison will be maintained. **Punjab.**—Eleven officers of the Irrigation Department attended the one month's rural economy course at the Agricultural College during the past year. Arrangements are in progress whereby an Irrigation Officer will give a course of lectures to the students of Agricultural College and the staff of the Department at Lyallpur. **Burma.**—The Director of Agriculture has been asked to report on these recommendations in consultation with the Chief Engineer, Irrigation. **Bihar and Orissa.**—The local Government have accepted the recommendation that closer relations should be established between the Agricultural and the Irrigation Departments. The Director of Agriculture is already consulted on new irrigation projects and gets helpful suggestions from the Chief Engineer, Irrigation Department. The recommendation for the interchange of courses on agriculture and irrigation has been accepted in principle and reserved for action at some future date, when an agricultural college is established in the Province.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER X—Irrigation —contd.	
	Central Provinces.—The Agricultural Department is consulted before a new project is undertaken. The programmes for demonstration and experimental work of the Agricultural Department are prepared to meet the requirements of, and in consultation with, the Irrigation Department. Plots are also opened in commanded areas to demonstrate the growing of irrigated crops.
	North-West Frontier Province.—This necessity has been recognised in the past and prior to the construction of the Upper Swat Canal a complete soil survey of the area commanded was made and on that survey the areas available and their qualities were judged.
59. Establishment of Irrigation Advisory Committees (paragraph 284).	**United Provinces.**—There is already an Irrigation Board in these provinces composed of the Chief Engineer, Open Canals, two Superintending Engineers, one Deputy Magistrate, the Director of Agriculture and four non-official members selected by the Legislative Council. Of these four non-official members, three are zamindars from canal irrigated districts. All general grievances can be aired through this Board. Individual complaints are settled by the men on the spot, that is, the Sub-divisional officer and Executive Engineer. The Superintending Engineer and the Collector of the District receive appeals if any real hardship remains unremedied. The present system is working satisfactorily. Individual complaints and abuses there are and always will be; but no board can deal with such matters which must be investigated on the spot with all the parties concerned present.
	Punjab.—By arrangement with the Irrigation Department, the local gazetted Agricultural Officer is now a member of each Canal Advisory Committee.
	Burma.—The Government agree with the Chief Engineer, Irrigation, that cultivators should be encouraged to take their grievances, if any, to the Executive Engineer concerned as the knowledge of them is of great assistance to him in managing the distribution of water. The Government foresee in the proposed Committee a direct discouragement of this practice and are therefore unable to accept this recommendation.
	Bihar and Orissa.—An Advisory Committee for the Superintending Engineer, Son Circle, has been established in this province. During a two years' trial it has not proved much of a success but is being tried for another two years. There is a regular departmental system for receiving, enquiring into and disposing of individual complaints in regard to irrigation matters and this is sufficient until the people can organise their own committees for joint representation when needed.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER X—Irrigation—contd.	**Central Provinces.**—There is a Standing Committee of the Provincial Legislative Council. The recent Irrigation Committee considered the formation of an Irrigation Advisory Committee undesirable and that the Standing Committee of the Legislative Council is sufficient. **North-West Frontier Province.**—A Canal Advisory Committee for the Government Canals Area has just been sanctioned.
60. Research on Irrigation problems (paragraph 287).	**Madras.**—Proposals involving a non-recurring expenditure of Rs. 2,49,400 and a recurring annual expenditure of Rs. 9,200 have been received from the Board of Revenue, in consultation with the Chief Engineer for Irrigation and the Director of Agriculture, for the opening of an experimental station for research work on irrigation problems. **United Provinces.**— With a view to eventually establishing a research division a Research Officer has been appointed ; but for financial reasons and also because much preliminary work must be done before such a division can be usefully established, the post has been combined for the present with that of Professor of Civil Engineering (Irrigation) at the Thomason College, Roorkee. In his spare time and during the college vacations, this officer is gradually preparing the way for a fully developed research division. He has also done some very useful theoretical work and has been to the Punjab and Bombay, each of which possesses a research circle with several research divisions and the latter has also an agricultural farm of 200 acres for research work. This officer and the Punjab and Bombay Research Officers have prepared a memorandum in consultation giving their views on research and how it should be organized. He has also taken over a small distributory system near Roorkee for experimental work and has been given an assistant and a small staff with which he will tackle two important questions :— (1) Losses of water by absorption both in canal and in cultivator's water-courses with a view to economising water for use elsewhere. (2) Different methods of distribution, with a view to inducing the cultivator, if possible, to take less water to mature his crops. At present, it is admitted, that he takes too much, and often reduces the yield of the field on that account. The Research Officer, in dealing with such problems frequently consults the Agricultural Department, and thus the liaison between the two departments recommended by the Commission is secured. The Public Health Department (Malariology Branch) is also interested.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER X—Irrigation—contd.	
	Punjab.—A water-logging board has been formed which will deal with problems connected with water-logging and includes officers of the Irrigation and Agricultural Departments.
	Burma.—The Chief Engineer, Irrigation, reports that the Irrigation Department keeps in touch with the research work done in the United Provinces, the Punjab and Bombay, and that the amount of irrigation done in Burma is not sufficient to justify a special staff for irrigation research.
	The recommendation regarding collaboration in research work between the Agricultural and Irrigation Departments is accepted and to a certain extent carried out. Enlistment of the assistance of the university in irrigation research is not practicable at present.
	Bihar and Orissa.—Irrigation in Bihar and Orissa is not sufficiently important to justify a special research station and the recommendation cannot be considered at present with the existing shortage of senior irrigation officers and the financial stringency of the province.
	Central Provinces.—The question is under consideration. No trouble due to water-logging and the formation of alkali lands in irrigated areas have arisen in this province.
	North-West Frontier Province.—The permanent Engineering Officers are obtained on loan from the Punjab; at present the staff is too small to undertake research.
61. Preparation of Drainage Maps (paragraph 289).	**United Provinces.**—The Director of Agriculture recommended the introduction of a system of drainage to prevent the accumulation of surface water on *do-fasli* (double crop) land, which destroys the *kharif* crop and reduces the yield of the *rabi*. The loss thus caused is enormous in years of plentiful rainfall, and the result of proper drainage would be an increase in the quality and quantity of land available for *do-fasli* cultivation. The Director proposed that the Districts of Moradabad, Gonda, Basti and Gorakhpur should be surveyed. As already pointed out the Irrigation Branch have no staff at present to carry on the necessary surveys until the Sarda Canal has been completed. Moreover, it is doubtful whether these drainage schemes can be made productive; and therefore the existing financial position of the province will hardly permit of any undertaking in this direction. The matter will consequently have to be held over till next year.
	Burma.—Drainage maps with reference to alkali lands are not required in Burma. Drainage of water-logged areas in the Delta is receiving the attention of the Irrigation Department.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER X—Irrigation—contd.	
	Bihar and Orissa.—Drainage surveys will be undertaken in canal irrigated areas and elsewhere and drainage maps prepared. Such surveys and maps would be specially useful in Orissa and North Bihar as well as in the Son Canal area but would be expensive and not directly remunerative. Some work in this connection is now being undertaken on a small scale by a temporary Survey Division in North Bihar. A proposal for a more comprehensive drainage survey is under consideration. There is ample scope for a special Drainage and Embankment Division in North Bihar alone but shortage of staff and paucity of funds are in the way. The recommendation has been accepted and action will be taken at some future date when funds are available. It is estimated that the cost will be about Rs. 2 lakhs. **Central Provinces.**—See remarks against item No. 60. **North-West Frontier Province.**—Drainage maps have been prepared for the Upper and Lower Swat Canal areas and much work has already been done in the construction of drains on areas threatened with water-logging. The work is nearing completion. The Kabul River Canal area has already got a system of drains in places requiring them. A "History of Drainages" has been written and is to be brought up-to-date annually.
62. Irrigation in Sind (paragraphs 290 and 291).	**Bombay.**—The remarks and observations of the Royal Commission have been taken into consideration in dealing with the agricultural problems in the Sukkur Barrage area.
63. Irrigation in Bengal (paragraph 292).	**Bengal.**—The Governor in Council has accepted the recommendation to appoint a technical committee of experts to examine and report on the advisability of setting up a provincial Water-ways Board in this province. It is proposed further to refer to this Committee questions regarding the present organisation and future constitution of the department in relation to the problems of irrigation and navigation in this province, the separation of subjects now within the scope of the Irrigation Department and the expansion of the department to enable it to cope with its responsibilities. An announcement presaging the appointment of a committee of experts was made in the March, 1929, session of the Bengal Legislative Council. Further, the Government of Irrigation Department of Industries and Labour, have been moved to appoint a Committee consisting of three or four members of the Board of Irrigation to examine and advise on these and certain other questions. It is proposed to await the report of this Committee before taking any further action in the direction of the recommendations of the Royal Commission on Agriculture. It is, therefore, not possible now to formulate definite schemes in regard to these recommendations or to prepare estimates of cost.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER X—Irrigation—contd.	
	(**Burma.**—Government have given instructions to the Chief Engineer to keep in touch with inquiries going on in Bengal where a special committee of experts has been proposed.)
64. Hydro-electric development (paragraph 295).	**United Provinces.**—Great strides have already been made in the generation of electric energy from canal falls in these provinces. The first scheme of power development from canal falls was initiated in 1913, when a turbine station was installed at Bahadrabad for the construction of the Bhimgoda weir. In 1925, a scheme was prepared on a Commercial basis, and the Bahadrabad power house was supplemented and utilised for supplying power to the towns in the Hardwar Union and to Roorkee. Subsequently schemes for generating power from Palra and Bhola falls were prepared, and lastly the Ramganga hydro-electric pumping scheme was designed. The Bahadrabad scheme was completed in January, 1927, and works in connection with other schemes are in progress. These schemes are all linked together, and combined by means of a "grid." By them electrical energy will be supplied to all towns of over five thousand population in the Districts of Saharanpur, Muzaffarnagar, Meerut, Bulandshahr, Aligarh, Bijnor and Moradabad, for domestic, industrial and agricultural purposes. It is hoped that all these schemes will be completed and power available in all the towns before the summer of 1930. Further development in this direction will depend upon the increased demand for power. The power generated at Palra falls will be utilized for pumping water from the Kali Nadi into the Ganges Canal for irrigating an additional 26,000 acres of land. By the Ramganga Scheme about 50,000 acres of land will be irrigated by water electrically pumped from the Ramganga river. It is considered, however, that further schemes of power development and pumping from rivers for irrigation will not be paying propositions unless the cultivator and zamindar are willing to pay much higher rates than are charged for ordinary canal irrigation. Power will be sold at very cheap rates, *viz.*, one anna per electrical unit for pumping water for irrigation from the wells, *jhils* and *nadis* and arrangements will be made for taking branch lines to areas where the demand for electricity for such pumping is sufficient to justify the outlay. In order to popularise electrical pumping two demonstration tube wells have been sanctioned for the Bijnor and Moradabad Districts, and experiments on ordinary wells in Bijnor, Meerut and Aligarh Districts are being organised with a view to finding out the capacity of such wells and the sizes of pumps that would suit them. A special irrigation division in the Meerut and Aligarh Divisions is being created for such experimental work.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER X—Irrigation—concld.	
	Burma.—The recommendation regarding obtaining of advice from firms of consulting engineers in regard to provincial hydro-electric schemes has lately been given effect to in Burma. The recommendation regarding settlement of probable disputes is accepted.
	Bihar and Orissa.—There are at present no hydro-electric pumping schemes under consideration in this province. The only possibility in this connection is the use of the power available at canal falls on the Son system for pumping water from tube wells for sugarcane irrigation in the hot weather when the supplies available in the Son river are very limited. This matter will be taken up by the Agricultural Department who are concerned with tube well pumping schemes and, if there are prospects of success, the advice of firms of consulting engineers will be obtained. The local Government accept the suggestion that should disputes between provinces in any matters arising out of hydro-electric development occur, these should be referred to Committees appointed *ad hoc*.
	Central Provinces.—Preliminary surveys were carried out ten years ago, but no further action has been taken.
	North-West Frontier Province.—There are five schemes under investigation for pumping by hydro-electric power from the Government canals in the province but it would be premature to say anything about them at present beyond that they are comparatively small.
CHAPTER XI—Communications and Marketing.	
65. Constitution of Road Boards (paragraph 305).	**United Provinces.**—A Board of Communications already exists in this province and the question of placing a grant at the disposal of the Board for distribution has often been raised, but the Government have not in the past accepted the proposal. The recent District Board Finances Committee has recommended that a recurring sum should be placed at the disposal of the Board of Communications for grants-in-aid for the construction of new roads or (at present) for the reconstruction of existing roads. Provision for a whole-time Secretary for the Board of Communications is now being asked for. Both proposals are being considered.
	Burma.—No action is required.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XI—Communications and Marketing—contd.	
	Burma.—The Committee appointed to enquire into conditions of the rice and paddy trade in Burma have been asked to advise the local Government on these recommendations.
	Bihar and Orissa.—Neither the local conditions nor the finances of this province permit the general acceptance of the recommendations. When the local Government can afford a marketing survey on a small scale, the question will be examined for some of the Government estates. No immediate action is possible.
	Central Provinces.—Action is being taken in this direction. Cotton and grain markets in Berar are regulated.
68. Efforts to secure improved quality from producers with special reference to encouragement of co-operative sale societies (paragraphs 340—342).	**Bombay.**—The matter is under consideration.
	Bengal.—The matter is under consideration.
	United Provinces.—The question of the organisation of co-operative sale societies has received attention from the Co-operative Department. It presents considerable difficulties in regard to management and storage and owing to the fact that the grower cannot afford to wait for his money and is in many cases already in debt to the dealer before his crop is harvested. In view of the present state of the co-operative movement in the Province a policy of consolidation rather than expansion is at present being pursued and the time is not considered suitable for new experiments of which the success is doubtful until there has been a greater development of the co-operative spirit by means of education and experience in credit societies and a revival of enthusiasm.
	Punjab.—Co-operative commission shops are still in existence and their number is gradually increasing.
	Burma.—The opinion is accepted where applicable to Burma. The Co-operative Department is unable to act upon it at present. It is unable to attend to the development of co-operative sale societies.
	Bihar and Orissa.—Bihar and Orissa is only indirectly concerned with the export wheat trade. The area under wheat in the province is comparatively small and any surplus Bihar wheat undoubtedly goes to Indian cities. Bihar can and does grow strong wheat and the Pusa wheats are spreading. Calcutta flour mills pay good prices for the best Bihar wheats. Any large increase in the Indian wheat exports is, however, likely to

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XI—Communications and Marketing—contd.	
	be from Karachi. No action on the recommendation for bearing in mind the possibilities of developing an export trade in high class strong wheat is called for unless a radical change in the course of the world's wheat trade occurs. If, however, a world shortage of strong wheats occurred, the export of Bihar wheat *via* Calcutta would be a practical proposition and the position will then be reconsidered. Meanwhile, the Agricultural Department will go steadily ahead with the introduction of improved varieties.
	The Royal Commission recommend that effective pressure to secure improved quality from the producer must, in the main, be applied by the Agricultural or Co-operative Departments. With the present staff, neither department is in a position to take any effective action. The recommendation has, therefore, been accepted in principle but the action to be taken on it has been reserved for future consideration when the staff of the Agricultural Department has been considerably strengthened. The recommendation that the most effective method of enabling the cultivator to secure an adequate premium for superior quality is organisation for the purposes of sale and that co-operative sale societies should be encouraged in all possible ways by the Agricultural and Co-operative Departments has been accepted. The Registrar of Co-operative Societies hopes to get co-operative sale societies started in consultation with the Director of Agriculture and in close co-operation with him. **Central Provinces.**—Efforts to organize co-operative sale societies are being made by the Agricultural and Co-operative Departments with particular reference to cotton. The services of agricultural officers are lent to co-operative organizations for this purpose.
69. Auction sales by Agricultural Departments (paragraph 343).	**Bengal.**—The matter is under consideration. **United Provinces.**—No action has yet been taken. **Burma.**—The principle is accepted and is being acted upon as far as practicable. **Bihar and Orissa.**—This recommendation has been accepted as a general principle. No such sales are contemplated or needed at present. **Central Provinces.**—The Agricultural Department is endeavouring to secure an adequate premium for a superior variety of cotton recently produced. No auction sales have, however, yet been held, but the possibility of adopting this system is being considered.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XI—Communications and Marketing—contd.	
70. Experiments with Containers (paragraph 345).	**Bengal.**—The matter is under consideration. **United Provinces.**—No action has yet been taken. **Burma.**—This is not considered an urgent problem at present. **Bihar and Orissa.**—This applies mainly to the transport of mangoes and other fruit to Calcutta. It is not urgent and will be taken up when, and if, an expert marketing officers is appionted. **Central Provinces.**—No action has yet been taken.
71. Market Surveys (paragraph 347).	**Bombay.**—The formulating of an effective policy for the improvement of marketing and undertaking of a survey on the lines laid down in paragraph 347 of the Report is considered one of the most important problems by the Agricultural Department and the first step in this direction is the appointment of an expert marketing officer on the staff of the Agricultural Department, and proposals in this regard are under consideration. **United Provinces.**—Some work has been done on the question of trade dues and further information is being collected by an officer on special duty with the Provincial Banking Committee. A full treatment of the question, however, awaits the appointment of a marketing officer. **Punjab.**—An investigation into the marketing of the cotton crop was carried out and completed by officers of the Department during the past year from funds provided jointly by the Indian Central Cotton Committee and the Board of Economic Enquiry, Punjab. Government have recently given their approval to a proposal of the Indian Central Cotton Committee to grant two scholarships of three years each to selected graduates of the Agricultural College, Lyallpur, for training in economics. **Burma.**—The Committee appointed to enquire into conditions of the rice and paddy trade in Burma have been asked to advise Government on these recommendations. **Bihar and Orissa.**—*Vide* item No. 72 below. **Central Provinces.**—A survey of cotton marketing has already been made. Similar surveys for other staple crops are desirable and these will receive attention when sufficient staff is available.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XI—Communications and Marketing—concld.	
72. Appointment of expert Marketing Officers (paragraph 348).	**Bombay.**—The matter is under consideration. **United Provinces.**—*Vide* item No. 67. **Punjab.**—The appointment of a marketing officer is under the consideration of Government. **Burma.**—The Committee appointed to enquire into conditions of the rice and paddy trade in Burma have been asked to advise Government on these recommendations. **Bihar and Orissa.**—The local Government agree that a marketing survey is essential but it is far less urgent than many other needs and would cost Rs. 25,000 a year. The matter has, therefore, been postponed to a distant future. It may be possible later on to arrange for a small survey at moderate cost and this matter will be kept in view when funds permit. **Central Provinces.**—No expert on marketing has yet been appointed.
CHAPTER XII—The Finance of Agriculture.	
73. Limitation on period of usufructuary Mortgages (paragraph 353).	**Bengal.**—Section 26G of the new Bengal Tenancy Act provides a limitation of 15 years on the period of usufructuary mortgages and for redemption at any time within that period. As this Act has come into force only this year, it is too early to consider any further amendments. **United Provinces.**—No action has yet been taken. **Burma.**—This will be considered with the recommendations of the Committee on Co-operation in Burma on the subject of usufructuary mortgages. **Bihar and Orissa.**—*Vide* item No. 75 below. **Central Provinces.**—No action has been taken. The report of the Banking Enquiry Committee is awaited.
74. Removal of restriction on operation of Punjab Redemption of Mortgages Act (paragraph 354) (*Special to the Punjab*).	**Punjab.**—No remarks received from the Punjab.
75. Enactment of Legislation in regard to redemption of Mortgages in provinces other than the Punjab (paragraph 354).	**Bengal.**—See remarks against item No. 73 above. **United Provinces.**—No action has yet been taken. **Burma.**—The problem of land alienation has been under consideration of Government for many years. No special enquiry is required.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XII—The Finance of Agriculture—contd.	
	Bihar and Orissa.—In the backward tracts, restrictions on mortgages and on the alienation of land on the lines recommended by the Royal Commission are already in force and no further action is necessary for these areas. As regards Bihar proper, the movement has been for many years past in the direction of liberalising instead of restricting the ryot's right of transfer in his occupancy holding and it does not appear that this tendency is likely to affect adversely the efficiency of agriculture. Further the local Government are to some extent committed to recognising the tendency. The amendment of the Bihar tenancy law has been under examination for some years, and in view of the magnitude of the issues involved, Government have felt bound to legislate as far as possible on lines to which both the tenants' and landlords' parties agree. A proposal to limit the right of mortgage to self-extinguishing usufructuary mortgages not exceeding 15 years was examined, and though receiving some support from the landlords' party for reasons not connected with the welfare of the ryots, was not accepted by the representatives of the tenants who resented a proposal which might lessen the amount of the ryot's credit. The local Government have, therefore, omitted this provision from the draft Bill which they propose to introduce at the next Council session. They propose, however, to sound both parties further on this question. At the same time, they are not sure that the necessity for restricting the right to mortgage is as clear in Bihar as it is, for instance, in the Punjab. The gravitation of the surplus agricultural population to work in the industrial centres is one factor in the desire of ryots for freedom of transfer.
	Central Provinces.—*Vide* remarks against item No. 73.
76. Desirability of extension of principles of statutory restriction on Alienation of Land (paragraph 355).	**Bengal.**—In Bengal there are restrictions on alienation by aboriginals only, under the provisions of Chapter VII-A of the Bengal Tenancy Act, which was originally introduced by an Amendment Act in 1918. For non-aboriginals, the new Act has removed all restrictions and declared all occupancy holdings to be saleable. This privilege is highly prized by the tenants and, in the present state of public opinion, any movement towards restriction would be resented. Opinions are divided as to whether the restrictions on aboriginals have proved beneficial to the people. Reports have been received from some districts that the Amendment Act has afforded a measure of protection to aboriginal tribes against falling into the clutches of unscrupulous moneylenders but others think that the amendments have not worked satisfactorily.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XII—The Finance of Agriculture—contd.	**United Provinces.**—The re-examination of the question in this province mentioned in paragraph 355 of the Royal Commission's report consisted in a detailed examination of the movements of land between castes in each district during the period from 1909 to 1927. On considering the result, the Government decided in 1927 that losses to agricultural castes were not so serious as to call for any special legislation. The gross loss to castes classed as wholly agricultural was 444,385 acres or 1·5 per cent., but this result was complicated by the fact that castes classed as doubtful (which included Brahmans and Bhumihars) had gained 319,974 acres. Non-agricultural tribes had gained 604,827 acres. The difference between the total gains and total losses was apparently due to the fact that the list of castes shown in the statistics of 1909, and followed in this statement for the purpose of comparison, was not exhaustive. The losses of the agricultural castes were further made doubtful by the fact that all Muslims were classified as an agricultural caste, while they are certainly not all agriculturists. Their losses were 430,837 acres or 4·8 per cent. The decision of the Government was stated in the Legislative Council in answer to a question on December 15th, 1928. At the Council session of June, 1929, an Act was passed to amend section 16 of the Bundelkhand Land Alienation Act, 1903, by providing a legal remedy for a member of an agricultural tribe in whose favour a simple mortgage has been executed by another member of such a tribe who has then defaulted in payment. The amendment provides that, if the mortgagee obtains a decree for sale, the decree may be executed by sale of the land to a member of the agricultural tribe to which the mortgagor belongs, or to a member of any other agricultural tribe residing in the district in which the land is situated. The Hon'ble High Court of Allahabad had drawn attention to the absence of any such remedy without an amendment of the Act. **Burma.**—The sentiment is approved. **Bihar and Orissa.**—The local Government do not believe that any proposal to limit the ryot's right of alienation in Bihar in future can succeed. There has been an insistent demand in recent years for extending rather than restricting the right of transfer, and the Government Tenancy Bill to be introduced shortly in the Legislative Council provides definitely for a liberal right of transfer. It will be impossible now for the local Government to go back on this policy, and they themselves believe that freedom of transfer is generally desirable in the conditions of Bihar. The Bill, however, contains a provision which will enable them to withdraw or limit the right in the case of any area or any class of cultivators if it is found desirable to do so.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XII—The Finance of Agriculture—contd.	
	Central Provinces.—A private Bill relating to alienation of lands in Berar is under examination. For the Central Provinces, on the other hand, a private Bill has been introduced with a view to enlarge the tenants' rights of transfer.
77. Enquiry into Expropriation of Hereditary Class (paragraph 355).	**Bengal.**—The proposed enquiry may be undertaken at the time of the forthcoming census operations, if possible.
	United Provinces.—*Vide* item No. 76 above.
	Burma.—Statistics of land held by non-agriculturists are available. There is no present demand for a special enquiry.
	Bihar and Orissa.—The question will be considered but, in the absence of a revenue staff distributed over the agricultural area, it is likely that such an enquiry may not be found feasible. At present, the local Government do not anticipate that in Bihar any tendency in this direction on a noticeable scale will be found. In the backward tracks, no investigation of this kind is necessary, as the existing Tenancy Acts fully protect the cultivating classes.
	Central Provinces.—No action has yet been taken.
78. Removal of difficulties in the way of landlords investing capital in their lands (paragraph 358).	**Bengal.**—In Bengal, there are no difficulties of this nature. Section 30 of the Bengal Tenancy Act directly encourages landlords to invest capital by providing for enhancement of rent on the ground that the productive powers of the land have been increased by improvements effected at the expense of the landlord.
	United Provinces.—The Agra Tenancy Act has only recently been passed and no further action has been taken in regard to tenancy legislation. In the United Provinces Land Revenue (Amendment Settlement) Act (I of 1929), section 63D, the existing practice is made statutory that in calculating the assets, the Settlement Officer "shall also make a deduction for improvements which have increased the assets of the *mahal* constructed by or at the cost of the proprietor or under proprietor or by or at the cost of a tenant, etc." This is further dealt with in paragraph 4 of "Instructions to settlement officers" and r de 36 of the Rules under the Act.
	Burma.—There is no special tenancy legislation in Burma. Encouragement to landlords to invest capital in land was one of the objects of the Burma Agrarian Bill which has lately been put forward and withdrawn owing to opposition of landlords. No further move in the matter is now proposed.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XII—The Finance of Agriculture—contd.	
	The proposal regarding the establishment of home farms by landlords does not apply to Burma.
	Bihar and Orissa.—The recommendations made in paragraph 358 are not, in the opinion of the local Government, suitable to the conditions of Bihar Owing to the extreme sub-division of proprietary rights, the majority of landlords are petty proprietors, in many cases, little bigger than ordinary ryots and could not in any case afford to take up scientific farming. If more facilities for acquiring ryoti lands were given, there is a grave danger that the rights would be used for the expropriation of the cultivator without any real improvement in the standard of cultivation. As a general rule, only the big landlords could undertake scientific farming but very few of them do so and it would be unwise to legislate for this small minority.
	Central Provinces.—No action has yet been taken.
79. Working of Land Improvement Loans Act and Agriculturists Loans Act (paragraphs 359 and 362).	**Bombay.**—The question of giving the co-operative societies and their members the same concessions in the matter of remissions of loans under the Agriculturists Loans Act as are extended to cultivators who are granted loans direct by Government, is under consideration.
	Bengal.—The Land Improvement Loans Act is well known to the landlords in Bengal and no further propaganda is necessary to make it known to them.
	The question of placing part of the allotment under the Land Improvement Loans Act at the disposal of land mortgage banks and other recommendations in paragraph 362 of the Report, will be considered in connection with the recommendations made by the Tenth Conference of Registrars of Co-operative Societies held in 1928.
	United Provinces. The only measures taken during the year—in which very large sums have been given as loans under the Agriculturists' Loans Act owing to the failure of the monsoon—was the successful introduction in Bundelkhand and elsewhere of a system whereby, instead of advancing cash to buy seed, good seed purchased by the Agricultural Department was advanced and recoveries were made in cash.
	Burma.—The Financial Commissioner (Transferred Subjects) has been asked to report regarding the working of the Land Improvement Loans Act. The placing of part of the allotment under the Land Improvement Loans Act at the disposal of land mortgage banks will be considered when such banks are firmly established.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XII—The Finance of Agriculture—contd.	**Bihar and Orissa.**—The recommendation that steps should be taken to make landlords better acquainted with the facilities offered by the Land Improvement Loans Act does not call for any action as the local Government think that the facilities under the Act are already well known to landholders in Bihar and Orissa. The consideration of the recommendation that part of the allotment under the Land Improvement Loans Act should be placed at the disposal of land mortgage banks where these are firmly established, provided that steps are taken to ensure its utilisation on objects which fall within the scope of the Act, has been postponed until the policy with regard to the establishment of land mortgage banks has been settled as a result of the deliberations of the Indian Banking Enquiry. The local Government do not consider that the co-operative societies in this province are at present suitable agencies for the general distribution of Government loans. But they agree that where loans given under the Agriculturists' Loans Act are remitted similar clemency ought to be shown in the case of agriculturists loans distributed through co-operative societies. **Central Provinces.**—The present working of the Act is satisfactory.
80. Working of Usurious Loans Act (paragraphs 364 and 365).	**United Provinces.**—The Provincial Banking Inquiry Committee propose to consider this point this year. **Burma.**—The High Court of Judicature, Rangoon, has been asked to advise. **Bihar and Orissa.**—The question is under consideration. **Central Provinces.**—Owing to the illiteracy of the debtor class, courts are not placed in possession of all the facts relating to transactions and debtors themselves do not raise the plea of excessive interest. The benefit conferred by the Act is less than it should be owing to the difficulty of the courts in putting it into operation and courts rarely take action *suo motu*.
81. Examination of case for Moneylenders' Act (paragraph 366).	**United Provinces.**—This will probably come within the purview of the Provincial Banking Committee also. **Burma.**—It is not proposed to take any action on this recommendation at present. **Bihar and Orissa.**—The question is under consideration. **Central Provinces.**—No action has yet been taken.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XII—The Finance of Agriculture—concld.	
82. Examination of case for Rural Insolvency Act (paragraph 367).	**United Provinces.**—This will probably come within the purview of the Provincial Banking Committee also. **Burma.**—The proposal is so far-reaching that the Government are not at present in a position to take it up. **Bihar and Orissa.**—The question is under consideration. **Central Provinces.**—No action has yet been taken.
83. Conciliation Bodies (paragraph 367).	**United Provinces.**—No steps have yet been taken. The Provincial Banking Committee is making some inquiries about rural indebtedness which may provide guidance for a move in this direction. **Burma.**—The proposal is so far-reaching that the Government are not at present in a position to take it up. **Bihar and Orissa.**—The matter is under consideration. **Central Provinces.**—No action has yet been taken.
84. Appointment of Official Receivers (paragraph 367).	**United Provinces.**—This will probably come within the purview of the Provincial Banking Committee. **Burma.**—The proposal is so far-reaching that the Government are not at present in a position to take it up. **Bihar and Orissa.**—The matter is under consideration. **Central Provinces.**—No action has yet been taken.
CHAPTER XIII—Co-operation.	
85. Enquiry into working of Co-operative Movement in provinces other than the Central Provinces, the United Provinces, Madras and Burma (paragraph 373).	**Bengal.**—This recommendation is awaiting final consideration pending the consideration of the recommendations made by the Tenth Conference of Registrars of Co-operative Societies held in 1928. **Burma.**—Such a Committee has just finished its labours and submitted a report. ***Bihar and Orissa.**—The proposal to appoint a committee on co-operation is under consideration. **North-West Frontier Province.**—There is no separate Co-operative Department in the province. The Registrar of Co-operative Societies, Punjab, is also the Registrar in the North-West Frontier Province. The movement is still in its infancy but co-operation

* The views of Government on the subject of co-operation are subject to modification after this Committee submits its report.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XIII—Co-operation—contd.	
	is steadily growing and it is hoped that it will expand satisfactorily with the provision of new staff. The idea of co-operation for the general good holds out no inducements to the Pathan peasantry whose marked individualistic character and internal feuds are serious barriers in the way of general combination for agricultural purposes but matters are improving with the advance of education, etc.
85. Building up of efficient Co-operative staff (paragraph 374)	**Madras.**—Training classes are held by District Federations for training *panchayatdars* of societies for which the Government have provided a subsidy of Rs. 21,000 in the budget estimates of 1929-30. The question of increasing this amount is under consideration. For the training of official and non-official staff training classes are held at five centres in the mofussil. The Government have provided a recurring subsidy of Rs. 20,000 at Rs. 4,000 each for the running of these training institutes for a period of five years and have also placed at the disposal of each school a Sub-Deputy Registrar to supervise the classes at a cost of Rs. 12,225 per annum. At Madras, the Government have sanctioned the opening from 1st July, 1929 of a class in the Institute of Commerce for giving instructions to inspectors and aspirants to co-operative service in book-keeping, banking, co-operation and auditing. A Deputy Registrar of Co-operative Societies has also been lent for a period of two years at a cost of Rs. 3,960 per annum. **Bombay.**—Proposals for the strengthening of the staff by creating the posts of a Deputy Registrar, an Assistant Registrar and an office Superintendent and increasing the number of agricultural organisers are under consideration. **Bengal.**—*Vide* remarks against item No. 85. **United Provinces.**—Every effort has been made to reorganise existing societies, to weed out inefficient and sleeping members and to infuse a fresh element capable of keeping the movement on right lines. A better class of official is being recruited more in touch with rural conditions and with the hopes and aspirations of persons in rural areas. The aim of the present policy is to ruralise the service charged with the duty of training villagers in methods of co-operation and of supervising the work of subordinates in the Co-operative Department. Training (which includes instruction in agriculture, village sanitation, and cottage industries) is being systematically given to the staff entrusted with the duty of organization of societies. That staff has now been brought to work under the new Co-operative Union instead of working under the managing directors of district banks. The length of the training class for supervisors is

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XIII—Co-operation— contd.	
	now six months and another extension is in contemplation. That for inspectors lasts nine months. Refresher courses are also given. Special care is being devoted to the education of member-secretaries of primary societies.
	Punjab.— *Vide* remarks against item No. 90 below.
	Burma.—The recommendation is accepted.
	Bihar and Orissa.— Every effort is being made to build up such a staff. The Development Branch of the Bihar and Orissa Co-operative Federation, which gets a subsidy of Rs. 5,000 annually from Government has appointed five Propaganda Officers, one for each Civil division. It now proposes to appoint an Educational Inspector for each district, if not for each bank, in order to begin the work of educating the people in the principles and practice of co-operation in right earnest. The Registrar of Co-operative Societies recommends that the Government grant should be increased from Rs. 5,000 to Rs. 26,000 a year, to enable the Federation to do so. The proposal is under consideration.
	In Bihar and Orissa, the co-operative movement is largely in the hands of honorary workers and it is not proposed to weaken their status.
	Central Provinces.—Special attention is paid to the training and improvement of the staff.
87. Supervising Unions (paragraph 375).	**Madras.**—All supervision funds are being pooled under the control of District Federations. The supervision fund is, however, too small in a number of districts to pay for the central expenditure which is necessary to see that the supervisors and unions are more active and effective. The question of granting a subsidy of Rs. 15,000 to the weaker Federations is under consideration.
	Bombay.—The question of supplementing the resources of the Supervising Unions, which are discharging their responsibilities efficiently, with grant-in-aid, is under consideration.
	Bengal.—*Vide* remarks against item No. 85.
	United Provinces.—A provincial Co-operative Union on the Madras model has been formed (1928). This union controls the staff supervising the primary societies. It is financed by contributions from the Central Banks and a grant from the Government estimated at Rs. 66,000 in the current year. 51 central banks out of 72 have joined the Union up to date.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XIII—Co-operation— contd.	
	Punjab.—Unions of this type do not exist at present as it has hitherto been felt that better supervision can be secured by other means.
	Burma.—The report of the Committee on Co-operation is being examined.
	Bihar and Orissa.—The present position is that the Central Banks are carrying on the work of both financing and supervision, and supervision has been rather neglected. The Registrar of Co-operative Societies is therefore of opinion that supervision should be taken away from the Central Banks and entrusted to separate agencies under the Bihar and Orissa Co-operative Federation, and that the cost of supervision should be defrayed by the societies by securing proportionate reduction in the rate of interest on their borrowings from the Central Banks. This subject was discussed at the Conference of Assistant Registrars which appeared to be generally in favour of a continuance of the present system. Non-official opinion is generally in favour of supervision continuing in the hands of Central Banks. The question is now under the consideration of Government.
	Central Provinces.—There are no supervising unions but there are Institutes which supervise and educate co-operative societies and carry on general propaganda work.
88. Policy to be followed in selecting Registrars of Co-operative Societies (paragraph 376).	**Bombay.**—The question of training a junior civilian in the work of the Co-operative Department is receiving attention. The proposal for the deputation of officers of the Department to Europe to study the co-operative movement there is under consideration.
	Bengal.—*Vide* remarks against item No. 85.
	United Provinces.—A proposal is under consideration for an officer under training to understudy the present incumbent of the post. One Deputy Registrar, while on leave in 1923 studied the movement in various countries.
	Burma.—The recommendations are accepted generally. Action is being taken to appoint an understudy to the Registrar.
	Bihar and Orissa.—The local Government agree that the best man available should be selected as Registrar of Co-operative Societies. The questions as to the period for which the Registrar should hold office and whether there should be an officer under training to succeed the Registrar are now under consideration.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XIII—Co-operation—contd.	
	The local Government agree that deputation to study the co-operative movement in Europe is desirable both for the Registrars and the officers under training to succeed them. **Central Provinces.**—The policy enunciated in the Report is followed in the selection of the Registrar with due regard to the exigencies of service.
89. Appointment of a whole-time Registrar in the Central Provinces (paragraph 376).	**Central Provinces.**—The question is under consideration.
90. Training of Co-operative staff (paragraph 377).	**Madras.**—*Vide* remarks against item No. 86. **Bombay.**—Proposals regarding the extension of the present system of requiring auditors to pass an examination in co-operative accountancy and the deputation of inspectors from Provincial and District Central Banks to examine the working of co-operative societies, are under consideration. **Bengal.**—*Vide* remarks against item No. 85. **United Provinces.**—The Registrar has visited the Punjab and inspected the system of training there. An educational inspector from the Punjab Co-operative Department was on deputation in this province for some time in 1927 to teach in the local training class for supervisors. The local Government also sent some staff to the Punjab for training. A proposal is now under consideration to lengthen the period of the training class to one year and to widen the curriculum on the Punjab model. The pay of certain classes of auditors has been raised this year with the object of recruiting men with a training in accountancy. After recruitment their departmental training will be arranged for by the Registrar. (See also item No. 86 above.) **Punjab.**—The Royal Commission made favourable mention of the method of building up and training a co-operative staff as practised in the Punjab. The recent Conference of Registrars also regarded it with favour. The same methods are still being followed and attempts are continually being made to improve them. **Burma.**—The report of the Committee on Co-operation is being examined. In Burma, the supervision of co-operative societies is not done by the bank and is under separate control from financing.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XIII—Co-operation contd.	**Bihar and Orissa.**—The last Congress of the Bihar and Orissa Co operative Federation recommended the establishment of an institute for the training of the staff of the Co-operative Department and a training school for Orissa. All societies and Central Banks have agreed to a levy of nine pies per cent. on their working capital for the purpose. They have further resolved that Government should be asked to contribute an equal amount. The cost of the Institute and the school will be not less than Rs. 40,000 a year and the Registrar of Co-operative Societies recommends that half may be paid by Government. This recommendation is now under the consideration of Government.
	Central Provinces.—Annual training classes are held for (1) Government staff by the Registrar, and (2) Co-operative Bank and Societies staff and their members by the Divisional Co-operative Institutes. In addition, annual refresher courses are held for the Government and superior staff of the banks.
91. Government aid to specialised forms of co-operative activity (paragraph 378).	**Bombay.**—The question is under consideration.
	Bengal.—*Vide* remarks against item No. 85.
	United Provinces.—The local Government accept the general principle but the past year has not been favourable for the incurring of much new expenditure of any kind. Grants sanctioned this year include Rs. 600 for consolidation of holdings, Rs. 1,200 for supervision of the Industrial Co-operative Bank, Rs. 5,000 for adult education, and Rs. 5,610 for the publication of co-operative journals in English and the vernacular.
	Panjab.—*Vide* remarks against item No. 92 below.
	Burma.—Proposals for assistance to the forms of co-operative activity mentioned will be considered on their merits when they are brought forward. The principle of general assistance is not accepted.
	Bihar and Orissa.—The Royal Commission recommend that Government should give liberal assistance in the early stages to the more specialised forms of co-operative activity such as consolidation of holding, adult education, irrigation and the like. This has been accepted. The help necessary from Government for the present will be a loan at a cheap rate of interest, say 5 per cent., for financing irrigation societies and the Registrar of Co-operative Societies estimates that for the next three years requirements in this direction will be a loan of about Rs. 50,000 a year. He has also asked for two special officers each on Rs. 100 with travelling allowance at the rate of Rs. 50 and a peon on Rs. 10 a month to organise irrigation societies in the districts of Sambalpur and Manbhum for a period of three years. The proposal is now under consideration.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XIII—Co-operation—contd.	
	Central Provinces.—Government aid is given for propaganda work.
92. Government expenditure on Education and Audit (paragraph 378).	**Bombay.**—The question is under consideration.
	Bengal.—*Vide* remarks against item No. 85.
	United Provinces.—In this province, the Government have been forced to bear a considerable proportion of the cost of audit in order to secure efficiency. The primary societies cannot at present pay higher fees. The Government do not accept this principle at the present time, as in their view strict and efficient audit is essential if the movement in the province is to be re-organised on a sound basis.
	Punjab.—In 1927-28, Government aid was given to the extent of Rs. 1·68 lakhs. In 1928-29, it amounted to Rs. 1·83 lakhs. In addition to all this Government give grants to meet the cost of *mukaddams* attached to better farming societies and grants-in-aid to adult education societies. The financing of co-operative mortgage banks is done now-a-days almost entirely by loans from Government.
	Burma.—The principle is accepted.
	Bihar and Orissa.—The Government at present pay about Rs. 70,000 towards the cost of audit. If they can be relieved of this contribution, they will have enough to spare for the educational and propaganda side of the co-operative movement. They therefore propose to get this question examined by the Committee on Co-operation, the appointment of which is now under consideration, before arriving at a definite decision.
	Central Provinces.—Liberal financial assistance is given by the Government to the co-operative institutes for education and audit.
93. Concessions to Co-operative Societies (paragraph 379).	**Bombay.**—The question of granting concessions regarding remittance of funds to co-operative societies is under consideration.
	Bengal.—*Vide* remarks against item No. 85.
	United Provinces.—During the past year primary societies have been granted exemption from district board taxation on circumstances and property.
	The use of remittance transfer receipts for sums over Rs. 150 between societies and between a society and the Imperial Bank, is now allowed and encouraged. No other action has yet been taken.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XIII—Co-operation— contd.	
	Punjab.—In the last year, no new concessions were granted to Co-operative Societies. The concessions already made by Government are on a generous scale.
	Burma.—This recommendation is already sufficiently complied with in Burma.
	Bihar and Orissa.—Government have sanctioned the refund to co-operative societies of two-thirds of the commission on postal money orders employed for remittance between societies and facilities have been given to Central Banks to open accounts with certain sub-treasuries. The Registrar of Co-operative Societies is making enquiries regarding all the concessions which the co-operative societies in other provinces enjoy and will address Government further if necessary.
	Central Provinces.—The concessions include remittance of societies' funds from district treasury to a sub-treasury and between sub-treasuries by the issue of cash orders and the decisions and awards of the Registrar of Co-operative Societies or of Arbitrators are enforced like civil court decrees. The dues from members of societies under liquidation are recovered as arrears of land revenue. Inspection of revenue records is allowed and copies are granted free. Proposals to make awards recoverable as arrears of land revenue are under the consideration of Government.
94. Attitude of Officials to Co-operative Movement (paragraph 380).	**Bengal.**—*Vide* remarks against item No. 85.
	United Provinces.—The policy recommended by the Royal Commission has long been the policy of this Government.
	Punjab.—Help and sympathy is continually received from the Agricultural and Educational Departments and the Co-operative Department does its best to give them in return any help that they may require. Among District Officers there is still a good deal to be desired in the state of their knowledge of the principal aims and objects of co-operation, and also of the practical methods of carrying out and attaining these, and also of the organisation and methods of the Co-operative Department.
	Burma.—The attitude of Government is sufficiently well understood by officers. No special action is required.
	Bihar and Orissa.—The recommendation is accepted.
	Central Provinces.—District and sub-divisional officers inspect societies and attend rallies and render valuable general help to the movement.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XIII—Co-operation—contd.	
95. Land Mortgage Banks (paragraphs 381—384).	**Madras.**—There are about 20 banks and, with the exception of a few, they have not done any material amount of work chiefly on account of the difficulty in selling debentures locally. To overcome this difficulty, the Government have sanctioned the opening of a central land mortgage bank at Madras to float debentures on the security of mortgages assigned to it by the Primary Banks and to finance the latter out of the proceeds of such debentures. The Government have undertaken to guarantee interest on debentures up to Rs. 50 lakhs issued by the Central Bank during the first five years till they are repaid. In connection with this the Government have also provided for the appointment of two Deputy Registrars on Rs. 300 per mensem and ten officers of the grade of Sub-Deputy Registrars at a cost of Rs. 42,360 per annum. **Bombay.**—Proposals for the continuance of the policy of organising land mortgage banks and utilization of their agency for the distribution of loans under the Land Improvements Loans Act, are under consideration. **Bengal.**—*Vide* remarks against item No. 85. **United Provinces.**—The Provincial Banking Inquiry Committee will commence its inquiries in the winter of 1929 and will include in its inquiries :— (1) the scope for the establishment of land mortgage banks and for agricultural credit banks. (2) the question of agricultural indebtedness. (3) the establishment of a provincial co-operative bank. The result of its inquiries will be awaited. **Punjab.**—The number of mortgage banks remains the same as it was last year. They are now-a-days financed by loans from Government and their business is slowly increasing. **Burma.**—The subject is being dealt with in Burma. Consideration of the Burma National Co-operative Mortgage Bill is being deferred for the present and the local Government have sanctioned the opening of two mortgage banks in Lower Burma to be worked under the Burma Co-operative Societies Act VI, 1927. **Bihar and Orissa.**—The local Government propose to await the report of the Provincial Banking Enquiry Committee, which will investigate among other things the scope for land mortgage banks. **Central Provinces.**—The report of the Sub-Committee appointed by the Berar Co-operative Institute to investigate the question will shortly be taken into consideration.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XIII—Co-operation—*contd.*	
	North-West Frontier Province.—Considers that such banks should be started in areas where the village bank is well established but would defer action for the present.
	Baluchistan.—Considers such banks to be superfluous to the social, agricultural and economic needs of the province.
	Delhi.—Considers that a system of co-operative mortgage credit will not be successful until the ordinary system of co-operative credit is more firmly established.
96. Single *versus* Multiple Purpose Societies (paragraph 385).	**Bengal.**—*Vide* remarks against item No. 85.
	United Provinces.—The principle is accepted. Almost all the existing societies are single purpose societies.
	Punjab.—The single purpose society is still the general rule.
	Burma.—The opinion has been noted. The subject is controversial and has little practical importance at present in Burma.
	Bihar and Orissa.—In Bihar and Orissa, co-operative societies for a single purpose are given preference to multiple purpose societies.
	Central Provinces.—Only one multiple society exists which includes in its objects the grant of credit and joint purchase and the sale of articles required by members and those produced by them.
97. Encouragement of Co-operative Purchase and Sale (paragraph 387).	**Bengal.**—*Vide* remarks against item No. 85.
	United Provinces.—Purchase and sale and industrial co-operative societies have so far had little or no success in this province.
	Effort in these directions is at present, therefore, being subordinated to work in rural credit and rural reconstruction societies and for adult education.
	Punjab.—Mention has already been made of the co-operative commission shops (item No. 68).
	Burma.—The opinion and recommendation have been accepted.
	Bihar and Orissa.—At present there are no big co-operative sale societies in the province and it is, therefore, premature to induce large buyers to render any help. The recommendation for giving intensive education in the advantages of such societies will be considered when the financial conditions permit of the additional expenditure of Rs. 20,000 involved being incurred.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XIII—Co-operation— contd.	
	Central Provinces.—Two such societies are in existence for the convenience of weavers requiring raw materials and facility for the disposal of their finished articles.
98. Expert advice to Co-operative Societies (paragraph 388).	**Madras.**—The Agricultural Advisory Committee have recommended that an officer of the grade of Deputy Director of Agriculture may be lent to the Co-operative Department for a period of two years as an experimental measure, that his activities should be confined to cotton in the first instance and that at the end of the period a full report on both the agricultural side of his activities and on the problem of marketing should be submitted to the Committee. The matter is under the consideration of Government. The cost of the Deputy Director and his staff is estimated at about Rs. 10,000 per annum.
	Bengal.—*Vide* remarks against item No. 85.
	United Provinces.—Three inspectors of industrial societies [(1) textiles, (2) industrial and artisans, (3) cottage industries] have recently been appointed and the results of their work are awaited. A lady inspector has also been appointed.
	Punjab.—The help and advice of the Agricultural, Public Health and Veterinary Departments are always very readily put at the disposal of the Co-operative Department. In addition to this, since last October, the Co-operative Department has had a Financial Adviser who has many years experience of joint stock banking.
	Burma.—The recommendation is accepted.
	Bihar and Orissa.—The Co-operative Department gets all possible help from the Agricultural and the Civil Veterinary Departments. The Irrigation Department is always ready to examine irrigation projects and advise thereon, though at present it is not in a position to lend the services of an Irrigation Officer to irrigation societies.
	Central Provinces.—No necessity for this has arisen.
99. Appointment of Agricultural officers to work under Registrars of Co-operative Societies (paragraph 388).	**Bengal.**—*Vide* remarks against item No. 85.
	United Provinces.—The Government have decided that for the present men of a lower status are more needed than a deputy director. An inspector for agricultural propaganda has been obtained this year from the Subordinate Agricultural Service. One other inspector is a graduate in agriculture of an English University and a system of sending co-operative inspectors under training for a special short course at the Agricultural College, Cawnpore, is in operation.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XIII—Co-operation—concld.	
	Punjab.—The only agricultural officers working under the Co-operative Department are the *mukaddams* attached to the better farming societies.
	Burma.—No officer can be spared for this purpose and the recommendation does not require further examination at present.
	Bihar and Orissa.—There is sufficient co-ordination between the Co-operative and Agricultural Departments and it is not necessary at present to appoint an officer of the Agricultural Department to serve under the Registrar of Co-operative Societies.
	Central Provinces.—Agricultural assistants are deputed to supervise cotton *adat* shops in Berar and for propaganda among the members of co-operative societies.
100. Encouragement of Official and Honorary Workers to study Co-operative Developments in other Provinces (paragraph 389).	**Bombay.**—The question is under consideration.
	Bengal.—*Vide* remarks against item No. 85.
	United Provinces.—The Registrar, Co-operative Societies, estimates a cost of Rs. 1,500 per annum or so if three or four men are sent. No action has been taken yet owing to lack of available funds.
	Punjab.—A little over a year ago an Assistant Registrar was sent to Bengal in order that he might study the working of the co-operative societies for milk supply in Calcutta. In the summer of 1928, another Assistant Registrar went on deputation for a six months tour of various European countries in order to study the development and working of co-operation there.
	Burma.—The recommendation is accepted.
	Bihar and Orissa.—The recommendation has been accepted and the question of funds will be considered on its merits in each individual case.
	Central Provinces.—Six auditors were trained in the Punjab during the years 1925-28.
CHAPTER XIV—The Village.	
101. Medical aid (paragraphs 401—404).	**United Provinces.**—A district public health organization in this province similar to that described in paragraph 401 of the Royal Commission's Report now extends to 27 districts and proposals for extending it to the remaining 21 districts are ready at a cost of over Rs. 4 lakhs. In this province, in addition to the staff provided for this purpose in Madras, one or more Assistant Medical Officers of Health and one or more travelling dispensaries have been provided in each district under the District Medical Officers of Health and further expansion is contemplated as indicated above.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XIV—The Village—contd.	

The chief recommendation of the Commission relating to this department is the expansion of the rural health service (paragraph 413 of the report). Proposals have already been formulated for the gradual expansion of the district health service in three successive stages. In order to create a "sanitary conscience" among the masses, the Public Health Department has been conducting intensive propaganda on health subjects in the rural areas by means of lantern lectures, leaflets, "ocular" demonstrations, etc. A comprehensive programme for increasing the number of dispensaries in rural areas is in operation. A "village aid scheme" has also been started in certain selected areas. Inspectors of the Co-operative Department now receive some training in hygiene, first aid, and the use of elementary medicines and are encouraged to start village aid centres. They carry some medicines and distribute them where necessary. They also try and educate villagers in sanitation. Selected "better living" societies have been provided with medicine chests to enable them to render first aid. Another scheme for utilising the agency of village school teachers, mainly for the treatment of scholars, was started in the Sitapur Division by supplying them with certain simple medicines. The results were encouraging and proposals for extending the scheme are under consideration.

Furtherance of maternity and child-welfare work in the rural areas is already an important part of the duties of the the District Medical Officers of Health. Trained midwives are being provided in urban and town areas. There is also a scheme for the training of village midwives by the example of the former. So far as the regulation of the practice of unqualified *dais* (midwives) is concerned, bye-laws for the purpose can be framed under the United Provinces District Board Act. It is considered that it is too early yet to apply these regulations in the rural areas.

Burma.—The recommendation regarding the Madras District Health Scheme has been brought to the notice of the Government Department concerned which is now dealing with a proposal for the organization of the Public Health Service in Burma.

The principles embodied in the Bombay village medical aid scheme have been referred to the Ministry of Education.

A scheme for subsidising medical practitioners to settle in small towns and villages has been already set on foot by the local Government.

Bihar and Orissa.—The Royal Commission consider that substantial progress in the campaign against malaria can only be achieved by concerted action by the people themselves assisted by guidance

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
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	and within limits, by finance, from Government. The truth of the proposition is accepted. But expert staff for making surveys and money to carry out their recommendations are required for successfully tackling the problem of malaria. In view of the limited resources of this province, it is not practicable to take up any such scheme in the near future. The scheme for subsidising medical practitioners to settle in small towns has already been brought to the notice of the district boards by Government, and many boards tried it. It failed in all cases either because suitable doctors were not available or because it did not pay the doctors. Conditions in this province are not yet ripe for a successful scheme on these lines. The suggestion to recommend it again to local bodies is therefore not acceptable to Government. **Central Provinces.**—A scheme for the training of village physicians is under consideration and a scheme for the grant of subsidies to private medical practitioners for settling in important villages in the interior has been brought into force. **North-West Frontier Province.**– The existing dispensaries maintained by District Boards are so under staffed and badly equipped that the Chief Medical Officer considers it useless to open new dispensaries, unless the present institutions are markedly improved. The District Board finances are too poor to allow any additional expenditure. The question of increased grants-in-aid to those bodies is under consideration. The progress for giving better facilities in respect of medical aid will be slow until more funds are provided by Government. Free supply of quinine is issued annually for distribution among the poorer classes in the villages as a prevention against malaria.
102. Improvement of Water Supply (paragraph 406).	**Bengal.**—The local Government assist by making grants of Rs. 2½ lakhs a year for the improvement of water supply in rural area. A scheme for offering loans to District Boards, which will put forward sound schemes for water supply, is under consideration. Union Boards have been established thereby enabling the villagers to tax themselves in order to take sanitary measures, *e.g.*, improvement of local water supply. **United Provinces.**—The importance of this subject has all along been recognized. Assistance for the construction of wells has been given by the Board of Public Health since its inception but the co-operation of the District Boards has not been as ready as the importance of the subject warrants. The problem is so huge that progress has been very slow. Grants by the Board of Public Health are

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
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	now made for wells only in those cases where an equal amount is forthcoming from the villagers as in this way the resources are doubled. The District Boards Finance Committee which is dealing with sanitary works in general is expected to provide some satisfactory solution of this important problem.
	The recent amendment of the United Provinces Village Sanitation Act, which was passed this year makes the District Boards the authority in sole control of arrangements for the improvement of the water supply in rural areas. A few co-operative societies have taken steps to construct or improve wells especially for depressed classes and village *panchayats* often spend a portion of their income from fines in this way. The Co-operative District Organizations have mostly spent any funds allotted for sanitary works on improving drinking water supplies.
	Burma.—The recommendation is accepted.
	Bihar and Orissa.—Government have for some years given active effect to this proposition by making extensive grants for water supply to local bodies. No fresh action is, therefore, required.
	Central Provinces.—Liberal grants are made to the District Councils for this purpose.
	North-West Frontier Province.—Water supply schemes in rural areas involving an expenditure of Rs. 5,10,000 are under consideration.
103. Addition of Fish to cultivator's diet (paragraph 415).	**Madras.**—The Director of Fisheries reports that there is plenty of scope for rural pisciculture and that considerable work has already been done in that direction. He has submitted a scheme to initiate rural pisciculture for which he requires a staff costing about Rs. 10,000 per annum. On the advice of the Agricultural Advisory Committee, the matter is now under the consideration of the Government.
	Bengal.—The question is under consideration.
	United Provinces.—A comprehensive investigation of the question of fish supply was made by an officer on special duty in 1923, with a view to extending its use as an article of diet but without much result. The Public Health Department urge that propaganda should be conducted to educate owners of tanks and *jhils* and fishermen. That department is interested both from the point of view of diet and of destruction of mosquito larvæ by fish. The Hygiene Publicity Bureau is emphasising the advantage of a fish diet. Model laws prohibiting fishing with nets of a mesh smaller than

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XIV—The Village— contd.	
	1", so as to leave the larvæ eating fish, have been recently framed and Government are trying to get District Boards to introduce these in certain selected areas. Proposals for fish conservation in certain hill streams are also under consideration.
	Burma.—This recommendation does not apply to Burma where fish is a popular diet of the people.
	The recommendation in the text of paragraph 415 that the investigations of the fishery settlement and development officer should include an examination of the case for a properly organised fishery department has been brought to the notice of the Revenue Department with a view to instructing the officer who is under that Department.
	Bihar and Orissa.—The scope for the development of fisheries is considerable. The local Government maintain a carp breeding farm at Ghatsila, which is being gradually extended. Another experimental fry distribution centre has been recently opened at Bankipore and it is contemplated to stock some of the Son Canals with fish fry from this centre. The Chilka lake fisheries are being exploited by the Department of Fisheries in conjunction with the Co-operative Department. Two ice factories have been recently started by private enterprise which supply ice for ice packing. The local Government are doing all that they can to further the growth of the Fishery Department with the limited funds at their disposal. Other and more urgent demands, however, preclude the possibility of any considerable increase in the staff of this Department in the near future.
	Central Provinces.—No action is required in this province.
	North-West Frontier Province.—Fish is not a staple food in the province. The inhabitants are largely meat eaters. There is no Department controlling inland fisheries.
104. Research into Problems of Human Nutrition (paragraph 417).	**United Provinces.**—The results of the researches into the relative values of Indian foods, which were being conducted by Colonel McCarrison have only just been published. The officers of this department will bring the necessary facts (including the value of fish as an article of diet) to the notice of the rural masses and school children in the course of their publicity work. No special organization or funds are needed for this. The Director of Public Health is of opinion that a subsidiary enquiry on human nutrition is not necessary in this Province as Colonel McCarrison's work adequately deals with the foods used in the United Provinces. It is proposed to bring out a pamphlet on human nutrition to explain some present faults and deficiencies.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
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	Burma.—This recommendation has been brought to the notice of the Ministry of Public Health.
	Bihar and Orissa.—Research work into problems of human nutrition is a special subject requiring specially trained men. The Government of Bihar and Orissa understand that this work is being carried on in a special laboratory at Coonoor in Madras. Before any attempt is made to start independent research in other provinces, the matter should be discussed by Directors of Public Health and others interested in the subject at a Conference which would discuss among other matters the results of research hitherto reached, the best way to disseminate information about what has been done, and whether separate research work on this subject in the different provinces is advisable or whether research should be concentrated in one place for all India. This Government have recently accepted a suggestion received from the Government of India that there should be an annual conference of Directors of Public Health and others on subjects affecting public health and the above subject can conveniently be discussed at such a conference.
	Central Provinces.—No action has yet been taken.
	North-West Frontier Province.—The province being small and not self-supporting it is not possible to carry out any valuable research. Although adulteration of food is carried on to a large extent in the towns, there is practically none in the rural areas, where the nutrition is generally good. No steps are, therefore, considered necessary for the time being in this direction. The Adulteration of Food Act has been enforced in the towns and Notified Area Committees of Nowshera and Baffa.
105. Co-operative effort to improve amenities of Village Life with special reference to Uplift Campaigns and Rural Community Movements (paragraphs 421—424 and 429).	**Bengal.**—These recommendations are awaiting final consideration pending the consideration of the recommendations made by the Tenth Conference of Registrars of Co-operative Societies held in 1928.
	United Provinces.—All propaganda is at present directed to kindle the spirit of "self-help" among the villagers. To educate the villagers, labour gangs, which form part of the district health service, are employed for larger and more difficult sanitary works, and for petty and simpler works district medical officers of health are instructed to enlist the services of villagers in the non-sowing season. The progress has not been rapid. It is hoped to arrange for some elementary training for *patwaris* in hygiene, etc., in the *patwari* schools and for refresher courses for men already in service. Village *chaukidars* and *thana muharrirs* are given occasional lectures by District Medical Officers on the symptoms of common diseases and the provisions of the epidemic rules

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
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	and there has been some slight improvement in their work. The village guide scheme has been started in the Benares and Partabgarh Districts as part of the scheme of rural reconstruction, which seeks to improve the social, moral and physical condition of the villagers and to make their life more pleasant and liberal. The work of the Co-operative Department in the work of rural reconstruction is chiefly confined to the three districts of Benares, Lucknow and Partabgarh. At present the work is being carried on in twelve villages but it is proposed to extend it in other villages. Village aid centres to improve the sanitation of villages have been started in 146 centres by the Co-operative and Public Health Departments. Among other things each village selected has a small dispensary for the administration of first aid.
	Punjab.—It is hoped that the efforts of co-operation generally and of the various kinds of teaching imparted by the field staff to members of societies, will include also a general improvement in the conditions of village life. In addition to this, propaganda work is being continued as also the registration of new Better-living Societies; in many cases, the results of these societies have been very encouraging.
	Burma.—The Government have undertaken to treat applications for extension of village sites with liberality, and the provision of playing fields has already been engaging the attention of the Ministry of Education.
	The opinions regarding village uplift campaign, etc., are accepted. The Public Health Department hopes to make an intensive experiment of this nature and negotiations are being undertaken with the International Health Board of the Rockefeller Foundation. The opinions regarding the rural community movement are accepted.
	There is no obstacle to the employment of women teachers in village schools in Burma. The opinion regarding women's institutes is accepted. No action is required.
	Bihar and Orissa.—The conclusions arrived at by the Royal Commission are being brought to the notice of the officers concerned.
	Central Provinces.—A scheme of rural uplift is under consideration.
	Delhi.—A definite Public Health scheme has been worked out. It will be put into operation as soon as funds are available. In the meanwhile work has been started on a small scale as an experimental measure.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XIV—The Village—contd.	
	The Public Health Staff works in the closest co-operation with the Educational, Agricultural, Co-operative Banking, Industrial, Veterinary and other activities of the province.
106. Assistance from Universities in work of Rural Development (Paragraph 426).	**Bengal.**—The attention of the two universities in Bengal has been drawn to this recommendation for such action as they may consider necessary.
	United Provinces.—No progress has been reported except in the way of economic studies and theses.
	Burma.—The opinion is accepted.
	Bihar and Orissa.—The recommendation is being brought to the notice of the Patna University.
	Central Provinces.—No action has yet been taken.
107. Establishment of Bureaux of Rural Economic Research (paragraph 427).	**Bengal.**—The question is under consideration.
	United Provinces.—A detailed scheme has been prepared and awaits the provision of funds (*vide* item No. 141 below).
	Punjab.—An appointment of Professor of Rural Economics has been made and it is hoped that this will lead to the formation of a Bureau of Rural Economics.
	Burma.—The opinion is accepted.
	Bihar and Orissa.—The establishment of such a Bureau will involve substantial expenditure and a serious start cannot be made with less than Rs. 25,000 a year. Desirable as it is to get accurate information as to the economic condition of the people of the Province, it is more urgent to take those measures which will help to raise their economic condition. The recommendation has, therefore, been reserved for future consideration.
	Central Provinces.—No action has yet been taken.
	North-West Frontier Province.—Nothing has yet or can be done till funds are provided and men are available for a Board of Economic Enquiry such as exists in the Punjab.
108. Settlement of Village Disputes by Local Arbitrators (paragraph 431).	**United Provinces.**—No particular progress with arbitration societies is reported. The past year has seen no expansion in the number of *panchayats* constituted under the United Provinces Village Panchayat Act. That movement still seems to depend more on official stimulus from outside that on natural vitality. The *panchayats*

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XIV—The Village—concld.	
	undoubtedly deal with a large number of petty cases but some observers think that their existence makes no reduction in the number of more serious cases brought to the regular courts but merely gives an opportunity for litigation which would otherwise not be litigation at all. They are used a good deal by money lenders for the collection of small debts. In general they take their judicial functions much more seriously than their executive powers in connection with sanitation and village improvement. At the end of the last quarter there were 5,043 in the Province.
	Burma.—Village committees had been constituted under the Burma Village Act, 1907, and the same committees may be given powers under the Burma Rural Self-Government Act, 1921.
	Bihar and Orissa.—A Village Administration Act under which *panchayats* can be appointed with powers to decide minor criminal and civil cases is already in force in Bihar and Orissa and experiments under it are being tried. It will probably be more widely extended as the education of the village in local self-government advances and some revenue officers are under special training for supervising this measure.
	Central Provinces.—Village courts and Village benches dispense justice in villages under the Village Panchayat Act.
CHAPTER XV—Education.	
109. Female Education (paragraph 444).	**Bengal.**—The possibility of carrying out a special investigation to provide materials for estimating the influence of female literacy on the spread of general literacy is under consideration.
	United Provinces.—In 1927-28, there were 85,000 pupils in all institutions as against 80,000 of the previous year. The demand for female education in urban areas is growing fast. In the words of the Chief Inspectress of Girls' schools, "It has made itself felt within the last year or two, and it seems probable that within the next few years, it will prove necessary to have an Anglo-vernacular school in every town of any size. The cause for this development seems to be the recognition of the value of some knowledge of English for social life. The educational qualifications of the bride is an important factor in marriage arrangements among a certain class and this consideration has much influence on the nature of girls' upbringing."
	A resolution was moved in the Legislative Council in June, 1929, and accepted by the Government that there should be an Anglo-middle school at the headquarters of every district and that Government,

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XV—Education—contd.	should help in the consummation of this object by starting schools or helping district boards, municipal boards or private bodies to do the same where no such schools exist. The lower classes are as apathetic towards female education in urban areas as the agriculturists in rural areas. Good effects are expected to follow, however, from the promising results that have attended the introduction of adult education amongst women. A lady Inspector of Co-operative Societies formed for the purpose of "better living" has been appointed and where the Co-operative Department has been able to influence grown-up ladies, the result has been noticeable at once in the larger and more regular attendance of girls in existing girls' schools or in the boys' schools. It will be the policy of Government to attack the problem from both sides, *viz.*, by carrying on an intensive propaganda in favour of female education, by starting more girls' schools and bringing into being more adult education societies so as to imbue the parents with a desire to see their daughters literate. The province is very backward in female education. Social customs have been responsible for the backwardness no less than the predominantly rural character of the population. Among the rural masses, as always, the claims of education have remained more or less in the background.
	Burma.—Opinion regarding the effect of literacy among women on rural development is approved. The Director of Public Instruction advises that special research as to the influence of female education in spreading lasting literacy need not be undertaken.
	Bihar and Orissa.—This recommendation has been accepted in principle and necessary investigation is being made in the district of Ranchi where, owing to missionary enterprise, there are many literate women among the cultivating classes. A report on the investigation is being awaited.
	Central Provinces.—Action is being taken on the recommendations of the Female Education Committee's Report.
	North-West Frontier Province.—Female education is steadily becoming more popular and more money is being spent thereon. There has been an increase in the last year of about 14 per cent. in the number of girls at school.
110. Introduction of Compulsory Primary Education (paragraph 445).	**Bengal.**—These recommendations will be considered by District School Boards when they are constituted under the Bengal (Rural) Primary Education Bill, which was introduced in the September (1929) session of the provincial Legislative Council and was referred to a Select Committee for consideration.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XV—Education—contd.	
	United Provinces.—In the United Provinces, the Primary Education Act, 1919, and the Primary Education (District Boards) Act of 1926, permit municipal and district boards, with the approval of the Government, to apply compulsion in all or part of the areas under their jurisdiction. In 35 out of 85 municipalities, and 24 of the 48 district boards, primary education of boys has been made compulsory in certain selected areas. The recurring cost in municipalities is about Rs. 2·9 lakhs and in the district boards Rs. 3·68 lakhs. A more rapid expansion is hindered by the financial difficulties both of the local Government and of the local bodies. At the same time effort is being made to push on adult education. It has been found by experience that the fathers whose intellectual curiosity has been whetted by attendance at these classes have shown greater readiness to allow their children to attend school and to allow the regular school-goers—both boys and girls—to remain longer at school. This is an indirect aid which has not been lost sight of in order to secure effective literacy, and Government consider that it is as much in creating a desire for education in the grown-ups as in the introduction of compulsory acts that the successful introduction of compulsion in education can be hoped for.
	Burma.—The Director of Public Instruction advises and the Government agree that compulsory education is not the only remedy and that better teachers and other remedies should contribute as pointed out in paragraph 447 of the Report. There are special difficulties in Burma due to the monastic system. The Government agree that some form of compulsory education should be introduced. These recommendations have been brought to the notice of the Ministry of Education.
	Bihar and Orissa.—Compulsion is not at present financially practicable. It has been estimated that the cost of introducing free and compulsory primary education would amount to Rs. 2 crores recurring and Rs. 5 crores non-recurring. Primary education programmes were prepared for all the local bodies in the province in 1925-26 and the cost of making education free, but not compulsory, for 8 per cent. of the population on a voluntary basis was calculated at Rs. 98 lakhs recurring and Rs. 322 lakhs non-recurring.
	Central Provinces.—Action has already been taken and compulsion is being extended to the areas for which schemes have been sanctioned.
	North-West Frontier Province.—This point will be examined in the near future by the Committee appointed by the Government of India for the purpose.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XV—Education—contd.	
	Delhi.—The Compulsory Primary Education Act has been applied to four out of 360 villages.
111. Formation of Co-operative Education Societies (paragraph 446).	**Bengal.**—Government are of opinion that, in the field of *zenana* education or of elementary education of girls, co-operative societies might possibly help a great deal on the lines of those formed in the Punjab. It is now being considered to what extent it is possible for the Co-operative and Education Departments to work conjointly in the matter.
	United Provinces.—Co-operative education societies to secure the attendance of children have not yet been tried. Co-operative societies for adult education are described elsewhere.
	Punjab.—It must be confessed that, on the whole, co-operative societies for adult education have not been a success. The condition of compulsory and girls' education societies is fortunately much better.
	Burma.—The recommendation is accepted. The Co-operative Department is not at present in a position to take up this additional activity.
	Bihar and Orissa.—The recommendation for the formation of co-operative education societies on the Punjab system has been accepted. The Registrar of Co-operative Societies is taking steps to organise one such society in Muzaffarpur town and a few in some villages.
	Central Provinces.—No action has yet been taken.
	North-West Frontier Province.—No steps have yet been taken. Co-operative credit generally is too young a plant in the province to allow of such a development at this early stage.
112. Improvement of Primary Education (paragraphs 447 and 448).	**Bengal.**—*Vide* remarks against item No. 110 above.
	United Provinces.—The training of teachers for primary schools is undertaken by eight Government normal schools, six Government central training schools, 57 district board training schools and eight municipal board training schools. District board training schools which have proved satisfactory and are likely to form a permanent part of the educational system have been and are being helped by the local Government to improve. An additional master, called a master of method, has been added and the buildings enlarged. Proposals to open more Government central training schools and two more Government normal schools are under consideration. Lack of funds stands in the way of more rapid improvement and extension of the means of training teachers; but it is hoped ultimately

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XV—Education— contd.	

to have at least one Government training school for primary school masters in each district. Special attention is being paid to the training of teachers for work in infant and preparatory classes. New methods are being taught and the head-masters of primary schools are now themselves required to teach the infant sections. A sum of Rs. 9,38,556 was distributed during the last three years from provincial revenues to district boards for primary schools buildings, while Rs. 70,00,000 approximately are still required for buildings for existing primary schools.

The distribution and staffing of primary schools in rural areas in the United Provinces has been criticised. The present distribution and staffing is largely due to local and historical causes and difficulties of the terrain. Inspectors have been required to pay special attention during their annual tours in the interior to improving the distribution of schools in the districts in their jurisdiction; and it is hoped by careful mapping of the district by sub-deputy inspectors and by pressure from the department on local bodies to effect improvement. Some district boards have already taken steps in this direction. The district board education rules enjoin on boards the maintenance of a full primary school within accessible distance of every village as soon as resources permit. They also provide that in the appointment of teachers preference is to be given to a resident of the town or village in which the school is situated. In selecting students for admission to the normal or training schools, preference is given to those boys who pass the vernacular final examination with agriculture as an optional subject.

The question of text-books for primary schools is receiving attention. In particular, instructions for the guidance of authors and publishers in the preparation of new common language readers are being drafted. Arithmetic books of different type for use in rural and urban areas have already been adopted. An Indian Educational Service officer has been placed on special duty for the preparation, for middle vernacular schools, of readers containing general knowledge lessons suited to rural areas. It is from these schools that the teachers in primary schools are recruited and by interesting the boys in middle schools in rural knowledge it is expected that a closer adaptation to rural conditions of the teaching in primary schools will result. The reorganization of the Text-Book Committee has been undertaken and the work of recommending text books for use in vernacular schools will now form part of the work of the Board of Vernacular Education. The training of teachers in rural activities and the closer adaptation of primary schools to the needs of the country side is being undertaken and experimented with in various places. Aid from provincial revenues is being given in two cases.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XV—Education— contd.	
	In the Benares District, a Rural Re-construction Association has been formed which with assistance from provincial and local revenues is training teachers and others to become village guides and teachers in adult rural schools.
	Burma.—The improvement in the training of teachers is being attended to by the Education Department. As regards organization of primary schools, the example of the Punjab in so far as it consists in merely altering the nomenclature of classes is not considered suitable to be followed in Burma. As regards "central" schools, the Education Department is in favour of small middle departments being concentrated wherever possible. Teachers are recruited from men of rural origin and upbringing.
	The opinion regarding Text-Book Committees is accepted. As regards the opinion that agriculture should not be taught to boys in primary schools it is accepted provided that it is not intended to discourage nature study in school gardens.
	Bihar and Orissa.—A scheme for improving the training of teachers in elementary training schools, costing Rs. 3,73,000 recurring and Rs. 10,01,000 non-recurring has been prepared and approved. It will be taken up for necessary action as soon as funds are available.
	Government are awaiting the report of the Education Committee of the Indian Statutory Commission before arriving at a decision on the recommendation for establishing "central schools" and conversion of "single teacher schools" into "branch schools."
	The question of the desirability of converting primary schools into lower middle schools, as in the Punjab, is under consideration.
	In this province, the majority of teachers of primary schools are of rural origin.
	The Bihar and Orissa Text-Book Committee was reconstituted in December, 1923, and again in November, 1925. It is not proposed to revise its constitution but in making nominations to it care will be taken to nominate a number of persons with special knowledge of the needs of village schools. The question whether the Text-Book Committee should continue to confine itself to the examination of books submitted for approval or should undertake the responsibility of itself securing the supply of the right class of text-books, as the Royal Commission suggest, is under consideration. A sum of Rs. 250 will be given to the Text-Book Committee in the first instance to give rewards for the production of suitable text-books.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XV—Education—contd.	
	The recommendation that agriculture like other vocational subjects should not be taught at the primary stage accords with the recommendation of the local Vocational Education Committee and no further action is required on it.
	Central Provinces.—Appreciable progress has been made in the direction of improving the efficiency of teaching and the matter relating to the establishment of central schools and conversion of "single teacher schools" into branch schools is under consideration. The opening of Vernacular Middle Schools is in progress. No action has been taken to teach agriculture in primary schools.
	North-West Frontier Province.—The curriculum for primary schools was overhauled fairly recently. Efforts to improve the quality of teachers are continuous. Similarly, propaganda is carried on to persuade parents to keep their children at school for the full four years of the primary course.
	Delhi.—(*a*) The number of primary schools and primary departments in the rural areas is 98, four of which were opened in the year 1928-29.
	(*b*) The total population in the rural area is 183,768, out of which at the rate of 7 per cent. there should be 12,864 boys of school-going age. At present about 6,000 are receiving instruction, *i.e.*, 1,000 more than last year.
	(*c*) Five flourishing primary schools were raised to Lower Middle.
	(*d*) Seven primary school houses, five additional rooms and one full middle school building were put up.
113. Adult Education (paragraph 449).	**Madras.**—The Agricultural Advisory Committee have observed that the policy of advancing adult education has already been accepted by the local Government but that there were financial limitations in the way of carrying it out. The use of cinematographs in connection with adult education was considered desirable but not essential.
	Bengal.—The Director of Public Instruction has been requested to submit a scheme for the improvement of adult education in the province. His report is awaited.
	United Provinces.—Adult education is receiving attention. Night schools for adults have been opened with Government assistance in six municipalities and proposals for opening more are awaiting the provision of funds. In 1927-28, the total number of pupils enrolled in such schools was 8,613 (included 42 females) and the expenditure was Rs. 35,884 of which Rs. 20,580 was from Government funds. Adult education co-operative societies in rural areas

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XV—Education—contd.	are being encouraged by Government grants to start night schools for adults. Thirty-one such schools are open, chiefly in the districts of Benares, Partabgarh and Lucknow, and more are contemplated. These institutions are being developed with the help of the Co-operative Department into educative village clubs or young men's institutions. A special course and a special reader for these schools has been prepared and the co-operation of the officers of the Public Health, Agricultural, Industrial and Veterinary Departments secured. Three adult education societies for women have been started in the Lucknow district. Work in the direction of adult schools is, however, being taken up with caution to ensure that they are successful. There is a genuine demand for such schools but lack of funds and trained teachers and difficulties of supervision stand in the way. A number of district board teachers are being specially trained for this work and an Inspector of adult schools has been appointed this year to the Co-operative Department. Night classes are a feature of the work of several of the technical schools in urban areas.
	Burma.—The Government will assist as much as possible the advancement of adult education, but are not prepared to record any conclusion against official activity.
	Bihar and Orissa.—The opinion of the Royal Commission is that the advance of adult education is a matter for non-official activity rather than for Government Departments though there may be a case for assisting co-operative societies financially in the matter of adult education. This matter, therefore, is one in which the Co-operative Department will take the initiative. Although the Co-operative Department is doing a good deal towards primary education, it has been able to do little for adult education. So far it has been able to open eleven night schools and some of the Central Banks have adopted a system of training adult illiterate members of societies through their literate co-members on payment of a fee of one or two rupees. But the Registrar thinks that the Department can do much in the spread of adult education provided some financial support is received from the District Boards. The recommendation of the Royal Commission has, therefore, been accepted and the local bodies are being requested to help the Co-operative Department to start schools for adult education.
	Central Provinces.—Two societies have been registered in the Jubbulpore district.
	North-West Frontier Province.—The question has been examined several times but nothing could be done for want of adequate funds.
	Delhi.—There are some 15 schools for adults, out of which five were opened during 1928-29.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XV—Education—contd.	
114. Agricultural Middle Schools (paragraphs 456—458).	**Madras.**—The opinion of the Agricultural Advisory Committee was that one or two schools of the "Loni" type might be tried with fees charged to see if there was a demand for such education. They considered that the maintenance of school gardens need not be taken in the narrow sense but should include cultivation generally—of crops as well as flowers, though not crops on a farming scale. This recommendation will be considered by Government. The Government opened two schools, one of which is working satisfactorily but the other had to be closed for want of demand. Buildings are under construction for the opening of two more schools and proposals are under the consideration of the Director of Agriculture for the opening of another school. **Bombay.**—The position of the vernacular agricultural schools is being reviewed in the light of the recommendations of the Royal Commission. **Bengal.**—The local Government agree with the recommendations and the policy underlying them is being followed. A scheme for the introduction of agricultural training in selected high and middle schools has been sanctioned but is not yet in full working order. Before deciding on further action Government will await the results of the working of this scheme for an experimental period of the first seven years. **United Provinces.**—Agricultural classes have been opened and the teaching of agriculture has been started in 29 middle schools (out of a total of 591) with farms of the size that can be worked with a pair of bullocks. There was an increase of 19 during the past year. The course is one of three years, agriculture being a subject offered for the Vernacular Final Examination. In that examination 129 candidates from six schools appeared in the subject in 1928; in 1929 there were 190 candidates from eight schools. Thirteen teachers of the subject are under training at the Bulandshahr Agricultural School and provision for the training of 36 more has been made in the budget of the current financial year. An estimate of the cost of training teachers of agriculture for all the district board vernacular middle schools and of starting agricultural classes in them has been prepared. It is agreed that school farms are better than school gardens, but the cost of the former is greater than the provincial revenues can at present meet. To reduce cost and to expedite the introduction of agriculture into vernacular middle schools, it has been decided that an experimental area of about one acre to be cultivated by the teachers and boys themselves will suffice. The question of the retention by the boys of the farm produce in whole or in part is under examination. Hitherto the procedure has been to sell the produce as a set off against the expenses of the farm.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XV—Education— contd.	

The Government do not accept the Commission's conclusion that schools which provide vocational education in agriculture serve a less useful purpose than agricultural middle schools, but believe that the two types of school serve different purposes and are both necessary. They hold that the Bulandshahr school, which falls under the former category, occupies an important and useful place in the scheme of agricultural education. They consider that the useful work which is being done in this school must be supplemented by a large increase in the agricultural classes in the middle schools. With the opening of these classes there will be a heavy demand for duly qualified teachers, trained by the Agricultural Department. To meet this demand it is proposed to make the Gorakhpur school (a similar school now under construction) specialize in the training of teachers. Land has been acquired for this school at a cost of Rs. 30,000 and a provision of Rs. 1,25,000 has been made for its building in the budget of the current year. When the school is started it will, within the next few years, give the Education Department a sufficient number of trained teachers to expand the agricultural middle school scheme throughout the province. This Bulandshahr type of vocational school has the approval of the rural members of the Legislative Council.

Punjab.—The scheme of teaching nature study and agriculture in vernacular middle schools in the Punjab has continued during the year and has been expanded. The number of such schools which possess farms or school gardens at present is :

(*a*) School farms .	72
(*b*) School gardens	72

Burma.—The Director of Agriculture has been asked to report on the recommendations regarding the middle schools giving vocational education in agriculture.

As regards the vernacular middle schools with agriculture as an optional subject, the Directors of Public Instruction and Agriculture have reported against this system as unsuitable for Burma.

The Director of Public Instruction points out that it is impossible to make a school farm pay if it is used for education.

The recommendation for giving boys the whole or a part of the produce of the farm is agreed to.

Bihar and Orissa.—There are no schools of the "Loni" type in Bihar and Orissa and at present there is no evidence of a demand for this type of vocational instruction in agriculture. The position in this province is very different from that in the

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XV—Education contd.	
	United Provinces where small cultivating zamindars are so important. The United Provinces propose both to continue and develop this type of schools and their results will be watched. With regard to the teaching of agriculture in middle schools, the experiment is being tried of attaching school gardens to five such schools. The results of this experiment, which follows the lines adopted in the Punjab, will be watched. The recommendation for school farms has been accepted in principle but Government desire to await the result of the experiment referred to above before embarking on larger expenditure. A practical present difficulty is the training of teachers. **Central Provinces.**—One Anglo-vernacular agricultural middle school exists. The establishment of others is under consideration. **North-West Frontier Province.**—The existing middle school curriculum gives a rural bias to the science course. Nothing more can be done until more funds are available.
115. Addition of course in Agriculture to curriculum of High Schools in Rural Areas (paragraph 461).	**Madras.**—The Agricultural Advisory Committee is against this proposal but the Government have not yet passed orders on the subject. **Bengal.**—The local Government agree and the policy underlying is being followed. (*Vide* remarks against item No. 114.) **United Provinces**—The Director of Public Instruction states that agriculture is already an optional subject for the High School Examination but so far only four schools have been recognised in the subject by the Board of High School and Intermediate Education. Divisional Inspectors have been asked to give details of high schools in their division specially suited for the teaching of agriculture, and an endeavour will be made to increase the number of high schools teaching the subject, but funds for this purpose are limited. **Burma.**—The Director of Agriculture has been asked to report after consultation with the Director of Public Instruction. **Bihar and Orissa.**—Government have decided to wait and see the result of the experiment which is being tried in middle schools.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XV—Education—contd.	
	Central Provinces.—It is intended to provide a course in general agricultural science in, at least, one high school as an experiment.
	North-West Frontier Province.—This concerns the Punjab University in the first instance.
116. Technical Education (paragraph 462).	**Bengal.**—The local Government agree in principle. It has already a programme for the development of technical education which is being carried out as finances permit.
	United Provinces.—The Director of Agriculture holds that, the main industry of rural areas being agriculture, the provision of first class technical education in that subject in vocational schools of the Bulandshahr type is even more necessary than technical education in other industries. The Government have under consideration proposals for the further development of the Cawnpore Technological Institute, particularly, in the sugar department. The technical schools are also being expanded and improved.
	Burma.—The opinion is accepted, provided the recommendation does not apply to technical schools such as the Saunders Weaving Institute, the Pagan Lacquer School and the Pottery School at Insein.
	Bihar and Orissa.—The local Government agree that, for the proper development of industries which can be carried on in rural areas, technical instruction of a high standard is essential. The Industries Department is already taking necessary steps as far as possible.
	Central Provinces.—No action has yet been taken.
117. Qualifications for admission to Agricultural Colleges (paragraph 471).	**Madras.**—The Intermediate Examination in Science of the University of Madras or other Universities equivalent to it has already been prescribed as an essential qualification for admission to the Agricultural College, Coimbatore.
	Bengal.—The local Government accept the recommendation but effect can only be given to it when the Dacca Institute scheme, which is awaiting provision of funds, matures.
	United Provinces.—This question is under discussion in connection with the proposal for affiliating the Cawnpore College to the Agra University.
	Punjab.—The matter is under the consideration of Government.
	Burma.—The Director of Agriculture has been asked to report on the recommendations.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XV—Education—contd.	
	Bihar and Orissa.—The local Government agree that the Intermediate examination in Science of the provincial university or an equivalent examination should be made an essential qualification for admission to all agricultural colleges.
	Central Provinces.—The agricultural college is affiliated to the Nagpur University. The introduction of a preliminary science examination one year after matriculation is advocated, to be followed by a three years' course at the agricultural college.
118. Teaching of Agricultural Economics and Farm Management at Agricultural Colleges (paragraph 471).	**Bengal.**—The local Government agree in principle.
	United Provinces.—Proposals for adding an Assistant Professor of Agricultural Economics to the staff at the Cawnpore College were prepared, but could not be given a place in the budget. Farm management is taught in the two years' course both here and at Bulandshahr. The type of man indicated in paragraph 473 of the Commission's Report as needed for estate management and commercial farming is that which the Bulandshahr school aims at producing.
	Burma.—The Director of Agriculture has been asked to report on this recommendation with due regard to the possibility of giving greater prominence to teaching in agricultural economics without increase of staff. The question of paying greater attention to instruction in farm management will be borne in mind.
	Bihar and Orissa.—This will be considered when the detailed scheme for an agricultural college is prepared.
	Central Provinces.—The staff of the agricultural college has been strengthened for the purpose indicated.
119. Revision of Short Courses given at certain Agricultural Colleges (paragraphs 473-474).	**Bengal.**—The local Government agree in principle.
	United Provinces.—Short courses in engine driving and for fieldmen have for some time past been a recognized feature of the Bulandshahr school. A garden class has been added this year to give practical training in horticultural work. Similar short courses in practical cultivation are given at the Shahjahanpur, Bichpuri and the Nagina farms. The Cawnpore Agricultural College also gave a short course of training this year to the inspectors of the Co-operative Department. A short course has been arranged at Shahjahanpur for Irrigation officers. The expansion of the system of short courses is receiving close attention and these will be developed as more funds become available.
	Burma.—The Director of Agriculture has been asked to report on this recommendation.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XV—Education—contd.	**Bihar and Orissa.**—The recommendation has no application to Bihar and Orissa. **Central Provinces.**—The matter has received attention.
120. The Mandalay Agricultural College in Burma (paragraph 475).	**Burma.**—The opinion is accepted. The question of using part of the college premises for the purposes of the Veterinary Department will be considered. The question of the affiliation of the college to the Rangoon University is under consideration.
121. Provision of facilities to enable passed students of Agricultural Colleges to obtain practical experience (paragraph 476).	**Bengal.**—The local Government agree in principle. **United Provinces.**—This is to some extent done on the departmental farms. **Burma.**—No special action on this recommendation is considered necessary because (*i*) the present course is made practical as far as possible and (*ii*) in the case of students joining the department, arrangements will be made to give them a period of service under senior officers before they are given work of independent responsibility. **Bihar and Orissa.**—The recommendation has been accepted in principle and will be considered in detail when an agricultural college is started. **Central Provinces.**—Facilities on the lines recommended already exist.
122. Organisation of Agricultural Colleges (paragraphs 477—479).	**Bombay.**—The question of the appointment of a full-time Principal of the Poona Agricultural College is under consideration. **Bengal.**—The local Government accept the recommendations in principle although there will be no opportunity of carrying them out until the proposed Agricultural Institute at Dacca materialises. **United Provinces.**—The recommendations of the Royal Commission are receiving close attention both in connection with the cadre of the proposed new Provincial Agricultural Service, Class I, and the proposals for affiliation to the Agra University. No changes can be made, however, until these questions are decided. **Burma.**—The opinion regarding the qualifications of principals is accepted but the appointment of a whole-time principal is not considered justifiable in the present financial circumstances. The recommendation regarding the extent of control by the principal is agreed to.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XV—Education—contd.	
	The proposed interchange of staff is accepted. The field of selection for the college staff has been sufficiently widened by the new rules for the Burma Agricultural Service, Class I.
	The recommendation regarding the combination of research with teaching work at the agricultural colleges is accepted on the understanding that it applies to University teaching or teaching of an advanced standard.
	Bihar and Orissa.—The recommendations are generally accepted. The question as to the extent to which the Principal will exercise control over research work has been reserved for further consideration. Government agree that, when an agricultural college is started in Bihar and Orissa, both professors and assistant professors should be given an opportunity for research and be expected to do research. But they do not entirely agree that the heads of sections while largely engaged in research work should give instruction in their special subjects and that lecturers, while dealing with most of the routine of instruction, should be engaged to a limited extent in research work. They consider that the first responsibility of the professors must be their students, and they should only undertake such research as is compatible with this; an important part of their duties will be the training of future research workers. On the other hand, a special research officer's first responsibility is his research work but all such officers should give a limited number of lectures in the college on their own special subjects at times when their own work permits.
	Central Provinces.—No action has been taken. The re-organization of the service and the appointments to be borne on the cadre are under consideration.
123. Openings for passed students of Agricultural Colleges in other departments (paragraph 481).	**Bengal.**—The matter is under consideration.
	United Provinces.—This is at present the case in the departments for which they are suitable as regards qualifications. Proposals are however under consideration to go further and definitely to reserve a certain number of posts for them in certain services.
	Burma.—The Director of Agriculture has been asked to report on this.
	Bihar and Orissa.—The recommendation that an agricultural degree or diploma should be placed on the same level as a degree in arts or science as a qualification for appointments in such departments as the revenue, irrigation and co-operative will be considere when an agricultural college is established.
	Central Provinces.—No definite policy has yet been declared.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XV—Education— concld.	
124. Agricultural Colleges for Bengal and Bihar and Orissa (paragraph 482)	**Bengal.**—The local Government agree in principle. There is a scheme for the establishment of an Agricultural Institute at Dacca which cannot be proceeded with for want of funds. It has been decided that the institute, if established, shall not be affiliated to any university. **Bihar and Orissa.**—The local Government would like to establish an agricultural college affiliated to the Patna University and teaching up to the degree standard in agriculture. The cost has been roughly estimated at Rs. 10,00,000 to Rs. 15,00,000 (non-recurring) according to the scheme and Rs. 1,00,000 rising to Rs. 1,50,000 (recurring) per annum. It will be very difficult for the local Government to finance this scheme from the very limited resources at its disposal unless substantial help is forthcoming from the financial proposals expected from the Statutory Commission.
CHAPTER XVI—Rural Industries and Labour.	
125. Government assistance in developing Manufacture of Agricultural Implements and in training Village Artisans to manage and repair improved types of Machinery (paragraphs 491 and 494).	**Bengal.**—While agreeing in principle with the recommendation regarding the training of more progressive artisans to manage and repair improved types of machinery, Government consider that no useful action can be taken at present. The recommendations regarding increasing the number of implement firms and training of staff are under consideration. **United Provinces.**—Efforts have been made by the Industries Department to develop the manufacture within the province of steel shares for the Meston plough, but so far success has not been attained, and the shares produced are inferior to the present imported ones. The short courses for mechanics at the Bulandshahr Agricultural School have been described above—*vide* item 119. **Punjab.**—A training class in connection with oil engines and improved implements was held during the year in the workshop attached to the Punjab Agricultural College and instruction was given to seventeen village blacksmiths. **Burma.**—The opinions regarding increasing the number of implement firms and the training of staff are accepted. As regards the latter, the local Government are giving effect to it as far as practicable. The Agricultural Engineer will be instructed to institute short courses for training artisans in the management and repairs of improved types of machinery

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XVI—Rural Industries and Labour—contd.	
	Bihar and Orissa.—The recommendation for Government assistance in developing manufacture of agricultural implements is under consideration. Recently the improvement of the artisan training classes in the Government technical schools has received considerable attention and an improved scheme is already before Government for their consideration.
	Central Provinces.—No action has yet been taken.
126. Development of Poultry Industry (paragraph 497).	**Bombay.**—The matter is under consideration.
	Bengal.—The local Government agree in principle.
	United Provinces.—The United Provinces Poultry Association under Mrs. Fawkes has continued its work and has made further efforts to extend the distribution of improved breeds of poultry among villagers. It has also continued its poultry management courses. During the year Mrs. Fawkes has been devoting special attention to certain proposals for the development of an export trade in eggs (to replace the China trade) which some English firms have been exploring. Some research work on poultry diseases has also been done at the veterinary laboratory in Lucknow.
	Punjab.—Good progress has been made during the year in the recently started poultry section of the department and eggs of improved breeds of poultry have been sold on a fair scale.
	Burma.—The opinion is accepted. The Agricultural Department is making experiments at the experimental farms and in several villages.
	Bihar and Orissa.—Nothing has been done for poultry in Bihar and Orissa in the past. The Director of Agriculture has now submitted proposals for a small poultry farm at an initial cost of Rs. 2,000 and for district work at a cost of Rs. 3,000 a year for three years in the first instance. The proposals are now under consideration.
	Central Provinces.—Proposals under this head are under consideration.
127. Organization of Village Artisans on a co-operative basis (paragraph 501).	**Bombay.**—The question of the organisation of multiple purposes societies which will also deal with the small number of artisans in each local area, and provision of Government assistance to these, *viz.*, clerical assistance and an expert staff for advice and guidance, is under consideration.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XVI—Rural Industries and Labour—contd.	
	Bengal.—The local Government agree and the policy is being followed.
	United Provinces.—An inspector has been appointed in the Co-operative Department on work in connection with industrial and artisans' societies.
	Burma.—The Department of Cottage Industries has been dealing with this matter for many years. The recommendation does not indicate any new departure.
	Bihar and Orissa.—Attempts in the past to organise artisans into industrial co-operative societies have met with failure. In the present state of illiteracy amongst the artisans and lack of appreciation on their part of the value of co-operation, such failures are inevitable. The time is not yet ripe when any comprehensive programme of organizing village artisans on a co-operative basis could be undertaken with any hope of success.
	Central Provinces.—Twenty-seven such societies consisting mainly of weavers have been formed.
128. Government assistance to Industry (paragraph 504).	**Bengal.**—The local Government agree in principle.
	United Provinces.—This is a large question which is fully dealt with in the annual report of the Department of Industries. The Government earnestly desire to foster industrial development by every possible means, including all those suggested by the Royal Commission.
	Burma.—The opinions regarding technical education, co-operative organisation, etc., in order to assist industries, are accepted.
	The Cottage Industries Department is advising and making suggestions for development of the weaving, lacquer and pottery industries. The extension of assistance to other industries is not at present contemplated by that Department.
	The recommendation that Government should make itself responsible for a new industry in its pioneer stage is being acted upon.
	Bihar and Orissa.—The local Government have accepted the recommendations that, when a new industry is being started, they may have to make themselves responsible for it in its pioneer stage and that in the case of smaller industries they will have to be prepared for a long time to come to advise and make suggestions for development.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XVI—Rural Industries and Labour—*concld.*	
	As regards development of power, it is worthy of note that some of the most important urban areas of the province are getting rapidly electrified. The establishment of central power stations for distribution of electric power to the country side is too premature at the present moment to require consideration.
	Central Provinces.—A Bill is under consideration.
129. Qualifications of Directors of Industries (paragraph 505).	**Bengal.**—The local Government agree in principle.
	United Provinces.—A member of the Indian Civil Service became Director of Industries during the year. An additional Deputy Director (an expert in sugar manufacture) was also recruited.
	Burma.—This does not concern Burma.
	Bihar and Orissa.—The recommendation has been accepted.
	Central Provinces.—Experienced administrative officers are appointed as Directors.
130. Encouragement of Migration (paragraph 509).	**Bengal.**—The local Government agree in principle.
	United Provinces.—This question will come under examination by the Royal Commission on Labour. Public opinion is not, however, as yet disposed to go as far as the Royal Commission, particularly in regard to recruitment for Assam and emigration abroad, and the Government consider that they should move with caution towards abolishing restrictions and have replied in detail to that effect to the Government of India in connection with the proposed revision of the Assam Labour Act.
	Burma.—The encouragement of migration is not an urgent problem in Burma.
	Bihar and Orissa.—The local Government hold the very definite view that it is impossible at present to remove all restrictions on the emigration of labour to Assam. They have been in correspondence with the Government of India on this subject for the last two years and they have reported to the latter the minimum restrictions to which they are prepared to agree. No further action lies with the local Government.
	Central Provinces.—No action has been taken as no relief is needed.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XVII—Horticulture and Plantations.	
131. Development of the cultivation of Fruit and Vegetables with special reference to picking, packing, transport and the use of suitable containers, the establishment of Regulated Markets and the improvement of Marketing Conditions generally (paragraphs 514—517).	**Bengal.** local Government agree in principle. **United Provinces.** An experiment with a small fruit canning, bottling and jam making factory was made in the past at Chaubattia and work has also been done at Saharanpur. Satisfactory technical results were obtained but the factory ran at a loss owing to difficulties in obtaining containers in India and was finally abandoned by desire of the Legislative Council. That orchard is now leased to a private enterprise to which some assistance is given by the gardens staff in pruning and training. Some further experience has been obtained in methods of packing fresh fruit. No special work was done during the year. **Punjab.**- fruit specialist and his staff are looking into points referred to by the Royal Commission **Burma.** The possibilities of developing an export trade in fruits, the establishing of regulated markets for fruits and vegetables, and of improving marketing conditions generally, including transport and the provision of cold storage and of developing the home market, are questions best left to private agency. **Bihar and Orissa.**— (*Vide* remarks against item 135 below.) **Central Provinces.**— No post of Horticulturist exists at present on the staff of the Agricultural Department. The marketing of oranges is under investigation.
132. Work of Agricultural Departments in the Selection and Classification of Root Stocks (paragraph 518).	**Bengal.**—The local Government agree in prin- **United Provinces.**—The gardens staff do a little work on this. **Punjab.**—Two courses, each of a fortnight's duration, were held during the year for giving instructions in preserving fruit and vegetables. **Burma.** The Agricultural Department is experimenting in this matter. **Bihar and Orissa.**— (*Vide* remarks against item 135 below.) **Central Provinces.**—No post of Horticulturist exists at present on the staff of the Agricultural Department.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XVII—Horticulture and Plantations—contd.	
133. Experimental work by Agricultural Departments on Fruit and Vegetables (paragraph 519).	**Bombay.**—Proposals for the provision of an up-to-date laboratory for the Government Horticulturist are under consideration. **Bengal.**—The local Government agree in principle. **United Provinces.**—Nothing has been done on transport or marketing but some useful work has been done by the Plant Pathologist at Farrukhabad on the storage of potatoes (on which a bulletin has been published) on mosaic disease of potatoes, and on selection of varieties. Investigation into the shedding of immature fruit of the mango has also been made and traced to insufficient supplies of potassium. A remedial treatment by manuring has been used in which an interesting point is that ashes of water hyacinth have been found to have a good effect in restoring the deficiency of potash. **Burma.**—The opinion regarding investigations into marketing and transport of fruit and vegetables has been noted and accepted. The Agricultural Department is already undertaking experiments in grafting and growing of fruit trees at the experimental farms. **Bihar and Orissa.**—(*Vide* remarks against item 135 below.) **Central Provinces.**—Experience is being gained in the various Government gardens under the control of the Agricultural Department.
134. Recording of Marketing Information by Marketing Officers and Agricultural Departments (paragraph 519).	**Bengal.**—The local Government agree in principle. **United Provinces.**—Beyond the publication of results in the annual departmental and circle reports, nothing was done during the year. **Burma.**—The information is given in the Horticultural Section of the Farm Reports, and leaflets will be issued when sufficient information is available. **Bihar and Orissa.**—(*Vide* remarks against item 135 below.) **Central Provinces.**—No marketing officer has yet been employed.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XVII—Horticulture and Plantations— *concld.*	
135. Encouragement of Private Enterprise in establishing Nurseries for Orchard Stock and production of Vegetable seeds (paragraph 519).	**Bengal.**—The local Government agree in principle.
	United Provinces.—Private enterprise at Saharanpur has been so successfully encouraged in the production of flower and vegetable seeds and of young trees for planting that the commercial receipts from that garden for the sale of similar products have been greatly diminished. Similar efforts are being made in Kumaon and elsewhere.
	Punjab.—A number of private fruit nurseries have been inspected by the Fruit Specialist, and those whose stocks are considered to be reliable and who have agreed to meet the requirements of the Department as regards their stock have been placed on an approved list of nurserymen whose stock of young fruit trees the Department can recommend.
	Burma.—The opinion is accepted.
	Bihar and Orissa.—The local Government consider that the appointment of a horticultural officer is not a pressing need and that before embarking on serious expenditure on fruit growing more data should be obtained. The Botanical Section at Sabour already undertakes the supply of mango grafts to the public. A temporary horticultural overseer has recently been appointed and attached to the Netarhat farm for work in the Chota Nagpur Division. A horticultural instructor will probably be needed at the agricultural college which the local Government hope to establish at an early date. There are a number of other recommendations of a more urgent character and, with the limited funds at their disposal, the local Government are not likely to be in a position to appoint either a horticultural or a marketing officer for some years to come. Without such officers it is not possible to undertake the work advised in recommendations 9, 13 and 15 or the enquiries proposed in recommendations 6, 7, 10, 11 and 14 in paragraph 522 of the Report of the Royal Commission on Agriculture. The whole of this chapter has, therefore, been reserved for consideration at a later date.
	Central Provinces.—This is being done so far as fruit trees are concerned.
CHAPTER XVIII—Statistics.	
136. Preparation of Forecasts of yield in the Central Provinces and Burma (paragraph 525).	**Burma.**—In Burma there already exists an adequate and efficient agency for the preparation of these forecasts in the Land Records staff. As no practical benefit would be likely to result from the transfer of the work to the Agricultural Department, which does not possess a subordinate staff sufficient for the purpose, the Government are unable to accept the recommendation.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XVIII -Statistics - contd.	Forecasts are already being published in leaflet forms and are also receiving notice in the *Headmans' Gazette*. No further action seems necessary.
	Central Provinces.— No action has yet been taken.
137. Improvement of Crop Statistics in Bengal, Bihar and Orissa and Assam (paragraph 527)	**Bengal.**—The matter is under consideration.
	Bihar and Orissa.—The Royal Commission recommend that the method now in use in collecting statistics of jute production in Bengal should be extended to other provinces. The local Government understand that the results obtained by this method in Bengal are far from satisfactory. They consider that it would be unwise to attempt to extend the use of the *panchayat* system to other crops until the new Central Jute Committee has examined the matter in detail and reported on its efficiency.
	The testing of the correctness of the formula used in arriving at the areas under mixed groups is not an urgent matter and there are more urgent problems to be dealt with first in improving area statistics. The local Government propose, however, to have tests made whenever crop cutting experiments are conducted during settlement operations to ascertain the proportions between the different constituents of a mixed crop.
138. Crop Cutting Experiments (paragraph 528).	**Bengal.**—The matter is under consideration.
	United Provinces.—No change has been made in existing practice.
	Punjab.—The whole question of the number of crop cutting experiments and the agency by which they have been made in the past has been under consideration during the year and action has been taken to provide for a large increase in the number of crop cutting experiments made both by the Agricultural Department and the Revenue Department.
	Burma.—The recommendation has been noted and accepted.
	Bihar and Orissa.—The local Government accept the recommendation that the formation at the headquarters of each provincial Agricultural Department of a statistical branch should precede any attempt to transfer all crop-cutting experiments from the Revenue to the Agricultural Department or to improve the technique of the experiments. This accords with their existing policy. They consider that crop cutting experiments must generally be carried out by the revenue staff until such time as the agricultural department is much more strongly staffed.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XVIII—Statistics—contd.	
	Recommendations Nos. 13, 14 and 15, made in paragraph 542 of the Report, are accepted by the local Government. They have already adopted these principles in the new system of crop cutting experiments which has been under trial for the last three years and was generally introduced in 1928.
	Central Provinces.—These are conducted by the Agricultural and Revenue Departments. The staff of the Agricultural Department has not been strengthened for the purpose.
139. Appointment of a Statistical Assistant to Provincial Agricultural Departments (paragraph 538).	**Madras.**—A Statistical Assistant has already been attached to the office of the Director of Agriculture. He is an experienced member of the Madras Provincial Service.
	Bengal.—The local Government agree in principle.
	United Provinces.—No action has yet been taken owing to lack of funds.
	Burma.—In view of the present financial difficulties, the Government have decided not to pursue this question further for the present.
	Bihar and Orissa.—The local Government accept the proposal that the Agricultural Department should be strengthened by the appointment of a statistical assistant as soon as funds can be found. The average cost of the project will be Rs. 6,000 a year. It will be classed as an urgent minor project.
	Central Provinces.—(*Vide* remarks against item No. 140 below.)
140. Appointment of provincial Statistical Officers (paragraph 538).	**Bombay.**—The matter is under consideration.
	Bengal.—The matter is under consideration.
	United Provinces.—The provision of a small Provincial Statistics Bureau was considered after the report of the Indian Economic Enquiry. Funds were not then available and have not been since. The Government regard this as a desirable project, but not as urgent as many others. An alternative would be to develop and expand the office of the Director of Land Records.
	Burma.—The recommendation is accepted. It is considered that the Provincial Statistical Officer should advise on matters of agricultural statistics, such as error in field experiments. He should advise also on crop forecasting and all Government statistical work.

Subject (with paragraph of the Report.)	Action taken by the Government (or Administration).
CHAPTER XVIII—Statistics—concld.	**Bihar and Orissa.**—The proposal is accepted in principle but must, for financial reasons, be postponed. It is not at present possible to frame any estimate of the cost of appointing a statistical officer and subsequently a provincial statistical bureau. **Central Provinces.**—No such appointments have yet been made, but steps have been taken to train an agricultural graduate in statistical methods.
141. Use of Non-official Agencies in collection of Agricultural Statistics (paragraph 541).	**Bengal.**—Under consideration. **United Provinces.**—The Agricultural Department at present makes a fairly extensive use of non-official reporters on the state of the crops for checking crop forecasts. A detailed proposal was completed for the creation of a Board of Economic Inquiry, modelled closely on that of the Punjab. Owing to the financial stringency, however, the provision of the money required had to be postponed till next year. The Provincial Banking Inquiry Committee is expected to provide in the course of its inquiries much useful material and experience which will serve to give the Board a good start. **Burma.**—The recommendation is accepted. **Bihar and Orissa.**—The local Government accept in principle the recommendation that more use should be made of non-official agencies in the collection of agricultural statistics and that in the present stage of development no extensive use can be made of a system of paid reporters. They propose to make an experiment in one district. The cost of introducing a system of honorary crop reporters for the whole province would be approximately Rs. 5,000 per annum, including printing, postage and compilation. **Central Provinces.**—The returns made by authorities controlling regulated markets and by industrial organisations such as ginning and pressing factories and commercial firms dealing in agricultural produce are already utilized in framing and checking crop forecasts.
CHAPTER XIX—The Agricultural Services.	**Bombay.**—The question of the appointment of an Assistant Director of Agriculture to relieve the Director of a part of his duties is under consideration.
142. Qualifications, pay anp status of Directors of Agriculture (paragraph 547).	**Bengal.**—The question is under consideration. **United Provinces.**—The Government have recommended that the position of the Director in

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XIX—The Agricultural Services—contd.	
	the Royal Warrant should be raised and made equal to that of the Director of Public Instruction. Proposals about his pay are under consideration in the scheme for the new Provincial Services and are being co-ordinated with those for other heads of departments. During the past year, he has been relieved of much routine work by the temporary appointment of an administrative officer from the Provincial Executive Service as his assistant. **Burma.**—The recommendation regarding the qualifications and recruitment of Directors of Agriculture is accepted. The method of recruitment is already provided for in the rules for the new Agricultural Service, Class I. As regards pay and status, having regard to the amount of the budget controlled and the size of the gazetted staff of the department, the Government do not accept the principle that the Agricultural Department should be on equality with the major departments, such as Public Instruction and Forests in Burma. The status depends upon the growth of the department relative to other departments. **Bihar and Orissa.**—The recommendation that the Director of Agriculture should be an officer combining administrative capacity with high scientific qualifications and that his post should be scheduled as a selection post outside the cadre is accepted. They do not, however, wish to lay down any hard and fast rule as to how it should be filled up when a vacancy occurs. The question of pay is now under consideration. As regards the position of the Director of Agriculture in the Warrant of Precedence, action will be taken presumably by the Government of India. **Central Provinces.**—The question is under the consideration of Government.
143. Qualifications, pay and status of Principals of Agricultural Colleges (paragraph 547).	**Bengal.**—The question is under consideration. **United Provinces.**—The matter of pay is under consideration; but the post is still an Indian Agricultural Service post held by a particular officer of that Service and a change is hardly indicated as long as it is held by the present incumbent. **Burma.**—The recommendations have been reserved for consideration when the question of the affiliation of the college to the University is dealt with. **Bihar and Orissa.**—The recommendation that the post of principal of an agricultural college should be a selection post outside the cadre of the Indian Agricultural Service, has been accepted.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XIX —Agricultural Services—contd.	
	As regards pay, the local Government do not wish to commit themselves to anything definite at this stage. The recommendation will be kept in view when an agricultural college is started and a principal for it is appointed.
	Central Provinces.—The question is the consideration of Government.
144. Recruitment to and organisation of the new Superior Provincial Agricultural Services (paragraphs 549—556 and 568).	**Madras.**—The matter is under consideration.
	Bengal.—The matter is under consideration.
	United Provinces.—A scheme is under consideration and is now being co-ordinated with the similar schemes of other departments. It differs, however, in several respects from that advocated by the Royal Commission. A similar scheme for the superior veterinary service is at the same stage.
	Punjab.—The terms of appointment and conditions of service of the New Superior Provincial Agricultural Service are under consideration. The service has not yet been constituted.
	Burma. *Qualifications and recruitment.*—The recommendations have mostly been accepted and provided for in the Burma Agricultural Service, Class I, Rules. No action is proposed at present for strengthening the teaching side of the agricultural college. The Director of Agriculture has been asked to report on the recommendation laying down a post-graduate course as an essential qualification for direct recruitment of India trained candidates. Under the new rules promoted officers are not required to be on probation. *Pay.*—The recommendations regarding basic pay, etc., are accepted generally. The basic scale in the new Burma Agricultural Service, Class I, Rules, is approximately equal to that previously in force for the Indian Agricultural Service. These rules also provide for age for age equality. The Director of Agriculture has been asked to report about applying the concession to the existing members of the Indian Agricultural Service. The question of creating special posts outside the cadre of regular services will be considered when occasion arises. The recommendation regarding the passing of a Public Service Act has been brought to the notice of the departments concerned.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
CHAPTER XIX– Agricultural Services—concld.	
	Bihar and Orissa.—The poposal for the creation of the new Superior Provincial Agricultural Service is under consideration.
	Central Provinces.– The matter is under consideration.
145. Interchange of Officers between Provinces for study of special problems (paragraph 557).	**Bengal.**—While agreeing in principle with this recommendation the Government are of opinion that the question of interchange of research workers would concern the Central Research Institute, where fundamental problems are being investigated, more than provincial departments.
	United Provinces. No action has yet been taken.
	Burma.—The Government agree that the relations should be as friendly as possible. The interchange of officers will be dealt with as occasion arises.
	Bihar and Orissa.—The recommendation has been accepted.
	Central Provinces.—No necessity for such interchange has yet arisen.
146. Grant of Study Leave to officers of new Superior Provincial Agricultural Services (paragraph 559).	**Bengal.**—The local Government agree in principle.
	United Provinces.—No action has been taken.
	Burma.—The recommendations have been noted.
	Bihar and Orissa.– The Local Government have accepted the recommendation that officers in all branches of the Superior Provincial Agricultural Service should be encouraged to avail themselves of opportunities for study abroad afforded by the study leave rules and that the programmes of work in England should be arranged through the office of the High Commissioner for India. They also accept in principle the recommendation that officers on study leave in Europe should take the opportunity to visit the International Institute of Agriculture at Rome, if it possesses information bearing upon their line of work.
	Central Provinces.—The existing arrangements are considered to be satisfactory.

Subject (with paragraph of the Report).	Action taken by the Government (or Administration).
Chapter XX—Miscellaneous.	
147. Establishment of Local Self-Government Institutes (paragraph 576).	**United Provinces.**—No action has yet been taken.
	Burma.—This has been brought to the notice of the Local Government Department for necessary action.
	Bihar and Orissa.—The Bombay Local Self-Government Institute is a self-constituted body which has organised itself under the patronage of the Minister, and has chosen the Minister as its president. The corresponding body in Bihar and Orissa is the "Local Bodies Conference" which is run on political lines, and could not, therefore, be developed on the Bombay model. Similar purposes are served in this province by the Local Self-Government Board which is on a statutory basis, supplemented by occasional conferences of representatives of local bodies convened by the Minister, as is done at present. The recommendation is not, therefore, acceptable to the local Government.
	Central Provinces.—An Institute has been started in Berar.
148. Establishment of Meteorological Stations of the "second order" on experimental farms in are as in which climatic conditions are of importance (paragraph 577).	**Bengal.**—The matter is under consideration.
	United Provinces.—No action has yet been taken.
	Punjab.—All departmental farms are equipped with simple meteorological apparatus such as rain gauges and maximum and minimum thermometers. In addition, during the past year, special meteorological equipment has been installed on four of the departmental experimental farms in different parts of the Province. Action is being taken at present to provide four more sets of special equipment for other farms.
	Burma.—The Director of Agriculture has been asked to report.
	Bihar and Orissa.—This recommendation does not really apply to conditions in Bihar and Orissa.
	The Economic Botanist maintains records of temperature, humidity and rainfall at Sabour and a Stevenson screen has been recently ordered for him. Similar observations will be extended to other farms, whenever necessary. The expenditure involved will be small. It is not proposed to do anything more in this connection at present.
	Central Provinces.—No action taken as no need for this has been felt.

COUNCIL OF STATE.

Wednesday, 19th March, 1930.

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

QUESTIONS AND ANSWERS.

Muslim Representation in the Public Services.

94. The Honourable Mr. MAHMOOD SUHRAWARDY: (*a*) Did Lord Reading, in December, 1925, give an assurance to the Muslim Deputation at Calcutta that the Muslim representation in the ministerial services of the Government will by no means be less than one-third in proportion and if suitable Muslim candidates are available the proportion will be raised to 45 per cent. in Government offices ?

(*b*) Did the Honourable Sir Bhupendra Nath Mitra state on the 3rd September, 1929, in reply to starred question No. 94 in the Legislative Assembly that he has not followed the assurance referred to in (*a*) ?

(*c*) If the answer is in the affirmative, what are the reasons ?

(*d*) Did the Honourable Sir James Crerar, on the 4th September, 1929, in the Legislative Assembly in answer to starred question No. 125, state that the reservation of one-third applied to certain minority communities ?

The Honourable Mr. H. G. HAIG: (*a*) I have not been able to trace any such declaration by Lord Reading at Belvedere, Calcutta, in December 1925. In his reply to the address presented by the Muslim Deputation at Calcutta in *December 1924* Lord Reading stated that, as regards the appointment of Muhammadans to the services, the Government of India had accepted the principle that no class or community should preponderate in the public services if qualified men were otherwise available. He then went on to state what the policy of the Bengal Government was in this respect, explaining that it was to give at least a third of the new clerical and ministerial appointments to Muhammadans until 33 per cent. of the posts in each office are held by members of this community.

(*b*) and (*c*). I am not clear what assurance the Honourable Member is referring to. The Honourable Sir Bhupendra Mitra stated the accepted policy of the Government of India.

(*d*) The Honourable Sir James Crerar explained that the reservation of one-third was intended for minority communities generally which fail to obtain adequate representation in the services.

PERMANENT CADRE FOR THE PUBLIC WORKS DEPARTMENT, DELHI.

95. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: With reference to the reply to my question No. 78 in the Council of State debates on the 29th February, 1928, in Vol. I, No. 15, will Government kindly state whether the permanent cadre for the Delhi P. W. D. is sanctioned; if so, will Government kindly lay on the table a copy of it?

THE HONOURABLE MR. J. A. SHILLIDY: Proposals in respect of a permanent cadre of the superior engineering staff required for the Delhi Public Works Department have recently been sanctioned by the Secretary of State. This staff includes the following posts:—

1 Chief Engineer.

2 Superintending Engineers.

6 Divisional posts.

The above cadre provides also for requirements for the central works in the United Provinces and the Punjab (including Simla).

As regards the other staff required permanently for the Department, proposals are at present under preparation.

NUMBER OF SUBORDINATES IN THE PUBLIC WORKS DEPARTMENT, DELHI, WHO HAVE RETIRED ON PENSION OR GRATUITY.

96. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: Is there a rule that subordinates serving in the Delhi P. W. D. in the temporary establishment should retire on pension after 10 years and on gratuity after three years without claiming permanency? If so, will Government be pleased to state the number of subordinates retired on pension or gratuity in the Delhi P. W. D.?

THE HONOURABLE MR. J. A. SHILLIDY: There is no such rule. The second part of the question does not arise.

PROPOSAL TO MAKE PERMANENT UNQUALIFIED ENGINEERS AND SUBORDINATES SERVING IN THE PUBLIC WORKS DEPARTMENT, DELHI.

97. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: With reference to the reply to my question No. 81 in the Council of State debates on the 29th February, 1928, Vol. I, No. 15, will Government kindly state whether the Delhi P. W. D. has proposed to make permanent the unqualified engineers and subordinates (*i.e.*, those who have no recognised qualification as prescribed for engineers and subordinates) serving in the Delhi P. W. D.?

THE HONOURABLE MR. J. A. SHILLIDY: No such proposals have been received by Government.

NUMBER OF PERMANENT CLERKS, DRAFTSMEN AND OVERSEERS OF THE DELHI PROVINCE SERVING IN THE PUBLIC WORKS DEPARTMENT, DELHI.

98. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: Will Government be pleased to state the number of permanent clerks, draftsmen and overseers of the Delhi Province serving in the Delhi P. W. D.? What is the total amount of their pay per month?

THE HONOURABLE MR. J. A. SHILLIDY: The number of permanent employees in these classes is:

Clerks	One.
Draftsmen	One.
Overseers	Two.

The total amount of their monthly pay is Rs. 662.

NUMBER OF CLERKS, DRAFTSMEN AND OVERSEERS OF THE CHIEF ENGINEER'S STAFF WHO WORK IN THE LAND AND DEVELOPMENT BRANCH OF THE PUBLIC WORKS DEPARTMENT, DELHI.

99. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: With reference to the reply to my question No. 151 in the Council of State debates on the 19th March, 1929, Vol. I, No. 13, will Government be pleased to state the number of clerks, draftsmen and overseers of the Chief Engineer's staff who work in the Land and Development Branch in the P. W. D., Delhi? What is the total amount of their pay per mensem?

THE HONOURABLE MR. J. A. SHILLIDY: The Land and Development work has since been transferred to the local Administration and is no longer in the Public Works Department. The staff comprises two surveyors, eight clerks, four draftsmen and four menials, whose pay amounts in all to Rs. 2,517 per mensem.

LAND AND DEVELOPMENT OFFICE IN THE PUBLIC WORKS DEPARTMENT, DELHI.

100. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: Is the Land and Development Office in the P. W. D., Delhi, under the Chief Commissioner of the Delhi Province?

THE HONOURABLE MR. J. A. SHILLIDY: The Land and Development Office no longer forms part of the Public Works Department establishment, but is under the Chief Commissioner.

SUB-DIVISIONAL OFFICERS IN THE PUBLIC WORKS DEPARTMENT, DELHI.

101. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: With reference to the reply to my question No. 101 (*b*) and (*c*) in the Council of State debates on the 12th March, 1929, in Vol. I, No. 11, will Government kindly state whether competency is a factor in the service of Sub-Divisional Officers?

THE HONOURABLE MR. J. A. SHILLIDY: Yes.

NUMBER OF MUSLIM AND HINDU TEMPORARY ENGINEERS APPOINTED IN THE PUBLIC WORKS DEPARTMENT, DELHI, FROM THE 1ST MARCH, 1929, TO THE 1ST FEBRUARY, 1930.

102. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: With reference to the reply to my question No. 96 in the Council of State debates on the 12th March, 1929, in Vol. I, No. 11, will Government kindly state the respective number of Muslim and Hindu temporary engineers appointed in the P. W. D., Delhi, from the 1st March, 1929, to the 1st February, 1930?

THE HONOURABLE MR. J. A. SHILLIDY: One Muslim and one Hindu.

ARTICLE IN THE *Muballagh* REGARDING MUSLIM CLAIMS IN THE PUBLIC WORKS DEPARTMENT, DELHI.

103. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: Has the attention of Government been drawn to the article published in the newspaper *Muballagh* of the 19th April, 1929, under the head "Crush of Muslim Claims in the Delhi P. W. D." ? What action has been taken on it ?

THE HONOURABLE MR. J. A. SHILLIDY: Yes. Instructions have been issued to the Chief Engineer, Public Works Department, Delhi, for the adequate representation of minority communities (including Muslims) in the clerical and subordinate technical establishments under his control.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY: Do the instructions relate to Muslims in particular ? "Minority communities" is a vague term.

THE HONOURABLE MR. J. A. SHILLIDY: "For the adequate representation of minority communities (including Muslims)."

STATEMENT LAID ON THE TABLE.

COMMERCIAL TREATIES AFFECTING INDIA.

THE HONOURABLE MR. J. A. WOODHEAD (Commerce Secretary): Sir, I lay on the table a list of further commercial treaties which affect India. The agreements mentioned in Part II are also laid on the table.

PART I.

The treaties mentioned in this part provide for the grant of most-favoured-nation treatment to the products and manufactures of India on terms of reciprocity. Such treatment, however, does not include special privileges granted by Guatemala to any other Central American country and to no other foreign country, and does not apply to stipulations between Panama and the United States of America for the construction, maintenance, operation, sanitation or protection of the Panama Canal.

Country.	Nature of agreement.	Description.	Date.
Guatemala	Treaty and Notes	Commerce and Navigation.	February 22, 1928.
Panama	Treaty and Protocols .	Ditto .	September 25, 1928.

PART II.

The agreements mentioned in this part are applicable to, or have been acceded to by, India.

Country.	Nature of agreement.	Description.	Date.
China . .	Notes . . .	Trade and Commerce .	December 20, 1928.
Greece . .	Notes . . .	Consular fees on certificates of origin.	June 21, 1929.
Turkey . .	Notes . . .	Commercial relations .	July 2, 1929.

(Enclosures to Part II of Statement.)

CHINA.

A.

EXCHANGE OF NOTES BETWEEN HIS MAJESTY'S GOVERNMENT AND THE CHINESE GOVERNMENT AT THE TIME OF SIGNATURE OF THE ANGLO-CHINESE TARIFF AUTONOMY TREATY.

(1)

Sir M. Lampson to Dr. Wang.

Nanking, December 20, 1928.

Sir,

With reference to the treaty concluded this day between His Britannic Majesty and the President of the National Government of the Republic of China, I have the honour to assure your Excellency, on behalf of His Majesty's Government in Canada, the Commonwealth of Australia, New Zealand, the Union of South Africa and the Irish Free State and the Government of India, that the rights of those Governments to benefit by those provisions of existing treaties which limit in any way the right of China to settle her customs tariff or to impose tonnage dues at such rates as she may think fit are renounced by His Majesty as from the entry into force of the treaty.

I have also the honour to assure your Excellency that His Majesty similarly renounces his rights in respect of Newfoundland, Southern Rhodesia and all his non-self-governing Colonies and Protectorates.

I shall be glad to receive the assurance of the National Government of the Republic of China that goods produced or manufactured in any of the parts of His Majesty's territories mentioned above, or in any of the territories under their administration, or in any territory under His Majesty's suzerainty, or in any territory in respect of which a mandate is exercised by His Majesty's Government in Great Britain, the Commonwealth of Australia, New Zealand or the Union of South Africa, will be accorded most-favoured-nation treatment in China, so long as goods produced or manufactured in China receive in such territory treatment as favourable as that accorded to goods produced or manufactured in any other foreign country.

I shall also be glad to receive the assurance of the National Government of the Republic of China that articles produced or manufactured in China and exported to any of the territories mentioned above will receive most-favoured-nation treatment as regards export duties, internal taxation or transit dues, levied before export, or matters connected therewith, so long as goods produced or manufactured in such territory and exported to China receive in corresponding matters treatment as favourable as that accorded to goods exported to any other foreign country.

I avail, &c.,

MILES W. LAMPSON.

(2)

Dr. Wang to Sir M. Lampson.

Nanking, December 20, 1928.

Excellency,

I hereby take note of the renunciation by His Britannic Majesty of the rights of his Governments in Canada, the Commonwealth of Australia, New Zealand, the Union of South Africa and the Irish Free State, and of the Government of India, as from the entry into force of the treaty concluded this day between His Britannic Majesty and the President of the National Government of the Republic of China, to benefit by the provisions of existing treaties which limit in any way the right of China to settle her customs tariff or to impose tonnage dues at such rates as she may think fit. I also take note of the renunciation by His Majesty of his rights in respect of Newfoundland, Southern Rhodesia and all his non-self-governing Colonies and Protectorates.

I have the honour, on behalf of the National Government of the Republic of China, to assure you that goods produced or manufactured in any of the parts of His Majesty's territories mentioned above, or in any of the territories under their administration, or in any territory under His Majesty's suzerainty, or in any territory in respect of which a mandate is exercised by His Majesty's Government in Great Britain, the Commonwealth of Australia, New Zealand or the Union of South Africa, will receive most-favoured-nation treatment in China, so long as goods produced or manufactured in China receive in such territory treatment as favourable as that accorded to goods produced or manufactured in any other foreign country.

I have also to assure you, on behalf of the National Government of the Republic of China, that articles produced or manufactured in China and exported to any of the territories mentioned above will receive most-favoured-nation treatment as regards export duties, internal taxation or transit dues, levied before export, or matters connected therewith, so long as goods produced or manufactured in such territory and exported to China receive in corresponding matters treatment as favourable as that accorded to goods exported to any other foreign country.

I avail, &c.,

CHENGTING T. WANG.

B.

EXCHANGE OF NOTES REGARDING THE TREATMENT OF CHINESE NATIONALS IN HIS MAJESTY'S DOMINIONS, INDIA, BRITISH COLONIES AND BRITISH PROTECTORATES.

(1)

Dr. Wang to Sir M. Lampson.

Excellency,

With reference to the treaty signed between us this day, and the exchange of notes in connexion with His Majesty's Dominions, India, non-self-governing Colonies and Protectorates, I should like to draw your attention to the possible contingency of discrimination against Chinese nationals in the abovementioned territories.

I realise that it requires time for your Government to consult all the Dominions in the matter, and therefore did not insist that the point be covered in the treaty itself. Should the contemplated contingency, however, arise at any time in the future, my Government shall be constrained to raise the question.

I avail, &c.,

CHENGTING T. WANG.

(2)

Sir M. Lampson to Dr. Wang.

Nanking, December 20, 1928.

Sir,

I have the honour to acknowledge the receipt of your Excellency's note of to-day's date, drawing attention to the possibility under the treaty signed between us to-day, of discrimination against Chinese nationals in His Majesty's Dominions, India, non-self-governing Colonies and Protectorates.

I have the honour to inform your Excellency that I have taken due note of its contents, which I will bring before my Government.

I avail, &c.,

MILES W. LAMPSON.

C.

EXCHANGE OF NOTES REGARDING THE IMPORT AND EXPORT OF GOODS BY LAND BETWEEN INDIA AND CHINA.

(1)

Sir M. Lampson to Dr. Wang.

Nanking, December 20, 1928.

Sir,

With reference to the declaration contained in Your Excellency's note of to-day's date regarding the uniform application of the new national tariff rates on all land and sea frontiers of China, I have the honour to invite your attention to the notes exchanged on the 9th and 16th January, 1922, respectively, at the Washington Conference, between Mr. Sastri on behalf of the Government of India and Dr. Sze of the Chinese delegation. Copies of these notes are enclosed herewith for convenience of reference.

I shall be glad to receive from Your Excellency, in the name of the National Government of the Republic of China, confirmation of the understanding embodied in that exchange of notes.

I avail, &c.

MILES W. LAMPSON.

Enclosure 1 in (1).

Mr. Sastri to Dr. Sze.

Washington, January 9, 1922.

Your Excellency,

I have the honour to address you on the subject of the reductions now applicable to the customs duties collected on goods imported into and exported from China by land.

2. The arrangement between India and China regarding the import and export of goods by land is contained in articles 8 and 9 of the convention of the 1st March, 1894, between Great Britain and China. The substance of these articles is as follows :—

Article 8. The British Government agreed—

(1) Chinese produce and manufacture, with the exception of salt, to enter Burma by land free of duty.

(2) British manufactures and Burmese produce, with the exception of rice, to be exported to China by land free of duty.

(3) The import duty on salt and the export duty on rice not to be higher than the duties on import or export by sea.

Article 9. The Chinese Government agreed—

(1) The duty on goods imported by land by certain specified routes from Burma to China to be less by three-tenths than the duties specified in the General Tariff of Maritime Customs.

(2) The duty on goods exported from China by those routes to be less by four-tenths than the duties specified in the General Tariff of Maritime Customs.

Under article 19 these arrangements were subject to revision after six years at the demand of either party, or sooner should both Governments desire it. They are, however, still in force.

3. As you are aware, paragraph 6 of the proposed agreement on the Chinese Maritime Customs Tariff makes the following provision :—

> "That the principle of uniformity in the rates of custom duties levied on all the frontiers, land and maritime, of China be recognised, and that it be referred to the special conference mentioned in paragraph 1 to make arrangements to give practical effect to this principle, with power to authorise any adjustments which may appear equitable in cases in which the customs privilege to be abolished was granted in return for some local economic favour.
>
> "In the meantime, any increase in the rates of customs duties or surtax imposed in pursuance of the present agreement shall be levied at a uniform rate *ad valorem* on all frontiers, land and maritime."

And in paragraph 9 of the aforesaid agreement it is further provided that that agreement shall override all provisions of treaties between China and the Powers, which are inconsistent with its terms.

4. I have the honour to say that while India is prepared to accept the principle that the rates of customs duties levied on all the frontiers, land and maritime, of China should be uniform, it should be clearly understood, with reference to paragraph 2 of this letter, that the arrangements made to give effect to this principle will restore to India the right to impose import duty on Chinese manufactures or produce entering Burma, and export duty on British manufactures and Burmese produce exported to China by land, should she so desire, and that no further action on her part under article 19 of the convention of the 1st March, 1894, will be required. In this connexion I have the honour to point out that at the meeting of the Sub-Committee on Chinese Tariff, held on the 28th December, Sir Robert Borden mentioned that if India renounces the preference at present enjoyed under the terms of the convention referred to in paragraph 2 of this letter, she would recover her freedom as to the treatment of Chinese trade, and it was understood that your delegation had no objection to this.

I have, &c.,

V. SRINIVASA SASTRI.

Enclosure 2 in (1).

Dr. Sze to Mr. Sastri.

Washington, January 16, 1922.

Your Excellency,

I have the honour to acknowledge the receipt of Your Excellency's note of the 9th instant on the subject of the reductions now applicable to the customs duties collected on goods imported into and exported from China by land.

It will be recalled that at the meeting of the Sub-Committee on Chinese Revenue, held on the 4th instant, my colleague, Mr. V. K. Wellington Koo, speaking of the expression "in return for some local economic favour" in paragraph 6 of the proposed agreement on the Chinese Maritime Customs Tariff, observed, and it was understood that the observation was tacitly accepted as correct by the other members of the sub-committee, that the said expression could refer only to that which clearly *quid pro quo* for the tariff reduction in question. As the provisions of articles 8 and 9 of the convention of the 1st March, 1894, between China and Great Britain appear clearly to be reciprocal considerations one for the other, I have the honour to state, in reply, that it is understood that the arrangements made to give effect to the principle of uniformity in the rates of customs duties levied on all frontiers, land and maritime, of China, would restore the right to India, should she so desire, to impose duty on Chinese manufactures or produce entering Burma, and export duty on British manufactures and Burmese produce exported to China by land; and that no further action would be required on India's part to revise the said convention of the 1st March, 1894.

I have, &c.,

SAO-KE ALFRED SZE.

(2)

Dr. Wang to Sir M. Lampson.

Nanking, December 20, 1928.

M. le Ministre,

I have the honour to acknowledge the receipt of Your Excellency's note of to-day's date drawing attention to and enclosing copies of notes exchanged on the 9th and 16th January, 1922, respectively, at the Washington Conference, between Dr. Sze and Mr. Sastri.

I hereby confirm in the name of the National Government of the Republic of China the understanding embodied in that exchange of notes.

I avail, &c.,

CHENGTING T. WANG.

GREECE.

EXCHANGE OF NOTES BETWEEN HIS MAJESTY'S GOVERNMENT IN THE UNITED KINGDOM AND THE GOVERNMENT OF INDIA AND THE GREEK GOVERNMENT RESPECTING CONSULAR FEES ON CERTIFICATES OF ORIGIN.

London, June 21, 1929.

(1)

Mr. A. Henderson to M. Caclamanos.

Foreign Office, June 21, 1929.

Sir,

I have the honour to inform you on behalf of His Majesty's Government in the United Kingdom of Great Britain and Northern Ireland and the Government of India that they learn with satisfaction from your notes of the 23rd February, 1928, and the 11th April, 1929, that the Government of the Hellenic Republic are prepared to conclude with them an arrangement respecting consular fees on certificates of origin, consonant with the provisions of paragraph 8 of article II of the Convention for the Simplification of Customs Formalities signed at Geneva on the 3rd November, 1923. His Majesty's Government in the United Kingdom and the Government of India accordingly agree, on condition of reciprocity, as embodied in your corresponding note of to-day's date, that certificates of origin relating to goods the manufacture or produce of Greece exported to Great Britain and Northern Ireland or India shall not, save in exceptional circumstances, require consular endorsement. His Majesty's Government in the United Kingdom also agree that the same shall apply to the export of such goods to any British Colony or Protectorate or any mandated area administered by them to which the stipulations of the Commercial Treaty between Great Britain and Northern Ireland and Greece, dated the 16th July, 1926, have been applied in accordance with article 30 or article 31 thereof.

2. Where, however, in exceptional circumstances, such endorsement is required as, for example, where the certificate of origin is issued not by a Chamber of Commerce but by the manufacturer or exporter of the goods, the fee charged for such endorsement shall not exceed 4 gold drachmas.

3. It is further understood that, in the case of goods which are transhipped to Great Britain and Northern Ireland, *via* a port in Greece, the certificates of origin relating to such goods shall, where necessary, be issued by all recognised Chambers of Commerce in Greece, namely the Chambers of Commerce at Athens, Piraeus, Patras, Salonica, Volo, Calamata, Corfu (Kerkyra), Cephalonia, Cavalla, Rhodope, Alexandroupolis (formerly Dedeagatch), Chios, Mytilene, Candia (Herakleion), Syra (or Ermoupolis),

Jannina, Edessa, Drama, Cozani, St. Maura (Leucas), Pyrgos, Xanthi, or in the case of tobacco, also by the Greek Tobacco Protection Offices at Volo, Salonica, Cavalla. Such certificates may require consular endorsement, the fee charged for which shall not exceed 4 gold drachmas.

4. It is understood that the arrangements constituted by this note and your note of to-day's date on the same subject shall come into force in both countries on the 5th July, and be terminable at any time by either party at three months' notice.

I have, &c.,

ARTHUR HENDERSON.

(2)

M. Caclamanos to Mr. A. Henderson.

Greek Legation,

51, Upper Brook Street,

London, W.-1, June 21, 1929.

In reply to your note to-day's date with reference to the conclusion of an arrangement between the Government of the Hellenic Republic on the one hand and His Britannic Majesty's Government in the United Kingdom of Great Britain and Northern Ireland and the Government of India on the other hand respecting consular fees and certificates of origin, consonant with the provisions of paragraph 8 of article 11 of the Convention for the Simplification of Customs Formalities signed at Geneva on the 3rd November, 1923, the Government of the Hellenic Republic authorise me to undertake hereby on their behalf, and on condition of reciprocity, as embodied in your note referred to above, that certificates of origin relating to goods the manufacture or produce of Great Britain and Northern Ireland or India exported to Greece shall not, save in exceptional circumstances, require consular endorsement. The same will apply to goods the manufacture or produce of any British Colony or Protectorate or of any mandated area administered by His Majesty's Government in the United Kingdom to which the stipulations of the Commercial Treaty between Great Britain and Northern Ireland and Greece, dated the 16th July, 1926, have been applied in accordance with article 30 or article 31 thereof. Where, however, in exceptional circumstances, consular endorsement is required, as, for example, where the certificate is issued not by a Chamber of Commerce but by the manufacturer or exporter of the goods, the fee charged for such endorsement shall not exceed 3*s*.

2. It is further understood that, in the case of goods which are transhipped to Greece from a third country *via* a port in the United Kingdom, the certificates of origin relating to such goods shall be issued by either the London or the Manchester Chamber of Commerce. Where the goods so transhipped are the manufacture or produce of any British Colony or Protectorate or any mandated area administered by His Majesty's Government in the United Kingdom to which the stipulations of the Commercial Treaty between Great Britain and Northern Ireland and Greece, referred to above, have been applied, no consular endorsement of such certificates of origin shall be required. Where, however, the goods so transhipped are not the manufacture or produce of Great Britain and Northern Ireland or India or of any such Colony Protectorate or mandated area, consular endorsement of the certificates relating to them may be required. The fee charged for such endorsement shall not exceed 3*s*.

3. It is understood that the arrangements constituted by this note and your note of to-day's date on the same subject shall come into force in both countries on the 5th July, 1929, and be terminable at any time by either party at three months' notice.

I have, &c.

D. CACLAMANOS.

TURKEY.

EXCHANGE OF NOTES BETWEEN HIS MAJESTY'S GOVERNMENT IN THE UNITED KINGDOM AND THE TURKISH GOVERNMENT FOR THE ESTABLISHMENT OF A COMMERCIAL "MODUS VIVENDI."

Angora, July 2, 1929.

(1)

Sir George Clerk to Dr. Tevfik Rushdi Bey.

British Embassy in Turkey,

Angora, July 2, 1929.

Your Excellency,

It being the desire of His Britannic Majesty's Government in the United Kingdom of Great Britain and Northern Ireland and of the Turkish Government to avoid any impediment to the trade and commerce of their respective countries on the lapse of the Commercial Convention signed at Lausanne on the 24th July, 1923, and pending the entry into force of the treaty of commerce and navigation now being negotiated, I have the honour to inform your Excellency that His Majesty's Government in the United Kingdom undertake, on condition of reciprocity, to accord, as from the 6th August, 1929, to Turkish citizens and goods the produce or manufacture of Turkey a treatment in Great Britain and Northern Ireland which shall be as favourable in all respects as that accorded to the nationals of, and goods the produce or manufacture of, the most favoured foreign country. This treatment shall be accorded in all matters of commerce and navigation, and as regards importation, exportation and transit, and in general all that concerns customs duties and formalities and commercial operations, the establishment of Turkish citizens in Great Britain and Northern Ireland, the exercise of commerce, industries and professions and the payment of taxes.

2. Turkish vessels, their cargoes and passengers shall enjoy in the ports, rivers and territorial waters of Great Britain and Northern Ireland treatment not less favourable than that accorded to the vessels of the most favoured foreign country and their cargoes and passengers.

3. The foregoing stipulations shall be extended, on condition of reciprocity, to any of His Britannic Majesty's Colonies, Possessions or Protectorates, or to any Mandated Territory administered by His Majesty's Government in the United Kingdom if a notification to that effect is given by His Britannic Majesty's representative in Turkey to the Government of the Turkish Republic.

4. The Government of any of His Majesty's self-governing Dominions, or the Government of India, may, on condition of reciprocity, accede to the present *modus vivendi* by giving notice through His Britannic Majesty's representative in Turkey of their desire that its stipulations shall apply to their respective territories, including any Mandated Territories administered by such Governments.

5. The undertakings contained in this note will take effect as from the 6th August, 1929, and will remain in force for a period of six months at least, it being understood that they may be terminated by either party by giving three months' notice at the end of the third month or at any time subsequently. Failing such notice it will remain in force until the entry into force of the treaty of commerce and navigation now being negotiated, as from which date it will in any event *ipso facto* cease to be effective.

6. As regards any of His Majesty's self-governing Dominions, India, or any Colony, Possession, Protectorate or Mandated Territory in respect of which notification of accession to this *modus vivendi* has been made in virtue of paragraph 4 above, or notice of the application of this *modus vivendi* has been given in virtue of paragraph 3 above, it may be terminated separately by either party, at the end of the third month or at

any time subsequently, on three months' notice to that effect being given either by or to His Britannic Majesty's representative in Turkey.

I have, &c.,

GEORGE R. CLERK.

(*Translation.*)

Ministry for Foreign Affairs,

Directorate of Commercial Affairs,

Angora, July 2, 1929.

Your Excellency,

It being the desire of the Government of the Republic of Turkey and of His Britannic Majesty's Government in the United Kingdom of Great Britain and Northern Ireland to avoid any impediment to the trade and commerce of their respective countries on the lapse of the Commercial Convention signed at Lausanne on the 24th July, 1923, and pending the entry into force of the treaty of commerce and navigation now being negotiated, I have the honour to inform your Excellency that the Government of the Republic of Turkey undertake, on condition of reciprocity, to accord, as from the 6th August, 1929, to British subjects and goods the produce or manufacture of Great Britain and Northern Ireland treatment in Turkey which shall be as favourable in all respects as that accorded to the nationals of, and goods the produce or manufacture of, the most favoured foreign country. This treatment shall be accorded in all matters of commerce and navigation, and as regards importation, exportation and transit, and in general all that concerns customs duties and formalities and commercial operations, the establishment of British subjects in Turkey, the exercise of commerce, industries and professions and the payment of taxes.

2. British vessels, their cargoes and passengers shall enjoy in the ports, rivers and territorial waters of Turkey treatment not less favourable than that accorded to the vessels of the most favoured foreign country and their cargoes and passengers.

3. The foregoing stipulations shall be extended, on condition of reciprocity, to any of His Britannic Majesty's Colonies, Possessions or Protectorates, or to any Mandated Territory administered by His Majesty's Government in the United Kingdom, if a notification to that effect is given by His Britannic Majesty's representative in Turkey to the Government of the Republic of Turkey.

4. The Government of any of His Britannic Majesty's self-governing Dominions, or the Government of India, may, on condition of reciprocity, accede to the present *modus vivendi* by giving notice through His Britannic Majesty's representative in Turkey of their desire that its stipulations shall apply to their respective territories, including any Mandated Territories administered by such Governments.

5. The undertakings contained in this note will take effect as from the 6th August, 1929, and will remain in force for a period of six months at least, it being understood that they may be terminated by either party by giving three months' notice at the end of the third month or at any time subsequently. Failing such notice they will remain in force until the entry into force of the treaty of commerce and navigation now being negotiated as from which date they will in any event *ipso facto* cease to be effective.

6. As regards any of His Britannic Majesty's self-governing Dominions, India, or any Colony, Possession, Protectorate or Mandated Territory in respect of which notification of accession to this *modus vivendi* has been made in virtue of paragraph 4 above, or notice of the application of this *modus vivendi* has been given in virtue of paragraph 3 above, it may be terminated separately by either party, at the end of the third month or at any time subsequently, on three months' notice to that effect being given either by or to His Britannic Majesty's representative in Turkey.

I avail myself, &c.,

DR. RUSHDI.

INDIAN TARIFF (AMENDMENT) BILL.

THE HONOURABLE MR. J. A. WOODHEAD (Commerce Secretary): Sir, I beg to move that the Bill further to amend the Indian Tariff Act, 1894, for certain purposes, as passed by the Legislative Assembly, be taken into consideration.

Sir, the Bill, which is a General Tariff Amendment Bill, covers a number of minor changes in the tariff schedule and I think I need only draw attention to one or two of these changes.

In the first place it is proposed to remove the duty on barks for tanning. That is chiefly on wattle bark. This is a proposal—the removal of the duty on barks for tanning—which has been pressed upon Government from time to time by the tanning industry particularly in Madras. Another change relates to saccharine. Saccharine is liable to a high duty of Rs. 5 a lb. Attention has been drawn to the fact that it might be possible to evade the duty on saccharine by importing substances from which saccharine can readily be made and which are at present admitted at lower duties. The opportunity has therefore been taken, following the practice already introduced in the United Kingdom, to make these substances, that is, substances from which saccharine can be prepared, subject to the higher rate of duty.

There is also an item as regards domestic refrigerators. It is proposed to make these refrigerators subject to the general rate of 15 per cent. At present, while some pay duty at 15 per cent. others are exempt from duty because they happen to come under the definition of "machinery". The object of admitting machinery free was to encourage the importation of machinery representing fixed capital employed in productive industries. Domestic refrigerators do not fulfil this condition and since some pay duty at the general rate, it was thought proper that all should be subject to this rate of duty.

I do not think, Sir, that there is any other point to which I need draw particular attention in regard to the provisions of this Bill.

Sir, I move.

The motion was adopted.

Clause 2 was added to the Bill.

The Schedule was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

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

The motion was adopted.

INDIAN INCOME-TAX (THIRD AMENDMENT) BILL.

THE HONOURABLE SIR ARTHUR McWATTERS (Finance Secretary): Sir, I beg to move that the Bill further to amend the Indian Income-tax Act, 1922, for a certain purpose, as passed by the Legislative Assembly, be taken into consideration.

Sir, in asking the indulgence of the House to my presenting yet another Bill to amend the Indian Income-tax Act, I should like to explain that this Bill consists of a single amendment which is in the interests of assessees. The

[Sir Arthur McWatters.]

necessity for the amendment arises from a ruling of the Madras High Court which was to the effect that remuneration by way of bonus or commission paid by the employer to an employee should not be allowed as a business expense in calculating income-tax if the amount of the bonus or commission depended upon the amount of the profits. It was at once apparent to Government that this would mean double taxation, first in the hands of the employer who would not be allowed to make the deduction from his profits as a business expense and secondly in the hands of the employee for whom the payments would obviously be income. The Government of India were able to meet this difficulty by a notification under section 60 of the Act by which they exempted from subsequent taxation the income of the employee. This, however, did not meet the demand of the commercial community that these bonuses or commissions should be legitimately treated as business expenses and their claim that these expenses were in fact expenses incurred in earning the profits. The point was raised in the other House by Sir Hugh Cocke and in reply the Honourable the Finance Member agreed that so far as contractual payments were concerned, Government would undertake to treat them as business expenses. It was, however, pointed out to Government by various Chambers of Commerce—and it was discussed in December last at the meeting of the Associated Chambers—that one cannot distinguish legitimately between contractual and non-contractual payments. The Government of India recognised the justice of this point of view and promised that if they were able to devise adequate safeguards to prevent abuse of this concession, they would bring in a Bill before the Legislature. The Bill which is now before the House is an attempt to give effect to that promise.

Sir, I move.

The motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

THE HONOURABLE SIR ARTHUR McWATTERS: Sir, I move that the Bill, as passed by the Legislative Assembly, be passed.

The motion was adopted.

INDIAN RAILWAYS (AMENDMENT) BILL.

THE HONOURABLE MR. A. M. HAYMAN (Member, Railway Board): Sir, I move that the Bill further to amend the Indian Railways Act, 1890, for certain purposes, as passed by the Legislative Assembly, be taken into consideration.

Sir, the Bill before the Council contains the measures for giving effect to the Washington and Geneva Conventions in India in respect of certain classes of railway establishments.

In regard to hours of work, Article 10 of the Washington Convention is the substantive Article which applies. This Article provides that:

"In British India the principle of a 60-hour week shall be adopted for all workers in the industries at present covered by the Factory Act administered by the Government of India, in mines, and in such branches of railway work as shall be specified for this purpose by the competent authority".

The Convention, Sir, was ratified by the Government of India in 1921 and since then the Railway Administrations in India have been doing their best by executive orders to give effect to the principle embodied in this Article of the Convertion. I should like to explain at the outset, Sir, that from the proceedings which took place at Washington at the time when the Convention was drawn up, it is clear that the Convention was intended to be applied only to such branches of railway organisation where the work approximated in character to the work done in large industrial undertakings. The Government of India, Sir, and the Railway Administrations in India have taken a wider view of their obligations and have in the past nine years done a great deal to extend the principles embodied in Article 10 of the Convention to other classes of railway servants also,—the Transportation staff, the Traffic staff, Engineering, Stores, Accounts and indeed almost the whole of the establishments. The effect is that at this moment we have done a great deal to bring the Convention into play, and we have done this because we have felt that apart from the provisions in the Convention humanitarian considerations demanded that we should require that our workmen should be on work only for hours which are reasonable and proper.

I now pass on to the Geneva Convention which prescribes a weekly period of rest. Article 2 of the Convention is the one upon which we are required to work. It provides that :

" The whole of the staff employed in any industrial undertaking, public or private, or in any branch thereof shall, except as otherwise provided for by the following Articles, enjoy in every period of seven days a period of rest comprising at least 24 consecutive hours ".

Article 4 of the Convention gives power to the competent authority to provide exemptions from the provisions of Article 2.

The present position, Sir, in respect of our railway servants under both these Conventions is that under the provisions of the Factories Act and the Mines Act all our employees in our workshops—and here we have a very large number of employees—and in our mines have their hours of work and their periods of rest regulated by those Acts, and in the Bill before the House at the moment we are dealing only with all other classes of servants.

The provisions of the Bill provide for exemptions to certain classes of servants from the two main conditions, that is, the 60-hour week of work and the 24-hour period of rest in every week. The classes of staff we excluded from these benefits, that is, excluded from both the 60-hour week and the weekly rest provisions, are the supervising and confidential staff, staff whose work is essentially intermittent, and certain chowkidars, watermen, sweepers and gate-keepers whose work is of an exceptionally light character. Those excluded only from the weekly rest Convention are temporary labour and permanent way staff. I feel, Sir, that I owe it to the House to make a brief explanation as to why the importance of these classes of staff have not been given the full benefits of the Conventions. The supervising and confidential staff are excluded because they are also excluded under the provisions of the Washington-Geneva Conventions in their application to other countries. As regards staff whose work is essentially intermittent, I would like to point out that the Washington Convention itself does not provide for any maximum hours of work for such classes of staff. It provides that they may be exempted from the Convention. We, Sir, in

[Mr. A. M. Hayman.]

this Bill before the House have provided a maximum period of 84 hours work a week for those classes of staff. In doing this we have been guided by humanitarian considerations. We felt we ought to prescribe some maximum limit. There may be some who think that this limit of 84 hours is too high a one. I would like the House to know that we will take every precaution to see that no employee is required to work more than is reasonable, and we will provide in the rules to be made under the Act that the work of every employee is examined in order to find out whether the character of his work is really essentially intermittent or not. The other staff that we exclude, namely, the chowkidars, water-men, sweepers and gate-keepers are excluded because their work is so light that we do not feel that we need prescribe any limit of hours of work for them. But we have arranged that they as well as other classes of staff who are classed as essentially intermittent workers enjoy regular holidays. In arranging our leave programmes we will always take into consideration the claims of this class of staff, *i.e.*, the intermittent workers and see that they get the first claim for consideration when we are dealing with applications for leave, and we will deal with the application of the continuous working staff after dealing with the leave applications of the essentially intermittent staff. There is one other important class of staff to which I ought to refer. We are at present going to exclude from both Conventions our running staff, the staff comprised of drivers, firemen and guards on our railways. We have done this, Sir, because this class is paid partly by way of pay and partly by mileage or overtime, and it requires very careful investigation before new arrangements can be introduced revising their hours of work with a view to adopting them to the Conventions. The reason why we hold back for the moment is entirely in the interests of the men themselves. Any hasty action on our part will result in these men drawing lesser emoluments than they do at present. I therefore wish to say that we are not excluding them from the benefits of these Conventions permanently. They are only being temporarily excluded and their case will come up again for final consideration as soon as we have found means of bringing them under the Conventions without affecting their emoluments seriously.

There is one important point which I wish to bring before the House, and that is that the Bill provides for the appointment of Supervisers of Labour. These officers will work not under the Railway Administrations to which they are attached but under the Railway Board. Primarily their duties will be to see that the law is not violated, to investigate all that has been done on railways in the matter of rostering men for duty and in other ways to give effect to the principle of the provisions of the Bill, and we look forward to our Supervisers of Labour doing everything possible to assist the Railway Board in carrying out the policy they have in view, which, as I have said once or twice before, is that none of our employees shall be required to work more than a reasonable number of hours a week and also that they shall get reasonable periods of rest.

Just one more remark before I close. One often feels that benefits which are conferred can be closely related to the cost. Government do not wish or this occasion to claim that the cost of the measure before this Council is a true and full index of the benefits that are going to be conferred on the staff. We are going to spend about 75 lakhs of rupees in providing additional quarters for the additional staff we entertain and the cost of the additional staff will be anything between 50 and 60 lakhs of rupees per annum. Now, Sir, I give these figures because Government do wish to claim that in

dealing with this matter the first consideration has been the interests of the staff, and that we have drawn up a Bill which is both liberal and comprehensive:

Sir, I move.

The motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

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

The motion was adopted.

STEEL INDUSTRY (PROTECTION) BILL.

THE HONOURABLE MR. J. A. WOODHEAD (Commerce Secretary): Sir, I beg to move that the Bill to amend the law relating to the fostering and development of the steel industry in British India for certain purposes, as passed by the Legislative Assembly, be taken into consideration.

The Bill, Sir, makes two changes, first, as regards steel bars and rods, and secondly, as regards tie-bars. At present round and square bars and rods of sizes of half an inch and upwards are liable to the protective duty, whereas bars and rods of sizes of less than half an inch are exempt from this protective duty and are liable to the ordinary revenue duty of 10 per cent. *ad valorem*. The reason for this distinction was that the half inch bar and rod was the smallest size made in British India and it would serve no useful purpose to protect articles which were not manufactured in India. In October last, however, the Tata Iron and Steel Company wrote to Government and informed them that, whereas the next standard size below half an inch was 7/16ths of an inch, bars described as 15/32nds of an inch or 31/64ths of an inch were being imported in considerable and increasing quantities. They stated that these bars could be used for the same purposes as the half inch bar and explained that as these bars (of smaller dimensions) were not subject to the protective duty, the Tata Iron and Steel Company were finding it very difficult to sell their half inch bars. Prior to this, the Collector of Customs at Karachi had drawn the attention of the Government to the importation of the bars of these intermediate sizes and for sometime past records have been kept as regards the imports of bars of these sizes. In July and August, 1928, the imports were 400 tons a month, but in August and September last year (1929), the imports had risen to a figure of over 2,000 tons a month. It seemed clear, Sir, that owing to a loophole in the law, steel bars which definitely compete with the Indian article were entering India at the revenue duty of 10 per cent. and that the protection which the Legislature intended to give to the manufacture of half inch bars was being defeated. In order to make this protection fully effective, the Bill proposes to make the bars of 15/32nds of an inch and 31/64ths of an inch in size subject to protective duty.

The second change, as I said, is as regards tie-bars, and has reference to another defect in the law which experience has proved to exist. Tie-bars, I may explain, are used to maintain the distance between two rails on a

[Mr. J. A. Woodhead.]

railway line. Their commonest use is in connection with cast-iron sleepers. The two plates of the sleeper on which the rails rest are connected and kept the proper distance apart by a tie-bar. Tie-bars are also used to connect the moveable rails of switches and are sometimes used on curves, stiff curves, to keep the rails at the proper distance. Under the Steel Protection Act of 1924, all tie-bars were liable to the protective duty and it is clear from the Tariff Board's Report, which preceded the Steel Protection Act of 1927, that they did not intend to make any change. Unfortunately the revenue authorities have held that under the Act of 1927 as it is worded, whereas tie-bars for switches and for rails are subject to the protective duty, the tie-bars which are used for cast-iron sleepers are not subject to this duty. There is no doubt that the intention of the Legislature was to protect all tie-bars, whether they are used for cast-iron sleepers or for switches and rails, and the Bill provides for the correction of this mistake.

Sir, I move.

The motion was adopted.

Clause 2 was added to the Bill.

The Schedule was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

THE HONOURABLE MR. J. A. WOODHEAD: Sir, I move that the Bill to amend the law relating to the fostering and development of the steel industry in British India for certain purposes, as passed by the Legislative Assembly, be passed.

The motion was adopted.

ELECTIONS TO THE STANDING COMMITTEE ON PILGRIMAGE TO THE HEDJAZ.

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH (Education, Health and Lands Member): Sir, I beg to move:

"That this Council do proceed to elect, in such manner as the Honourable the President may direct, two Muslim Members to sit on the Standing Committee on Pilgrimage to the Hedjaz".

Sir, as this is the first motion of the kind that has came up before this House, I think it is only necessary that I should explain briefly the origin of this motion. Honourable Members are perhaps aware that a Resolution was moved in another place for the purpose of recommending to the Government of India the desirability of making an investigation into the conditions of pilgrimage to the Hedjaz. In the course of the debate the Government of India accepted to appoint a committee of enquiry. One such Committee was actually appointed in March, 1929 and that Committee made its report quite recently. Among the many recommendations that

that Committee has made, the recommendation which has reference to the motion that I have now the honour to make reads thus :

"In addition to the Haj Committees at the ports and the organisation in the provinces, it will, in our opinion, be necessary to provide a centralised agency to keep Government in touch with the problems that arise and to advise on questions affecting the pilgrimage from year to year. With this object we recommend that Government should constitute a Standing Haj Committee of the Central Legislature on the lines of the Standing Finance Committee".

The Government of India readily accepted that recommendation and although, Sir, most of the recommendations made by this Committee are still under the consideration of the Government of India, they deemed it expedient to take immediate action on this recommendation, so that the proposed Committee may come into existence before the termination of the Haj season which is now in progress. Further, our experience of the good work done and the great help rendered to the Government of India by the Standing Emigration Committee encourages us to believe that this Committee will be equally useful in tendering advice from time to time on questions which may affect the pilgrimage to the Hedjaz.

Sir, I move.

THE HONOURABLE SIR EBRAHIM HAROON JAFFER (Bombay Presidency : Muhammadan) : As a member of the Haj Inquiry Committee, Sir, I congratulate the Government of India on taking immediate steps to give effect to one of the most important recommendations of the Haj Inquiry Committee. As the pilgrimage season has already commenced, I do hope and trust that the other recommendations of the Committee will be given effect to as soon as possible.

With these words, Sir, I support the motion before the House.

The motion was adopted.

THE HONOURABLE THE PRESIDENT : In exercise of the discretion vested in me by the motion just adopted by the House, I direct that nominations shall be received up to Eleven o'clock to-morrow morning.

The Council then adjourned till Eleven of the Clock on Thursday, the 20th March, 1930.

COUNCIL OF STATE.

Thursday, 20th March, 1930.

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 Kumar Nripendra Narayan Sinha (West Bengal : Non-Muhammadan).

NOMINATIONS FOR ELECTION TO THE STANDING COMMITTEE ON PILGRIMAGE TO THE HEDJAZ.

THE HONOURABLE THE PRESIDENT : For the election of two Members to the Standing Committee on Pilgrimage to the Hedjaz, five nominations have been received, namely :

The Honourable Nawab Sahibzada Sayad Mohammad Mehr Shah.

The Honourable Mian Ali Baksh Mohammad Hussain.

The Honourable Sir Ebrahim Jaffer.

The Honourable Khan Bahadur Shah Mahammad Yahya.

The Honourable Mr. Mahmood Suhrawardy.

The election will take place probably at the next meeting of the Council.

RESOLUTION *RE* PUBLICATION OF AN ABRIDGED VERNACULAR EDITION OF THE ANNUAL SUMMARY OF INDIA'S PROGRESS.

THE HONOURABLE SIR EBRAHIM HAROON JAFFER (Bombay Presidency : Muhammadan) : Sir, I beg to move the Resolution which stands in my name and which runs as follows :

"This Council recommends to the Governor General in Council that an abridged edition of the annual summary of India's progress, written by the Director of Public Information in accordance with the requirements of section 26 of the Government of India Act, be prepared annually for translation into the leading vernaculars of India, in order that the large body of Indians who do not know the English language may be able to obtain accurate information regarding every phase of India's progress ; and that the publication of these abridged vernacular editions be undertaken by the Government of India for sale at as low a price as possible."

Now, Sir, I do not think it is necessary for me to make a long speech in commending this Resolution to the mind of this Honourable Council. There are a hundred things to be said in favour of its adoption, and not one against it, unless it be the matter of expense in these days of "financial

[Sir Ebrahim Haroon Jaffer.]

stringency ". Yet I think that even the most parsimonious protector of the country's money must agree that even a Government must at times indulge in publicity.

It is an old saying that Government are in the fortunate position of being the only organisation which is able to make money without advertising, for the Mint does that excellently; but at the present time, the great need of the Government of India is, we must all admit, not merely money, but friendliness. And in this case, without the right sort of advertising, call it publicity if you like, this atmosphere of friendliness can never be produced.

We have to accept as a solid fact, in the first place, that the Government have accepted the principle of the necessity of publicity regarding the country's progress; and although some of us might at times disagree with an occasional argument used or conclusion drawn by the Director of Public Information in the admirable series of annual surveys of the country's advance, we must all admit that probably no country in the world publishes such an excellent advertising announcement regarding its progress and achievements in every sphere of politics, administration, social reform, literature, and science as does India. A vast amount of information about India is to be found packed into the annual survey of India, and we must be devoutly grateful to the framers of the Government of India Act for their foresight in making the preparation of such a compilation essential under the Reforms.

It is probable, however, that at the time the Reforms Act was introduced the question of the illiteracy of India's masses overshadowed any suggestion that this annual survey should be anything more than an official publication in English especially prepared for the British Parliament. There was an idea, however, that this book might be of more popular service than of a dry report to Parliament, and for that reason it was made exceedingly readable for general publication, and has, I think I am correct in saying, become a reasonably popular official publication.

But in these days, there is a very large section of India which is interested in India's progress even though the people do not know the English language. Why should these people be deprived of learning the real situation of the country? Why should this large and influential section be ignored by Government as an important audience to reach with the message of India's progress? Taking the progress as a general thing, the Government of India have nothing to be ashamed of, nothing to hide under a bushel, nothing that will not do good by publicity. Indeed, it is imperative that by making the annual story of advancement known to the literate "middle-class" of India, the Government should cultivate the support and friendship of that class. I do not think this point needs any reiteration on my part; and for that reason I have every confidence that my Resolution will receive the support of this Honourable Council, both of the officials and the non-officials.

Coming to the question of expense, I think that it is quite possible that after a year or two, this scheme of abridged vernacular editions will pay for itself. But even if it did not return the actual cost price of the printing, the good which the circulation of such books would do must in the long run amply compensate for any small loss on the printing. It might even be possible to have the work turned out by a commercial printer at competitive rates if tenders were called for, or, as another suggestion, it is possible that one of the leading Indian publishers would agree to taking the risk of publication

if given the official right of undertaking the work for Government on a commercial basis from translations and abridgements supplied by the Government of India. I am only making these suggestions to show that the only possible argument of expense could be met if the Government were really desirous of tackling this problem with seriousness and with a recognition of the good which would follow.

As far as the abridgement is concerned, I think that could safely be left to the Director of Public Information, although I would suggest that for purposes of economy only the chapter dealing with political progress could be omitted at the outset, so that the book would be regarded more as a book of reference on India than any special method of political propaganda on the part of Government.

There now remains but the question of languages. I admit that this is a complex one, but it is a problem which has been met more than once already by the Government of India in its administrative capacity. I do not wish to be dogmatic on this point, and therefore I hesitate even to suggest possible languages with which this scheme could be started ; but, of course, Urdu, Marathi, Bengali, Gujerati, Tamil and Burmese would be adopted, with possibly others according to the suggestion of the Director of Public Information.

This, Sir, is all that I will say on this Resolution. I trust it will not be regarded as a controversial one, for it is being moved with the sole object of placing India's progress in its rightful place as far as the literate masses are concerned ; and Government could go a long way before they found a more suitable medium of enthusing, inspiring, and educating the masses about their own country's advancement.

I therefore, Sir, commend my Resolution to this Honourable House.

Before I resume my seat, I appeal to Government to show me the courtesy of giving a reply to this Resolution of mine. Only two days ago, another Resolution of mine received no response from Government. We, non-official Members, come here at a great personal sacrifice and devote time and labour and bring important matters of public interest to the notice of Government but receive no reply to our Resolutions. Why are we here then ? I think the Government owe me and the Honourable House an explanation of their silence on that day, and I trust the Leader of the House or the Director-General, Indian Medical Service, will enlighten us as to why no reply was given to me on Tuesday last.

THE HONOURABLE MR. H. G. HAIG (Home Secretary) : Sir, I certainly have no intention of allowing the interesting Resolution moved by my Honourable friend to pass without a reply which I hope he will find satisfactory. On behalf of Government I welcome the action of the Honourable Member in raising this important question. The importance of publicity in modern conditions needs no emphasis from me. Publicity is really the vital spark of a democratic system of Government and ever since some 10 years ago Government in India advanced on the development of democratic institutions they have realised the great importance of publicity and I think every year more and more have appreciated what it means. My Honourable friend remarked that even Government must indulge in publicity. I will go further and say that there is no interest in this country which

[Mr. H. G. Haig.]

is more in need of, and which will get greater value from, publicity than Government, for indeed, as my Honourable friend said, Government have nothing to fear from publicity.

The report referred to in the Honourable the Mover's Resolution is the annual summary of India's progress which was prescribed by the Government of India Act for presentation to Parliament. But the object of this publication goes now far beyond the original intentions of Parliament. People both in England and in India, and indeed all over the world, are taking a great interest in the conditions and developments in India, and this Report enjoys a wide and growing circulation. The Government of India would naturally wish its contents to be more widely known in India itself. The circulation in India is, I think, increasing in a satisfactory way. But if we could reach a wider public by means of translation into the vernaculars, from the point of view of the Government it would be all to the good. The question whether such translation could be undertaken has from time to time been considered in, I am afraid, a somewhat desultory way. We have in our Bureau of Public Information a very limited staff and we have at their disposal a very limited sum of money. So far as the staff is concerned, the preparation of an abridged edition would entail an appreciable addition to their work, and with the numerous other urgent necessities which are continually being pressed upon them, there has been a tendency to leave this particular point on one side. But I do not think that this is likely to prove an insuperable obstacle. Nor should there be much difficulty in arranging for translation except the difficulty of expense. And that brings me to the main problem in facing this proposal of my Honourable friend. It is as usual a question of money. It is proposed by my Honourable friend that the book should be sold at as low a price as possible. I have got some information from the Director of Public Information about the cost of the production of the existing Report. The English Report is produced at Rs. 2-8-0 a copy and of course the translation would mean additional expense. Even with an abridged edition we must expect that the cost of production would be appreciable. Now one of the first things we shall have to do is to ask the Local Governments what sort of demand there is likely to be for a book of this nature and what would be approximately the limit of price which the people into whose hands we are trying to get it would be ready to pay.

THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI: May I know how many copies of the English edition are published now-a-days ?

THE HONOURABLE MR. H. G. HAIG: I am afraid I have not the figures available. There is sure to be an appreciable gap between the price that the people who want to buy this book would pay and the cost of production, and that gap must be filled either from the purse of the Central Government or from the purses of the Local Governments. That is another matter which obviously would require to be considered very carefully, whether the whole cost of production of such an abridged edition of the report should fall upon the Central Government or whether the Local Governments would be sufficiently interested to pay their share. All these matters clearly require careful consideration before we could agree to accept the recommendation of my Honourable friend. I am grateful to him for raising this question and I may assure him that the whole matter will be examined with care and in a

sympathetic spirit with the desire to surmount some of the practical difficulties which I have indicated. That being so, I trust that he will not wish to press further a Resolution which would commit Government to a course of action the feasibility of which has not yet been ascertained. My Honourable friend will have the satisfaction of knowing that as a result of his Resolution we shall take up in a practical spirit the line of inquiry which he suggests.

THE HONOURABLE SIR EBRAHIM HAROON JAFFER: Sir, I am pleased to hear the speech of my friend the Honourable Mr. Haig. I have no desire to press this Resolution to a division because I know what the fate of this Resolution will be. I think I had better accept something rather than get nothing. I accept the assurance of the Government, and I hope and trust that the line of inquiry which my friend has suggested, as I have proposed, will be taken up as soon as possible and action taken accordingly. With these words, Sir, I ask the permission of the House and of yourself to withdraw my Resolution.

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

THE HONOURABLE THE PRESIDENT: The Honourable Mr. Surput Sing.

THE HONOURABLE SIR EBRAHIM HAROON JAFFER: May I have a reply to the query which I put at the end of my speech.

THE HONOURABLE THE PRESIDENT: The Honourable Mr. Surput Sing.

CATTLE PROTECTION BILL.

THE HONOURABLE MR. SURPUT SING (Bihar and Orissa: Non-Muhammadan): Sir, I beg to move for leave to introduce a Bill to prohibit the export trade in cattle meat.

As stated in the Statement of Objects and Reasons, the value of cattle cannot be overestimated in a mainly agricultural country like that of ours. Cattle is in fact the wealth of the agriculturist class. Then again it is evident that there has been a marked degeneration in our cattle breed. The result is that there is a steady inadequacy in the number of cattle, affecting agricultural operations on the one hand and the health and vitality of the nation on the other. I need hardly impress upon the House that to send out of the country meat of such a valuable livestock without let or hindrance means nothing but disaster to the whole population. I admit that we cannot check the waste that is so far inevitable within the country itself without special legislation, but surely for the sake of our most vital interests it behoves us to legislate for some sort of check against the free export of our cattle meat.

Sir, I move.

The motion was adopted.

THE HONOURABLE MR. SURPUT SING: Sir, I introduce the Bill.

* *Vide* page 471 of these Proceedings.

RESOLUTION *RE* DATE FOR THE CONVENING OF THE ROUND TABLE CONFERENCE.

THE HONOURABLE MR. A. RAMASWAMI MUDALIAR (Madras : Non-Muhammadan) : Mr. President, I desire to have the attention of the House this morning to a Resolution which I have ventured to put forward for the consideration of this august assembly :

"That this Council recommends to the Governor General in Council that he be pleased to convey to His Excellency the Viceroy and the Right Honourable the Secretary of State the opinion of this House that the Round Table Conference should be convened as early as possible and in no case later than in October 1930."

I am aware, Sir, that this House had an opportunity in the very recent past, of discussing the question of the Round Table Conference and of conveying to His Excellency the Viceroy the opinion of this House that that Round Table Conference is acceptable to it. Various other Legislatures and various public bodies, Conferences and Congresses have passed opinions in identical terms and have conveyed their assurance to His Excellency the Viceroy that the idea of a Round Table Conference is welcomed widely by the country and by most political and other influential parties in this country. I have no desire this morning, Mr. President, to enter into the question of the merits of this Round Table Conference. I desire to confine myself and to confine the attention of this House to the small but very important question that has been raised in this Resolution as to the date when the Round Table Conference is to be convened. I desire to adduce certain reasons which in my opinion make it essential that this Round Table Conference should be convened as early as possible, preferably before October of this year. I desire to examine some further reasons which I have heard alleged and put forward in various quarters as to the desirability of postponing the convening of this Conference to a later and more convenient date. It is only these two points that I wish to speak on, and I would ask the forbearance of this Council if I make my remarks at some little length. Sir, it is known to all those who have followed the political history of this country that after the announcement of His Excellency the Viceroy a spirit of compromise has to a certain extent come over this country, and that politicians and leaders of public parties who have been holding aloof from the Government and not co-operating in those activities of Government which they wish the people to co-operate in, have all realised that this Round Table Conference is after all going to be the way out of the difficulty. His Excellency the Viceroy made his pronouncement on the 31st October 1929. Almost five months have elapsed since the date of that pronouncement and the country is exactly where it was. There have been no further rumours, no further suggestions, no further statements in regard to when this Conference is going to be held, how this Conference is going to be organised and what is going to be discussed at this Conference. Sir, on the other hand, there have been activities on the other side, and I wish this House and the authorities who are intended to be approached by this Resolution to realise the activities which are now going on in this country and to see the bearing which those activities have on the question of the early convening of the Round Table Conference. We are aware that during the last few weeks a campaign has been inaugurated in the country by one political party, a campaign of civil disobedience, a campaign whereby the laws of the country are tried to be upset, to be violated ; and, Sir, I feel that anyone with any little political sagacity will realise that that campaign can only be

met if a counter-attraction, to put it on the lowest scale, is put forward, a counter-attraction which diverts the attention of the public from these campaigns and tries to engage it on matters of wider moment. The Round Table Conference is in the air, very much in the air ; but the campaign which has been started of civil disobedience is engaging at present the attention of the public. Day after day we read of the progress that has been made and that is being made, of the resolutions that are being passed in all parts of the country by certain political associations, and I ask what he who believes in constitutional methods is to do in all this time, whether he should sit tight with folded hands hoping that something will turn up, some day an announcement will be made on behalf of the British Government and by the Government of India that a Round Table Conference will be held. It is not fair, it is not proper, it does not do justice, to the man who believes in constitutional methods of agitation, who believes in Parliamentary life and in Parliamentary systems of Government, that he should be asked to wait with folded hands for an announcement to be made some time or other of a Round Table Conference to be held at some time or other. Sir, that is not my only reason for asking that the date of the holding of the Round Table Conference should be expedited. The position in the provinces—and I claim to know a little more minutely the exact position in the provinces than many other Honourable Members of this House, for I have had the advantage of having been a Member of the Provincial Legislative Council for over six years and of having continuously followed the activities of Provincial Governments and Provincial Ministries and Councils during the last nine years—the position in the provinces is very much worse. We have come to a stage when we can neither advance nor go back, a stage of stagnation, of not moving forward, of waiting for something to turn up, for a new constitution which will come into existence in the near future, of Ministries holding up their policies because they do not know what the next stage of constitutional development will be. I ask, Sir, whether it is proper, whether you are doing justice to the Provincial Governments and Provincial Ministries, to those who believe that there will be an advance in the very near future if there is this sort of dilatoriness to be pursued in the holding of the Round Table Conference. The unsettled state of the country is largely due to the fact that people do not know where they are, when they will advance and how far they will advance. This unsettled state of the country has been going on, if the House will permit me to say, for nearly a decade, and I wish not to refer to the activities of my own countrymen, but rather to refer to the activities of the Government to show how far Government themselves have been a party to this unsettled state of political feeling and political situation in the country. You, Sir, remember that in 1921 a former Viceroy intended to confer with a Leader.....

THE HONOURABLE THE PRESIDENT : Order, order. I am afraid I cannot allow the Honourable Member to go back to 1921. He himself at the beginning of his speech said that the matter with which his Resolution deals came into being on the 31st of October 1929 and that there was no need for him to go behind that. I am sure the Council would also rather wish that he should start with October 1929.

THE HONOURABLE MR. RAMASWAMI MUDALIAR : I bow to the ruling of the Chair, Sir. I was stating that the present unsettled state of the country requires that, as early as possible, a decision should be arrived

[Mr. Ramaswami Mudaliar.]

at which will make people realise where they are and how far they have advanced. This sort of unsettlement, this sort of policy of hanging in the air, if I may say so, ought not to be continued very much longer. It is obvious now that whatsoever reforms may be conceded to the country, whatsoever political advance this country may have, the Round Table Conference has first to be constituted and the result of the Conference has first to be known before any further constitutional advance can be thought of. Therefore, Sir, for that constitutional advance the hastening of the idea of this Round Table Conference is essential. Sir, His Excellency the Viceroy in a speech which breathed sympathy to this country and its aspirations has suggested that the parties in this country might first meet together and try to get over their differences before this Round Table Conference can be held. I do not understand His Excellency the Viceroy to have suggested in that speech that the holding of the Round Table Conference depends to any extent on an agreement which would be come to by the various political parties in the country on such vital and controversial issues like the Hindu-Muslim problem. But I appreciate the spirit in which the suggestion has been made and leaders in this country have already taken up the suggestion of His Excellency the Viceroy, have conferred together, have held the All-Parties Conference and proposed to see as far as possible whether an agreed settlement on this important question can be arrived at. But I venture to think that whether that settlement is to be had or not, the Round Table Conference cannot be delayed very much longer. I have attended All-Parties Conferences for several years now. I do not want to go back to history before 1929 in the face of your ruling, Mr. President, and therefore I only wish to state this, that though I have the fullest hope, the fullest confidence, in the prayer that the All-Parties Conference which is now meeting may come to a more successful conclusion than its predecessors, I am not of those who believe that that is essential and indispensable before the Round Table Conference is convened. My reason is merely this. It is human nature—you know it better than many of us, Mr. President—that people who are away from their native land have a tendency to come together, to join, to forget differences and to omit distinctions than those who move in their own usual atmosphere, in their own homelands. Englishmen and Scotchmen and Irishmen, however much they might differ in their own country and fight with each other and have Parliamentary and unparliamentary battles in their own land, when they come over to this country on this side of Aden there is neither Englishmen nor Scotchmen nor Irishmen, but the Great British Empire and Great Britain itself. May I not hope that my own countrymen away from their own homelands, Mussalmans, Christians and Hindus, gathered together in a foreign place, in an atmosphere which is new and perhaps to a certain extent unsympathetic, may I not hope that my own countrymen gathered at that Round Table will try to forget their distinctions and differences more effectively than either at Delhi or Bombay or Poona, that they will compose their differences to their satisfaction and to the good of this country ? May I not hope that in spite of the incident in the recent past, the unhappy incident, at the Round Table Conference in any case, whatever may be the result of the All-Parties Conference, my countrymen will present, what I might call in the best sense of the term, a united front to solve the country's problems and advance its constitutional progress ? Sir, it has been suggested in some quarters that till the political situation in this country improves the idea of holding this Round Table Conference may be delayed, that it will

not do when there is so much of political excitement in the country to go forward with this idea of holding the Round Table Conference. I venture very respectfully to dissent from that view, and I venture to state further that the political atmosphere to-day is such that it does not force them to think that the idea of holding the Round Table Conference need be delayed or that the people are not ready to undertake the responsibility of appearing as delegates and representatives of their countrymen at this Round Table Conference. What is the political situation to-day that justifies the postponement of this idea of Round Table Conference to a later date when the political situation would be less complex, and, it is supposed, more easy than it is to-day. I venture to think that to-day there exists the largest amount of harmony, that to-day there exists the greatest amount of political difference in the country with a certain programme and, that the amount of difference that has been exhibited over certain resolutions of a political party all over the country and from leaders of political parties, is the measure of the amount of support that is behind this idea of the Round Table Conference, a measure of the goodwill that will be ready to respond to any invitation which His Excellency the Viceroy and the British Cabinet may make to the representatives of Indian opinion together at London and to sit at this Round Table Conference. Sir, I am not one of those who believe that the British Government in this country has been or is a curse. I rather think—and I am elaborating this point merely to prove that the political conditions in this country to-day are not such as to justify any delay in the Round Table Conference—I am one of those rather who believe with Sir Pherozshah Mehta, Gopal Krishna Gokhale, and Sir Surendranath Banerjee, a galaxy of stars of the first magnitude in the political firmament of my country, I am one of those who believe that there has been a providential dispensation by which Great Britain has come into touch with India. An inscrutable Providence has organised in its own inscrutable way the linking of these two great countries in the past and so far as I can look ahead in the future, the linking of them in the future to the advantage of both and to the disadvantage of neither. I am not one of those who believe therefore or can use the very violent thought or the more violent words, that the British Government in this country even to-day is a curse. It had its disadvantages in the past; it is going to have its disadvantages in the future. But that does not mean that I can bring myself to believe that it is anything like a curse. And to-day I am echoing not my personal opinion but the opinion of the vast multitude of my countrymen when I say that they believe in constitutional advance, in Parliamentary forms of government, in broadening down from precedent to precedent, in advancing further to that goal of self-government by the goodwill, by the co-operation, and by the help of all parties, Indian and European, in this country. I therefore believe, Sir, that there is nothing in the political circumstances of to-day which would justify the delaying of the holding of this Round Table Conference.

Sir, I should like to make one other observation. I do not want to repeat the thanks that have been conveyed to His Excellency the Viceroy for the step that he has taken in making this announcement. I was reading very carefully through the debate on the last occasion and can only endorse the sentiments which have been expressed by the Honourable Members of this House conveying to His Excellency their thanks for the great and noble part that he has played in bringing about this idea of the Round Table Conference. My Honourable friend, Sir Sankaran Nair, described His Excellency the Viceroy almost as Casabianca-like standing alone,

[Mr. Ramaswami Mudaliar .]

absolutely unafraid, with the Conservative Party against him, and yet having the courage of his conviction, the boldness to go forward and make an announcement which he thought was for the good of the country. I ask myself whether it is not the opinion of this House certainly and of the vast bulk of my countrymen that this Round Table Conference and the reforms which will follow it should be during the term of office of His Excellency the Viceroy ? Is there one who has followed the activities of His Excellency the Viceroy in recent years in this country who does not believe that it will be for the good of this country, for the great good not merely of this country but even of England itself if this Round Table Conference should be held during the term of office of His Excellency, Lord Irwin, and that thereby both countries stand to gain ; that that sympathetic spirit which has been brought to bear on the consideration of this question should continue, that the personal magnetism which has drawn away so many of my countrymen from the barren fields of fruitless agitation, to which they were committed in the recent past, that that personal magnetism should continue to sway in the consideration of this question ? Sir, if I might describe what has happened in this country after the announcement, I would like to take this House to an old pagan legend which is a beautiful one. In the olden days it is said that there were two Lacedaemonean heroes, Castor and Pollux, both of them great and good men, honoured while they lived, more honoured still when they were dead, when a star was named after them ; and the ancient Greeks thought that, whenever there was trouble on the sea, whenever their ship was in danger, when all hands were despairing of coming to a safe port, when there was utter confusion on board the steamer and the clouds looked dark and menacing, then when there was a little drifting away of the clouds, and this star came on the horizon and shone, they believed that the day had come for their emancipation from these seas of trouble, then all danger was averted, then all despair left them and the mariners came home safe and sound. The pronouncement of His Excellency the Viceroy is that star on the political firmament of this country to-day and the shipwrecked political mariners of this country and those who are tossing on the heavy political seas, afraid of what is going to happen to their slender bark, have realised that this star—the announcement of His Excellency the Viceroy—foretells plainly calm seas and a safe haven. Is it not proper that he who has navigated us so far should continue to navigate us till the Round Table Conference has been held ? And I would go further and give it as the expression of this House and of the country that he should be in office till the time when the new constitutional reforms have been introduced into this country. Sir, this country has gone through much trouble in the past. And if the omens are read aright, there are troublous times still ahead of us. But if the unwavering determination and faith which most of us have in constitutional methods of agitation is kept up, if both on behalf of the Government and on behalf of the people there is an attempt to face problems straight and if the solution of these problems is brought about without undue delay—for that is the point which I am at after all—if an attempt is made to solve these problems without undue delay and the holding of the Round Table Conference is expedited so that at least some time this year it may become an accomplished fact, there will be time for us to look back with satisfaction on our work and to say that we have after all contributed what we could to the relieving of the political situation, to confirm the opinions which have been held and are held to-day by the vast majority of my countrymen and to bring

about that calm and peaceful atmosphere which is essential for all political and administrative progress. In the hope that that atmosphere will be brought about as early as possible by the holding of this Round Table Conference, in the trust that that peace and goodwill which is so lacking to-day will be restored once more as it existed in the past, in the firm prayer that by means that have been foreshadowed for us by the Round Table Conference India and England may once more march hand in hand towards that great goal—the goal of being a free and equal partner in the Commonwealth of Nations, I have ventured to have a say at this time to induce the House to confirm and adopt this Resolution.

Sir, India stands expectant to-day at the bar of the future, hopeful and almost prayerful. She wants a blessed oblivion of all the past and that oblivion ought to be provided for as early as possible, for in that oblivion of the past those who govern and those who are governed have an equal and almost the same interest. We wish to forget the horrors of the past on either side, and will you not hasten the day when that blessed oblivion would be an accomplished fact, when we can say that we are beginning practically on a clean slate ? And therefore by this Resolution I am asking this House and through this House the august individuals who control the fortunes not merely of this nation but the fortunes practically of the British Empire, I ask them all to think well, to think wisely, to think not for the moment but for the pregnant years to come and adopt this Resolution.

Sir, I move.

THE HONOURABLE MR. G. S. KHAPARDE (Berar Representative): Sir, I have sent in an amendment which reads :

"That the words 'and in no case later than in October, 1930' be omitted from the Resolution."

That is the last line practically and a few other words. I am very glad that the Honourable the Mover has spoken about delay. My amendment may be mistaken as a plea for delay, but I do not want any delay at all. So far as I can see, nobody else is more anxious that the Round Table Conference should take place as early as possible than myself. I do not think I yield to anybody in that respect. I shall therefore give you the reasons why I have brought in this amendment at all. I am in agreement with all that has been said by my Honourable friend, with all that has been said in regard to thanking His Excellency the Viceroy for bringing about this Round Table Conference. I recognise the good motives and everything else. Then why do I move this amendment ? It is open to the construction of being a delaying motion. I do it with no intention of delaying at all. In fact, delay is not what I want. What I want is that hasty action taken without due consideration should be avoided. That is the great point in this. I put to you an analogy. I hope the Council will forgive me for it. Suppose there is a ship and it is in a storm. We have good confidence in the captain and we know that he is steering it so as to land us safe. Then do you think it is the duty of the passengers to go about and tell the Captain, "Look here, we are going there ; let us go here ?" (Laughter). I think that would not be permitted on boardship. Similarly we are now in deep politics, in deep difficulties. We have perfect confidence in His Excellency the Viceroy. In fact, he went to England at a very critical period and avoided what I thought was going to be a disaster and proposed this Round Table Conference and thus in a manner rounded

[Mr. G. S. Khaparde.]

off an awful point. My friend spoke of the inscrutable ways of Providence. I quite agree. But Providence must also have some time to accomplish its purpose. If you say it is Providence, and if you try to force Providence, then you are certainly going wrong. The way to depend upon Providence is to say what you like, pray for what you like and then sit quiet and see what is being done by Providence. In this particular instance Providence has been invoked and I also invoke Providence on my behalf. I really want that this matter should go through soon and in such a manner as will meet my wishes. But then a difficulty comes. There is an impression that the Round Table Conference is to be a kind of statutory body invoked on purpose to improve on what has been done before or to sit in judgment on what has been done before—a sort of appellate court or a court in revision. But I humbly submit that so far as I can see from the speeches of His Excellency the Viceroy, none of these functions are going to be assigned to the Round Table Conference. The idea is to find out the greatest common measure—the greatest common denominator if you speak in arithmetical language—of agreement; that is to say, to find out as many points as possible on which there is no difference of opinion. Then you put those points on one side and then take up the points about which there is difference of opinion, and you discuss them in the Round Table Conference and try to arrive at a common agreement. The greatest attempt that you make to secure this kind of agreement will show the greatest statesmanship. The people assembled together at the Conference will have to adopt an attitude of give and take, and practise a great deal of patience, perhaps more patience than is ordinarily practised by human beings. The results of this deliberation will be laid, I suppose, before the India Committee and it will go ultimately, as modified by the Law Officers, to Parliament. That is the function. So, from the arguments advanced by my friends it appears to me as if they are under the impression that this Round Table Conference is something like a revisionary body, a body to revise what has been done before. It is nothing of the kind. However, I do not want to put any limit on the hopes of anybody. I hope it is true that this Round Table Conference is a revisional body. Well, will it and can it do these things? That is the next question. Of course it will wish to do so. Whether it can do it is a different question, because it will have to run the gauntlet of a debate in Parliament. It will have to go through the India Committee and so on. When things have to pass through many channels, when water passes through many channels it naturally acquires the colour of the channel through which it goes. Opinion when it travels through many bodies naturally gets corrected and modified to the extent to which the members through whose hands it has got to go hold opinions themselves on those points. I suppose, as my Honourable friend says, the Viceroy knows all these things. I suppose we had better let him steer as he thinks best through this danger. Even if I owe a debt to a person and that person asks me for the money, I tell him, "Yes, I owe you the money; I shall pay it". But if he comes to me every day and at dinner time and asks, "My money, my money", then I get angry and tell him, "I will pay nothing at all". That is how it works. The Viceroy is doing everything he can to give it to you and if you go on troubling him I suppose you run a danger, and because there is that danger, I have brought in my amendment. There is such a thing as spoiling a thing by too much solicitude. Of course, you can spoil it by negligence also. But too much solicitude is worse than negligence in certain respects. We have already thanked His Excellency the Viceroy; we are thankful to him now and we are prepared to thank him

in future also. But if you bother him by saying, " Do this, do this, do this " I am afraid it will act against us. I object to these words " not later than October, 1930 " because they carry a very mild and veiled dictation. It means, " Do this within this time ; if you do not do this, I shall see what I can do ", or something of that kind. This suggestion of dictation in the Resolution is to my mind wrong, and ought not to be made. Therefore, I suggest the omission of these words.

There is another reason for my amendment. I mean no disrespect to anybody. Our Central Committee went to London and they had their discussions. Of course they had their differences. I like to let some time pass for these differences to disappear and ask them to agree to something. It does not matter whether it is advantageous to one community or to another or to neither or to both. It may be anything, but I will tell them, " For God's sake, agree to something. " That is what I call hasty action, wrong action. They may not care to listen to my counsel. But I want to leave them some time to think it out, and therefore I brought this amendment.

Lastly, Sir, I believe that His Excellency can do nearly everything that he wishes to do. But you must also remember that he has got to steer in the English Channel. The English Channel is a very difficult sea to navigate, Sir, and very many people have failed and might fail. Then there are in Home politics all sorts of questions like the coal question and other domestic problems of the Home Government, and it is through all those cross-currents that we have to navigate our bark. And our Indian bark after all is a very fragile bark which is likely to break at any moment, and that has to be navigated through many cross-currents. It is a very difficult position. I say, Sir, give His Excellency full power and do not put a time limit in the matter. Let Providence do its own work. That is the reason for my amendment which I commend to the Council.

12 NOON.

THE HONOURABLE SIR ARTHUR FROOM (Bombay Chamber of Commerce) : Sir, should I be in order in speaking on the original Resolution as well as the amendment ?

THE HONOURABLE THE PRESIDENT : Yes.

THE HONOURABLE SIR ARTHUR FROOM : Sir, I listened with the greatest attention to the most admirable speech of the Honourable the Mover of this Resolution. I should like to assure Members of this House that with most of his remarks I am in complete agreement. The difficulty in which the Honourable Member found himself, as I understood him, is that there is pervading this country a movement which can only result in great disaster if it is allowed to progress beyond a certain limit, or even if it is allowed to progress any further than it has done up to the present time. And the difficulty, as I understand the Honourable Mr. Mudaliar to find himself in, is that it is so easy for any politician or so-called politician to get hold of a tub, turn it upside down, jump on the top of it and shout " Down with the Government ". It is not quite so easy for any one who does not share those sentiments to get hold of another tub and stand on top of it and shout " Up with the Government ". That is always the position in the case of these movements, and recognising that position I take it that the Honourable the Mover of this Resolution seeks that some action should be taken to counteract this revolutionary movement which is spreading throughout the country

[Sir Arthur Froom.]

and that such action should be taken by the Government as soon as possible. The action he suggests is that the Round Table Conference should be convened as early as possible, and he adds "and in no case later than in October 1930". I now come to the amendment moved by my Honourable friend Mr. Khaparde. He has shown why these last words in Mr. Mudaliar's Resolution should be omitted, and I thoroughly agree with Mr. Khaparde. Now, if Honourable Members will carefully study the Resolution as it stands, the implication is that if the Round Table Conference is not held by October 1930 there should be no Round Table Conference at all. Now, it is conceivable that there might be some catastrophic happening—I hope not—which necessitated the postponement of the Round Table Conference till November 1930. But if this House accepts the Resolution moved, it would not be possible for them to agree in a Round Table Conference being held any later than October 1930. I think that if the Honourable the Mover of the Resolution had omitted the month "October" his Resolution would have been much more reasonable. We all want the Round Table Conference to be held as early as possible. The reasons given by the Honourable the Mover are undoubtedly sound reasons. Where I think he errs is in mentioning a specified month. For that reason, Sir, I heartily support the amendment moved by my Honourable friend Mr. Khaparde.

THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI (Punjab Sikh): Sir, the question of the revision of the constitution of India has been agitating the minds of Indian politicians for several years. Fortunately it also entered the minds of the British Cabinet, in whose hands the destinies of India lie, in the latter part of the year 1928, and the machinery for the consideration of the question was set in motion in the early part of 1929. It is a well known fact which does not require much elaboration that this step of the British Government was objected to by certain sections of Indians. But there still remained a section which held a different view with regard to the Royal Commission. Every province, with the exception of one, co-operated with that body by electing a Provincial Committee to sit in the Joint Conference, and the Indian Central Committee, also partly elected and partly nominated, was created and worked with it. It was thought then by everybody concerned and especially by those who had co-operated and worked at great sacrifice with the Simon Commission, that the Report of the Commission would come out some time at the end of the year 1929, that the machinery of the British Parliament would begin to move some time in the early part of 1930 and the revised constitution would come out as an Act of Parliament by the end of the current year. But those hopes have not been realised. The Simon Commission has not been able, owing to their arduous task both in India and in England, to bring out their Report. Those seven stars are still shining in the firmament of courts of justice, and we can only hope that they will shine broadcast in India some time at the end of April, since it is expected that the Report will be published soon after Easter. In the meantime a very valuable and important idea came into the minds of those who are interested in the welfare of India and in whose hands the working of the constitution rests, that no constitution would work unless there is some sort of understanding between British India and Indian India, that is, the Indian States. That idea arose out of the correspondence between the Chairman of the Commission and the Premier, and that showed

that the future constitution of India must take into consideration the Indian States and that their Report would contain a very important suggestion about that also. Over and above that, Sir, the idea of holding a Conference came into the head of . . . . .

THE HONOURABLE THE PRESIDENT: I do not know whether the Honourable Member was in the House when I gave a ruling on this point. The Honourable Member is describing the events which led up to the announcement that there would be a Round Table Conference. Those remarks are not relevant on this occasion.

THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI: I accept your ruling, Sir. What I meant to say was that a time came when His Excellency the Viceroy made an announcement, on the 31st October, that a Round Table Conference would be held between the representatives of India and the Indian States and the British Cabinet, that they would sit together and join heads to consider the future constitution of India. I think we owe a debt of gratitude to my Honourable friend for bringing forward this Resolution with a view to inviting the attention of the authorities here and in England to the necessity of holding the Conference as early as possible. As my friend remarked, more than five months have elapsed and we do not see any sign of the date of the Conference, to say nothing of the details to be discussed there. As soon as this idea was announced by His Excellency it was welcomed, and it had the excellent effect of bringing to co-operation those who had not co-operated with the Simon Commission. I think this was a very great achievement on behalf of the Government, to bring round certain influential political parties of India to the proposed Conference, and thus sever their connection with those who non-co-operated with the Commission during its investigation and who also expressed their idea not to co-operate in future with the proposed Conference. I think this was a very great achievement indeed, but the question is how far their patience is to be tried. It is a fact and it cannot be ignored and it should not be ignored by Government and everybody concerned, that a movement has been set on foot in India which might prove disastrous and be to the disadvantage of both the country and the Empire. The fact cannot be gainsaid that the hand of the British Government is long enough to suppress any such action on the part of the people who are out to break the law, and I hold the view myself that it is the foremost duty of the Government to preserve and keep law and order and peace in the country. It should be handled with firmness. But this fact cannot be denied for a moment that that movement is spreading and gaining ground step by step in the country. Now the question arises for those who have co-operated with the Government, who have stood loyally by the Government, who are for constitutional advance in the country, what arm they have to use against arresting the progress of that movement which they by conviction think would not prove fruitful to the country. Simply the idea that the Conference would be held does not help very much; unless we are in a position to say that this would be the future destiny of India, by this way we can approach the destiny, we cannot hope to arrest the progress of that movement. It was just this morning, Sir, that I was reading in the paper that the students of a college in Lahore, the Law College, greeted with shouts of "Long live revolution" His Excellency the Governor who had gone there to perform the opening ceremony of a hostel. Can we ignore these facts? The movement has caught the youth of the country even—those who are

[Sardar Bahadur Shivdev Singh Uberoi.]

preparing for the law degrees. It has been said that they were coerced to do it, compelled to do that, by some action of the police. I cannot vouchsafe how far that statement is correct, but this is alleged and printed in the *Hindustan Times* which came to my hands this morning. How can those who are responsible for the good government of the country ignore these facts, that this movement is gaining ground. Unless we are given definite information as to the date of the Conference, as to what is to happen there, we are helpless to arrest the progress of that movement. I find, Sir, in the statement which was issued by His Excellency the Viceroy on the 31st of October he hopes and trusts that the action of His Majesty's Government may evoke response from and enlist the concurrence of all sections of opinion in India, and I believe that all who wish India well will, wherever and whoever they are, desire to break through the mists of mistrust that have lately cropped up between India and Great Britain. Now, Sir, I believe this is full of sympathy and sincerity, sympathy for India and sincerity so far as His Excellency the Viceroy is concerned. But the question before us is this. Five months have passed and we are not in sight of the date of the Conference. October has been said to be the latest date by the Honourable Mover. It does not mean that it should not be held if it is not held in October, but now the idea which is embodied in the Resolution is fully and plainly conveyed in the first portion of his Resolution, that it should be held as soon as possible, and I do not think he will have any objection to accepting the amendment. I do not myself wish to press that the 31st October should be the last date for the holding of the Conference, but I wish to make one or two observations as regards this fact. If it is not held by October, the climatic conditions may not prompt Indians to take part in the work of the Round Table Conference. When I bear this in mind, I think October is the best time for the Conference. I wish to bring to the consideration of this Honourable House that they should pass this Resolution that the Conference should be held as early as possible. Unless the date of the Conference is announced very soon, perhaps those in whom His Excellency the Viceroy has placed trust may become impatient also and they might be led to think that the idea of the Conference is a hoax. I personally do not believe in that. When the representatives of India meet British representatives and have a heart to heart talk about the future constitution of India, that would be the best reply. But any further delay in the announcement of the date of the Conference may produce that result in the minds of some who are at present giving expression to their idea of cooperating and going and sitting in the Conference, which should be representative of every community and party.

THE HONOURABLE SIR EBRAHIM HAROON JAFFER (Bombay Presidency: Muhammadan): Sir, I beg to support the amendment of my friend the Honourable Mr. Khaparde. I think I shall not be able to do that justice to the case that he has done in such a forcible manner, but I shall do so in my own humble way in a few words. When the Government's proposal to hold a Round Table Conference was announced by His Excellency the Viceroy, the existing political situation was completely changed and in spite of the many political differences between various interests, parties and communities, a remarkable unanimity became evident all over the country. Everyone must regret that this did not last beyond the 23rd December last when Mahatma Gandhi and Pandit Motilal Nehru could not

agree with His Excellency the Viceroy and demanded from the Government an assurance which could not logically be given so long as the Government had to wait for the submission of the Simon Commission's Report. What followed at the Lahore session of the Congress made matters worse and the situation to-day is very saddening. I desire to say nothing about it which may aggravate it in the least. It must be the duty of everyone desirous of peaceful progress and the welfare of the country to do everything in his power to improve the situation, and I earnestly appeal to Government to do nothing that could in any way suggest repression, for that would certainly make matters worse for everybody concerned. I hope there is no truth in the suggestion of the *Sunday Times* of London that the Bombay Government is about to arrest Mahatma Gandhi and his band of volunteers. Surely it must be a very weak administration that can be paralysed by the resignation of a few village officers in a district or two. No man with any common sense can imagine that so strong a Government as this is afraid because it is determined not to arrest Mahatma Gandhi and his Satyagrahists, and desires to beat the apostle of non-violence at his own game. But a negative policy of non-repression is not enough. Government must continue its policy of conciliation by doing something positive also, and that without loss of a minute. Invitations must be issued to genuine representatives of all vital interests, political parties, and communities at once. No matter what other pre-occupations His Majesty's Government may have, they should not postpone the holding of the Round Table Conference which must commence its work this summer. India's representatives must be selected at once and they should be invited to leave in a month or two so that the Conference could commence its work before the end of June. No doubt it could not be reasonably expected to finish its work in a few weeks. If the Naval Conference has taken so long, and has yet achieved no result worth mentioning, a Conference that would settle the destinies of 320 millions of God's creatures, who constitute one-fifth of the whole of humanity, may well sit for a few months if it is expected to achieve fruitful results. Therefore, while expressing on my own behalf and on behalf of my community full appreciation of the proposal to hold a Round Table Conference, I would emphasise that it should be held without the least avoidable delay and not later than this summer.

I, therefore, heartily support the amendment.

THE HONOURABLE DEWAN BAHADUR T. R. RAMACHANDRA AYYAR (Madras: Non-Muhammadan): Sir, I welcome the Resolution of the Honourable Mr. Mudaliar but I wish to point out at the same time that it proceeds on the assumption that the Round Table Conference is to be held and it is a settled fact. A promise has been made by His Excellency the Viceroy there is no doubt. But it stands to common sense that if a Round Table Conference which is to produce any tangible result is to be held, the atmosphere necessary for it must exist. A calm political atmosphere certainly is necessary if the Round Table Conference is to produce any result. But what is the state of things at present? Mahatma Gandhi is on the warpath. Mr. Vallabhbhai Patel and numerous other leaders are in jail. Mr. Sen Gupta and a lot of others are on trial. The country is seething with discontent. The Sarda Act has created a deep feeling of discontent throughout the country. Thousands of marriages have taken place. The whole country is in a blaze. Now we say we must have a Conference, which means deliberations by a certain body. And the deliberations are to take place on behalf of whom? On behalf of India. And India is in this condition. The people certainly are

[Dewan Bahadur T. R. Ramachandra Ayyar.]

not now in a mood to hold a conference. Now, if it can be held it can be held only when the Government is able to allay public feeling. Unless and until you soothe public feeling, the majority of the public will not take part in this Conference. Now, are we in a position to ignore Mahatma Gandhi and his Party—the most numerous party, the most influential party, the party that has the largest following in the country ? And a sort of compromise must be arrived at between the parties, before we can confer. But if one party is going to non-co-operate, and that the most influential and the most numerous, the Round Table Conference will be a farce. I am not saying the Government is going to commit any blunder in holding a Conference at all. I say therefore I welcome the Resolution because if the Conference is to be held at an early date it means the greatest boon will be conferred on India by soothing public feeling. Mahatma Gandhi will be induced to take part in the Conference. He is not one individual. He represents thousands of persons all over the country. Now, this is a situation, I think, that the Government has realised—I must take it that the Government has realised it. What is the meaning of pressing the Government to come to a conclusion as to the exact date on which the Conference is to be held ? At present it seems to me it is impossible to hold a Conference. A change in the circumstances must be brought about and whether the Government is in a position to do it or not is questionable. I therefore say if the Government will be able to bring about a settlement of this matter it will be the greatest boon. The difficulty is this. The Government is not prepared to support the Satyagrahis. They cannot be deported. They cannot be transported. All we can do with them under the law is to send them to prison or make them pay a fine. But the moment they come out of jail they will again violate the law. This will continue. And I do not think it will be possible to put the thing down. If it was a violent movement which involved fighting, it would have been easy to put it down. But that is not the state of things that we have. It seems to me the situation is a very difficult one and the Government will find it very difficult to face it. With these remarks I say there seems to me to be no necessity either for the Resolution or for the amendment.

THE HONOURABLE RAO BAHADUR D. LAXMINARAYAN (Central Provinces : General) : Sir, I rise to support the motion which my friend the Honourable Mr. A. Ramaswami Mudaliar has moved. On the 19th February last, this House passed a resolution expressing our satisfaction and gratitude to His Excellency the Viceroy and His Majesty's Government for the recent announcement placing India's cherished goal, namely, Dominion Status, beyond all manner of doubt, and the declaration promising the convening of a Round Table Conference. The Resolution that is now before the House would have come as a natural corollary to that, even if things and forces in India had not moved on, considerably to the left, since that Resolution was adopted. But, Sir, as we all know now, the clouds that we then thought had lifted, still darken the horizon to-day, and are getting thicker every day. It makes it all the more necessary and urgent, therefore, that we should lose no time in pointing out to His Majesty's Government that every day's delay will make the situation worse and worse. It seems to me, therefore, quite in the fitness of things that we should draw pointed attention to the dangers of delay. We all know the manifold preoccupations of His Majesty's Government in England. While it may be granted that Mr. Ramsay MacDonald and his colleagues in the Cabinet are engaged in the consideration of momentous issues on which the peace and

prosperity of the whole world depend, here at home also we are confronted with a situation, daily getting more menacing and fraught with consequences, which it is very difficult for us to foresee. Faced with this situation, our desire—the desire of those who are anxious to find a peaceful solution for the present distempers of the Indian body politic, the existence and the keenness of which we want to be conveyed to His Majesty's Government—our desire is that the latter should expedite the convening of the proposed Conference as early as possible. The announcement about the meaning of the declaration of August, 1917, and the promise to convene a Round Table Conference, seemed for a time to have given some confidence, and put some heart into those who stand, and have always stood, for constitutional action. But since then, as I have already pointed out, direct actionists have taken the bit into their mouth, and are rushing headlong into courses of action, the results and repercussions of which it is hard to gauge at present. Young men everywhere are showing a tendency to rush into ways, which the elders disapprove, but are unable to check. Men like Pandit Motilal Nehru have to yield and make room for Nehru Junior. It is phenomena like these which make us all apprehensive, lest by delay we should precipitate the very things which we are all anxious to avoid. The atmosphere has once again been filled with mutual distrust and suspicion. One had only to listen to speeches after speeches made in the other place to notice how the whole atmosphere is again surcharged with bitterness of feeling and intense distrust of the policy of Government, both in matters civil and military. As regards this latter, Commander Kenworthy, who recently paid a visit to this country, writing in the *Daily Herald*, has said :

"The progress we make in giving training facilities to young Indians in India as officers in the Indian Forces of the future, will be one of the tests of our sincerity".

This is not the only test. There are various other tests by which the policy of England towards India will be judged. But whatever the tests, unless we come to close grips with the realities of the situation, we will make no progress, and it is in order to make us grapple with actual realities, and not allow the atmosphere to be filled with the poisonous vapours of suspicion and distrust, that we are anxious that we should press upon His Majesty's Government the necessity of convening the Conference forthwith.

Before I close, Sir, I would like to pay a tribute of respect to the Honourable Sir Sankaran Nair, the Chairman of the Central Committee, for allowing no question of personal pique or prestige to come in the way of a hearty acceptance of the Round Table Conference idea. I know, Sir, how his Committee, constituted in the teeth of fierce opposition, was boycotted at Nagpur. But patriotism has triumphed over mere questions of prestige, and it was at his instance that this House adopted the Resolution, expressing its satisfaction with summoning the Conference. Events in India have made it necessary now for us to press on His Majesty's Government the necessity of proceeding to the actual business of the Conference forthwith. Incidents, very trivial in themselves, assume, in the present troubled political atmosphere, a magnitude and importance out of all proportion to their intrinsic merits. This atmosphere of mutual hostility and suspicion must be ended, and that can be done only by bringing us face to face with those who have at present the shaping of our destinies in their hands for the solution of questions at issue between us without loss of a moment. I will not enter into questions about how the personnel of the Conference should be constituted, what questions should be discussed, what measure of prior

[Rao Bahadur D. Laxminarayan.]

agreement amongst ourselves should be reached before we proceed to take part in the conference. I feel certain about one thing only, namely, that nothing that does not immediately place us on a level with the Dominions, with any safeguards that might be found necessary for the transitional period of course, will prove of any avail in allaying the present discontent.

Again, as Commander Kenworthy puts it :

" There are still plenty of responsible and sober elements in India to co-operate with England "

if they are convinced that England is in earnest, and eager to place India on a level with the other components of the British Commonwealth of Nations. One who has been through the mill himself says that

" The British Bureaucracy has managed to transform inertia into a positive force ",

and he adds Bureaucracy is one huge " sit-tight " Club. It is this very spirit of inertia that is most dangerous at the present moment in our affairs. It is to lift this question out of this rut of inertia, and the normal easy-going course of red tape and routine, that I accord my support to this Resolution.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, I rise to support the original motion of my Honourable friend Mr. Mudaliar. I have heard the arguments put forward by the Mover of the amendment and by his supporters. The arguments put forward by Diwan Bahadur Ramachandra Ayyar appeal to me a great deal and I was going to put forward some of the arguments which he has put in support of the amending motion, but I think those arguments which he has put forward emphasise the holding of the Round Table Conference at an early date and not to make the announcement of the date indefinite. There are all sorts of disquieting rumours afloat and we wish that peace may ever rule in this country and that the discontent among the people might vanish. The reasons why the Round Table Conference are being delayed cannot be understood by the people. Some say that a change in the Home Government is one of the reasons. The fall of the Labour Government and the Conservative Government getting into power is being awaited. Others say that the present repressive policy of Government might eventually lead the country to a state in which certain political parties whose association and advice in this Round Table Conference was also sought for may not come forward. I think, Sir, it is in the interests of all of us that a definite date should be fixed. We are all constitutionalists. We are all law-abiding people. We all want peace and order, but at the same time we do not wish the present state of affairs to continue. I have no sympathy with those who break the law. But all the same I want peace in the country. I wish that in case some definite date be fixed, the progress of the hostile movements will be greatly checked. I wish, Sir, that in case October is considered too early, some other month or date in this year be definitely fixed by which all the storms and cyclones in the sea of politics be checked. People, there is no doubt, Sir, are getting nervous and discontented owing to the delay that is being made. Some of them do consider that an unfavourable atmosphere is being constantly created by certain parties who do not want the Round Table Conference to be a success. In case a time later than October is fixed, my Honourable friend Sardar Shivdev Singh Uberoi is quite in order in saying that for the Indians it will be too cold to go there and to join in the deliberations conveniently. As far as a hungry man is

concerned, until he actually gets food he will never be content. In case you give him an indefinite promise by the time that he gets food the poor man will die of hunger. When His Excellency the Viceroy made the great announcement in October, 1929, at that time the meaning of " responsible government " was not made clear to contain Dominion Status. And that omission added a great deal to the unrest in our country. Later on the meaning was cleared for which we are grateful ; we thought that the good atmosphere which had been created by such an announcement would result in all parties co-operating in the Round Table Conference. Now the request I make is that the Government, in order to secure the fullest co-operation, might see its way to fix a definite date and not allow the decision to go on into the ocean of indefiniteness.

THE HONOURABLE MR. H. G. HAIG (Home Secretary) : Sir, I hope that this Council will be able to-day to pass a Resolution on this very important question which will be unanimous. It seems to me very desirable that on a question of this kind we should not be made to appear to differ among ourselves when there is no real difference in substance. In listening to the very eloquent speech made by the Honourable Mr. Mudaliar in proposing this Resolution, it appeared to me that the main substance of what he pressed and explained so admirably would be entirely fulfilled by the earlier part of the Resolution, and that it was not really necessary to add the later words. I hope therefore that he will find himself in a position to accept the amendment that has been moved by my Honourable friend Mr. Khaparde. What matters after all in a question like this is the spirit, and it seems to me that it would be dangerous for any one to seek to tie themselves or to tie Government to particular dates. I am sure that this Council shares to the full the confidence expressed by the Honourable Mr. Khaparde in the wise guidance of His Excellency the Viceroy in this matter (Applause) and in his desire to see that the policy with which he has been himself so closely associated should be brought to a successful conclusion. I have been struck to-day by the tone of genuine support for the holding of this Conference which has been expressed by Members thoughout the Council and the great expectations that I think we all place on its successful issue. We look with confidence and hope to the Conference bringing about in India that peace which the country so clearly needs. No reference I think to-day has been made to the address which His Excellency the Viceroy made to the Legislative Assembly on the 25th of January, in which he amplified the momentous announcement that he had made three months earlier about this Conference. His Excellency made it clear that he desired to have the views of the Members of the Legislature as to the date that would generally be considered most convenient and suitable, and the debate in this House to-day will from that point of view be most valuable. There has been I think an undercurrent of feeling, in the speeches of some Honourable Members at any rate, that the Government are not anxious that this Conference should be held at an early date. There is no foundation, I can assure the House, for any such feeling. The Government position can be stated very simply. The Resolution as amended represents precisely their view, namely, that the Conference should be convened as early as possible ; subject, that is always to the practical necessities of the situation. We must not altogether lose sight of those practical necessities. For instance, as we all know, the Statutory Commission has not yet completed its report. According to a reported answer in Parliament, it is hoped that the report may be ready soon after Easter. Then, as His Excellency himself said, it will be necessary to give His

[Mr. H. G. Haig.]

Majesty's Government, the Government of India, Local Governments, the Princes and general public opinion reasonable time to study the complicated questions with which the report will deal. The matter is of such enormous importance to the future of India that we must be careful not to permit our natural impatience to arrive at a conclusion to affect the chances of our arriving at the right conclusion. Much hard practical thinking has to be done. We cannot solve these problems by phrases. The most earnest efforts must be made to reconcile divergent interests and aims, and it would be a pity if those efforts were in any way handicapped by trying to do things too quickly. But, Sir, when His Excellency said that reasonable time must be allowed, I am quite confident that he meant reasonable time, and there is no question of attempting to interpose anything like unreasonable delay. Another factor which will have to be adjusted in deciding the time of the Conference is that it is understood that the Imperial Conference will be held some time in the autumn of this year. His Majesty's Government of course are convening this Conference, the Round Table Conference, and they will have to consider how their time table can best be adjusted. But, as His Excellency explained in his statement on the 25th January, they will desire to hold the Indian Conference as early as possible and so far as they are concerned will interpose no avoidable delay. I trust, therefore, that if no unforeseen circumstances interpose, the wishes of this Council that the Conference should be held as early as possible will in practice be fulfilled. Copies of this debate will be forwarded to the Secretary of State so that he may be acquainted with the important and interesting views that have been expressed in this Council to-day.

THE HONOURABLE MR. A. RAMASWAMI MUDALIAR: Sir, I must express my gratification at the almost unanimous support that my Resolution has received in this House. I may at once state that I am willing to respond to the very reasonable suggestion that has been made by the Honourable Mr. Haig that, with a view to having unanimous conclusions of this House, I should accept the amendment moved by my Honourable friend Mr. Khaparde. I wish, however, to state that I am not in entire agreement with the reasons which have been advanced by my Honourable friend Mr. Khaparde in support of his amendment. I trust, Sir, that this House will agree with me when I say that to call my Resolution a command to His Excellency or to the British Government to have the Conference by a certain date is entirely to misrepresent both the object and the scope of my Resolution. My Honourable friend spoke of wishes and prayers and he said he was not going farther than wishes and prayers. I remember the days when Mr. Khaparde was the lion of the Central Provinces when wishes and prayers were not the things that would have satisfied him and I still hope and trust that he is not one of those who would rest content with bare wishes and mere prayers. In any case, Sir, so far as Members of this House are concerned, we should have no place here and we should not have been called to meet by His Excellency the Viceroy if we were to content ourselves with wishes and prayers and not to give expression by words to our opinions in the matter. I am thankful to the Honourable the Home Secretary for reminding me that His Excellency the Viceroy himself invited the opinion of the Central Legislature as regards the time when this Conference should be held and I am therefore merely responding to the invitation of the head of the Government when I suggest through my Resolution that this House should convey its opinion that the Round Table Conference should be held as early as possible. Nor was I merely acting in a spirit of irresponsibility when I suggested that

this Conference should be held not later than October. The month of October was not one of those months which was merely picked out by me at random without any reference either to things that will go before or to things that would follow later. I had a very good reason for suggesting that the month of October should be the latest date by which this Conference must be held; nor was I of the opinion that if the Conference were not held before October there ought to be no Conference at all. That again, Sir, I venture to submit very humbly is a misrepresentation of my Resolution. The Honourable Mr. Haig has told this House that the Imperial Conference is convened to meet some time in the autumn. To the best of the information that is at my disposal, that Conference will probably meet in August and it is expected that the Session of the Imperial Conference will be over by the last week of September. There was some method in my madness, if madness it could be called, for my suggesting that October may be the month when this Conference, following in the wake of the Imperial Conference presided over by the Prime Minister of England, as both the Conferences will be—at any rate I hope the Round Table Conference will also be presided over by the Prime Minister—when this Conference will be held.

Sir, my Honourable friend, Sir Arthur Froom spoke of tub thumpers who inverted tubs and got on the top of them; some of them do not even care to invert the tubs before preaching a tirade against the Government and expressing their views. Others also invert their tubs, stand on them and say what they have to say in favour of the Government. If my Honourable friend had experience of Southern India, as the Leader of the House undoubtedly has, I venture to think that Sir Arthur Froom would not have made the suggestion. There was no one in this country, no organised party, no political group, which was not prepared to invert its tub and proclaim from the top of those tubs as wholeheartedly as possible its support to the Government whenever it felt that that support should be forthcoming. But, Sir, my trouble has always been that this call for co-operation, this call to support the Government comes over and over again and howsoever it may be responded to, nothing further happens. The position of the constitutionalist, of the man who believes in Parliamentary methods of agitation, as I have already said in my opening speech, is one of the most unenviable and one of the most unhappy. Government make demands time and again that he should be called upon to censure those of his countrymen who he feels are misled, to support the Government in their action, and then he is thrown to the wolves. That is exactly what is happening all over the country and when we suggest that our hands may be strengthened, that the clock of progress should not be retarded, that something might be done to show that we have backed the right horse and that our methods will lead sooner to the goal which the Government and the country both have at heart than those methods which have been advocated by people whom we call irresponsible, the response is weak. This morning I am in the happy position of seeing that that response is not the usual response to which we who have been fighting for constitutionalism have been accustomed. I am grateful therefore for the measure of support that has been given to my Resolution by the Government itself. Sir, in this matter it is not merely a question of October or November. I feel essentially that time is of the essence of this Round Table Conference. It is not as though the Round Table Conference will not be attended if it is held later than October that I tabled this Resolution. I feel, I do not want to express my reasons in greater detail, that if this Conference is not held in the course of this year, the Round Table Conference will be still-born. That is my feeling, my political faith; and it is because I feel that as a Member of this Honourable House it is

[Mr. A. Ramaswami Mudaliar.]

up to me, my imperative duty, to communicate this view to those high and responsible in office that I have ventured to bring forward this Resolution, not because I think of landing the navigator into some shoal in the nooks and corners of Berar, but because I feel it is my duty to tell him and those who are in the ship what I feel with reference to the way in which it is navigating. I am certain that the mariner himself will realise the spirit in which this Resolution has been moved, the spirit in which remarks have been made on this Resolution, a helpful spirit and not merely a cantankerous or destructive spirit.

THE HONOURABLE MR. G. S. KHAPARDE: But it is an untimely interference.

THE HONOURABLE MR. A. RAMASWAMI MUDALIAR: Sir, I turn now to my friend from Madras, my Honourable friend Mr. Ramachandra Ayyar. Many people want various things to be done before the Round Table Conference is convened. There are some who believe that all agitation in the country should lapse. There are some who think that an effort should be made with Mahatma Gandhi to come to a compromise, and my friend is among those who believe that the Sarda Act should be repealed before the Round Table Conference is convened. It is impossible for any person to agree to all these demands and have the Round Table Conference. The old old fable of the person who carried the ass will be repeated ten times over if all those remedies which are suggested for bringing about a peaceful atmosphere are to be pursued before the Round Table Conference is ushered in. In my part of the country there is a saying which I should like to relate to this House. A man who was not altogether sane wanted to have a marriage performed. Now, the bride's parents said he should not be married till his madness disappeared; the bridegroom's parents said that the madness would not disappear until the marriage took place; and between marriage and madness the man has always been a stale old bachelor. Now, it seems to me remarkable that my friend Mr. Ramachandra Ayyar should have suggested that the Round Table Conference should not be held till a peaceful, placid political atmosphere has been brought about, and a peaceful, placid political atmosphere will not be brought about till the Round Table Conference has been attended and the decisions of that Round Table Conference are placed before this country. I venture to think therefore, Sir, that there is not much argument in the thought that all political forces should stop, all those things which make for disturbance in this country should somehow or other be stopped before the Round Table Conference is convened. My idea in pressing for the early convening of the Round Table Conference is exactly the contrary. I believe that these political forces will not be allayed, that this political discontent will not be stopped, that there will be nothing which can bring about a little more placidity in the atmosphere than the early convening of the Round Table Conference, and the marking of a further stage of constitutional reforms. That is why, with exactly the object which my friend Mr. Ramachandra Ayyar has in view but for entirely the opposite reason, I have ventured to bring forward this Resolution.

Sir, as I have said already, I am at one with the Honourable Mr. Haig in desiring that there should be unanimity in this Resolution. I therefore accept the amendment moved by my Honourable friend Mr. Khaparde and press the amended Resolution for the acceptance of this House.

1 P.M.

THE HONOURABLE THE PRESIDENT : The original question was :

" That the following Resolution be adopted :

'This Council recommends to the Governor General in Council that he be pleased to convey to His Excellency the Viceroy and the Right Honourable the Secretary of State the opinion of this House that the Round Table Conference should be convened as early as possible and in no case later than in October, 1930' ".

Since which an amendment has been moved :

" To omit the words 'and in no case later than in October, 1930'."

The question I have to put is that those words be omitted.

The motion was adopted.

THE HONOURABLE THE PRESIDENT : The question then is :

" That the Resolution, as amended, be adopted."

The motion was adopted.

STATEMENT OF BUSINESS.

THE HONOURABLE SIR MUHAMMAD HABIBULLAH (Leader of the House) : Sir, as there is no official business at the moment before the House and as there is no certainty as to when the Bills, which are pending before the other House, will be laid on the table of the Council of State, it is, unfortunately, impossible to predict the date of our next meeting.

The next items of Government business will be the consideration and passing of the Finance Bill, which, with your permission, Sir, will be laid on the table of the Council on the first available working day after it emerges from the other House. I would suggest that Honourable Members should keep themselves advised of the progress of the Bill in the other House in order that they may be aware of the date of our next sitting, which will, in addition, be communicated to them by circular letter.

THE HONOURABLE SIR ARTHUR FROOM (Bombay Chamber of Commerce) : Sir, I must admit that I listened to the statement of the Honourable the Leader of this House with considerable consternation, and I cannot help thinking that he must have been equally concerned at having to make it. This, Sir, I venture to remind the House—this state of affairs is becoming a hardy annual. We have objected, the Honourable Members of this House have objected on more occasions than one at being kept in Delhi away from their homes and away from their business, doing nothing, to wait for Bills which may or may not be passed by the other place. Sir, of course, I am not in a position to dictate or to show to Government how they should rearrange their business to avoid this unfortunate state of affairs existing in this House. But I do think that the wit of Government should devise some scheme or some arrangement of business so that we should not be requested to stay up in Delhi for a week, two weeks, how many do we know ? doing nothing but await Bills as I say which may or possibly may not be passed by the other place.

THE HONOURABLE SIR LANCELOT GRAHAM (Secretary, Legislative Department): Sir, I must say I feel slightly provoked by the remarks of the Honourable Sir Arthur Froom. I think that he might have coupled his contention with at least a conventional expression of gratitude with regard to the Government in bringing the Council of State up at as late a date as possible. The Council of State could not have been summoned later, for otherwise they would not have been able to participate in the presentation of the Railway Budget. As regards affairs in the other House, Sir, the Honourable Members of this House, if they have followed the dates there carefully, must be aware that we cannot present the General Budget in the other House earlier than the 1st of March—the 28th of February in fact—and consequently the programme there is absolutely settled. It is not capable of acceleration by Government action. All I wish to make clear at this stage is that the implication of my Honourable friend that the Government have been careless or stupid in arranging business in the other House is entirely unfounded.

THE HONOURABLE SIR ARTHUR FROOM: I did not suggest that, Sir. I said that something should be altered.

THE HONOURABLE THE PRESIDENT: It may be some consolation to the Honourable Sir Arthur Froom to know that a division is being taken in the other place at the present moment.

I am forced into the position of adjourning the House to an indefinite date, which will, as suggested by the Honourable the Leader of the House be the first working day after a Bill—any Bill—is disposed of in the other place, in order that it may be laid here.

The Council then adjourned *sine die*.

COUNCIL OF STATE.

Tuesday, 25th March, 1930.

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. Satyendra Chandra Ghose Maulik (West Bengal : Non-Muhammadan).

QUESTIONS AND ANSWERS.

TOTAL EXPENDITURE INCURRED ON PRINTING EXECUTED OUTSIDE THE GOVERNMENT PRINTING PRESSES.

104. THE HONOURABLE MR. SURPUT SING : Will Government be pleased to state :

(*a*) the total cost incurred during 1928-29 on the ordinary printing work of the Government of India executed outside the Government Printing Presses ;

(*b*) the names of the Presses that executed those orders ;

(*c*) the amount which each such Press received ?

THE HONOURABLE MR. J. A. SHILLIDY : The attention of the Honourable Member is invited to the reply given by me to a similar question (No. 52) asked by him on the 27th February, 1930.

EXPENDITURE INCURRED ON THE CONSTRUCTION OF BUILDINGS IN NEW DELHI, ETC.

105. THE HONOURABLE MR. SURPUT SING : Will Government be pleased to state :

(*i*) the total amount that has been spent on the construction of the Imperial Secretariat Buildings, Council House and quarters for the European and Indian staffs and members of the Indian Legislature up to 1929 in New Delhi ;

(*ii*) the amount that has been spent up to date on the construction of the Viceroy's House and the house of the Commander-in-Chief ;

(*iii*) the amount that has been spent on the construction of houses for His Excellency the Viceroy's staff ;

(*iv*) the annual expenditure that is being incurred for the upkeep of the officers and establishment of the Public Works Department for New Delhi ?

THE HONOURABLE MR. J. A. SHILLIDY :

	Rs.
(*i*) Imperial Secretariat Buildings . . .	1,84,27,000
Council House	86,85,000
All residential buildings in New Delhi including accommodation for members of the Legislature	1,73,45,000
(*ii*) Viceroy's House, excluding cost of services .	1,19,51,000
His Excellency the Commander-in-Chief's House	5,74,000
(*iii*) Houses for His Excellency the Viceroy's staff inclusive of the office establishments, etc., who are housed outside the Estates . . .	19,28,000

This excludes the cost of services within the Estates.

(*iv*) It is not possible to give the figures of establishment employed solely on New Delhi, as the Delhi Public Works Department is responsible for Central Civil Works in Old Delhi, Dehra Dun, and the United Provinces also.

The total Public Works Department establishment during the year 1928-29 cost Rs. 15,45,000.

EXPENDITURE ON STATIONERY IN THE GOVERNMENT OF INDIA OFFICES.

106. THE HONOURABLE MR. SURPUT SING : Will Government be pleased to state :

(*i*) the total amount spent on the indent of stationery in the Government of India offices in 1928-29 showing specifically—

(*a*) the amount that was spent on stationery from abroad ;

(*b*) the amount that was spent on stationery manufactured in India ;

(*ii*) the names of the firms or individuals that supplied stationery manufactured in India and abroad, respectively ;

(*iii*) the specific amounts which each firm or individual received ?

THE HONOURABLE MR. J. A. SHILLIDY : (*i*), (*ii*) and (*iii*). The value of stationery stores supplied to offices of the Central Government during 1928-29 is given in paragraph 3 and Statement I of the Report of the Central Stationery Office for that year, a copy of which will be found in the Library of the Legislature. The statement shows separate figures for Indian stores and for English stores. The Government of India regret that they cannot undertake to collect the other information desired by the Honourable Member as it would involve an amount of time and labour disproportionate to the result.

ANNUAL EXODUS OF THE GOVERNMENT OF INDIA.

107. THE HONOURABLE MR. SURPUT SING: Will Government be pleased to state:

(*i*) the amount that is spent annually on the exodus of the Government of India offices from Delhi to Simla and *vice versa*;

(*ii*) whether Government ever considered the question of abandoning the annual exodus on the completion of New Delhi Scheme?

THE HONOURABLE MR. H. G. HAIG: (*i*) The amount naturally varies somewhat from year to year, but looking at the years for which figures are available the expenditure may be taken to be round about 5 lakhs.

(*ii*) No.

RUNNING OF THE PUNJAB MAIL FROM HOWRAH *via* THE GRAND CHORD.

108. THE HONOURABLE RAJA BIJOY SING DUDHORIA: (*a*) Does the Bombay Mail start from Howrah at 19-6 hours and reach Moghalsarai *via* the Grand Chord at 5·36 hours the next morning, *i.e.*, in about ten and a half hours?

(*b*) Does the Punjab Mail start from Howrah at 21 hours and reach Moghalsarai, *via* the main line at 9-11 hours, *i.e.*, in about 12 hours and 11 minutes?

(*c*) If the answers to (*a*) and (*b*) are in the affirmative, are Government aware that the passengers travelling to Delhi and the Punjab by the Punjab Mail are put to great inconvenience owing to their performing the same journey in an hour and a half more than the time taken by the passengers travelling by the Bombay Mail?

(*d*) If so, do Government propose to run the Punjab Mail also *via* the Grand Chord instead of *via* the main line as at present? If not, why not?

THE HONOURABLE MR. J. A. WOODHEAD: (*a*) Yes.

(*b*) Yes.

(*c*) Passengers travelling by the Punjab Mail do not perform the same journey as those travelling by the Bombay Mail as the former train goes by the main line *via* Patna while the latter train goes by the Grand Chord *via* Gya.

(*d*) Government cannot take part in the preparation of time-tables but I understand that the East Indian Railway Administration consider that the Punjab Mail should run over the main line in order to serve Patna and certain other important places. I will have a copy of this question and answer sent to the Agent of the East Indian Railway.

THE HOWRAH-DEHRA DUN EXPRESS.

109. THE HONOURABLE RAJA BIJOY SING DUDHORIA: (*a*) Do Government propose to run the Howrah-Dehra Dun Express *via* the main line instead of by the Grand Chord as at present so that passengers from Bihar and Orissa for Delhi and the Punjab can use that train? If not, why not?

(*b*) Will Government be pleased to state if there is any reason why the present Dehra Dun Express cannot be called the Bihar-Dehra Dun Mail?

(*c*) Do Government propose so to time the Dehra Dun Express as to reach Moghalsarai at about half an hour earlier than the Punjab Mail will do by the proposed route ? If not, why not ?

THE HONOURABLE MR. J. A. WOODHEAD : The preparation of time-tables is not a matter in which Government can take part but I am having a copy of this question and answer sent to the Agent of the East Indian Railway.

TRANSFER OF TWO OR MORE COMPOSITE CARRIAGES OF THE PUNJAB MAIL TO THE DEHRA DUN EXPRESS AT MOGHALSARAI.

110. THE HONOURABLE RAJA BIJOY SING DUDHORIA : Do Government propose to transfer two or more composite carriages of the Punjab Mail to the Dehra Dun Express at Moghalsarai for the convenience of passengers travelling from stations on the Grand Chord to Dehra Dun ?

THE HONOURABLE MR. J. A. WOODHEAD : Arrangements as to the composition of particular trains are not matters in which Government can take part but a copy of this question and answer will be sent to the Agent of the East Indian Railway.

UTILISATION OF THE RAILWAY RESERVE FOR REDUCTION OF FARES FOR THIRD AND INTERMEDIATE CLASS PASSENGERS, ETC.

111. THE HONOURABLE RAJA BIJOY SING DUDHORIA : (*a*) Was the Reserve of the Railway Finance created to be used for the reduction of railway fares and for increased comforts of lower class passengers amongst other purposes ?

(*b*) If so, will Government be pleased to enumerate the sums spent annually since the separation of Railway Finance from General Finance for the following purposes :

(*i*) reduction of railway fares for third and intermediate class passengers ;

(*ii*) construction of raised platforms ; and

(*iii*) other facilities for third class passengers ?

THE HONOURABLE MR. J. A. WOODHEAD : In accordance with the convention the railway reserve is to be used to secure the payment of the annual contribution to general revenues ; to provide, if necessary, for arrears of depreciation and for writing down and writing off capital ; and to strengthen the financial position of the Railways, in order that the services rendered to the public may be improved and rates may be reduced.

Since the separation of railway finances reductions of third and intermediate class fares estimated to lead to a reduction of about Rs. 2½ crores in railway revenues, should no increased traffic result, have been introduced.

In the programmes for the years since 1924-25, when railway finances were separated from general finances, the following sums were included for

the construction of raised platforms and for other facilities for third class passengers :

Year.	Raised platforms.	Other facilities.
	Rs.	Rs.
1925-26	4,30,000	1,69,70,000
1926-27	5,01,000	1,74,39,000
1927-28	8,21,000	2,11,37,000
1928-29	6,02,000	2,14,02,000
1929-30	4,00,000	1,55,00,000
1930-31	7,37,000	1,26,33,000

THE HONOURABLE RAJA BIJOY SING DUDHORIA : What is the sum spent on other facilities ?

THE HONOURABLE THE PRESIDENT : The Honourable Member will find when he gets the answer that that part of the question has been answered by the Honourable Mr. Woodhead.

ELECTRIC FANS IN THIRD AND INTERMEDIATE CLASS CARRIAGES ON ALL RAILWAYS.

112. THE HONOURABLE RAJA BIJOY SING DUDHORIA : (*a*) Are there electric fans in the third and intermediate class carriages on all Railways in India ?

(*b*) If not, do Government propose to instal electric fans in the third and intermediate class carriages ? If not, why not ?

THE HONOURABLE MR. J. A. WOODHEAD : (*a*) No.

(*b*) No, because the cost at present, at any rate, would be prohibitive.

PROVISION OF SLEEPING ACCOMMODATION FOR THIRD AND INTERMEDIATE CLASS PASSENGERS ON RAILWAYS.

113. THE HONOURABLE RAJA BIJOY SING DUDHORIA : (*a*) Have Railways constructed certain types of third class carriages for sleeping accommodation for third class and intermediate class passengers ? If so, will Government be pleased to state whether sleeping accommodation is still provided for such passengers ? If not, why not ?

(*b*) Do Government propose to take steps to provide sleeping accommodation for lower class passengers ? If not, why not ?

THE HONOURABLE MR. J. A. WOODHEAD : (*a*) The Great Indian Peninsula Railway has a certain number of third class coaches, generally in use on long distance trains, which have been provided with a limited number of upper bunks capable of being used for sleeping purposes when not occupied by passengers' luggage, but they have no third class coaches with complete sleeping accommodation. Most of the broad gauge railways have, for some years, been installing bunks of somewhat similar design in third class coaches.

(*b*) No. The provision of sleeping accommodation would so reduce the carrying capacity of the vehicles that it would be necessary largely to enhance the fares.

PROVISION OF DRINKING WATER IN RAILWAY CARRIAGES FOR LOWER CLASS PASSENGERS.

114. THE HONOURABLE RAJA BIJOY SING DUDHORIA: Do Government propose to provide a supply of drinking water in railway carriages for lower class passengers ?

THE HONOURABLE MR. J. A. WOODHEAD: No. The experience of Railways has been that the carriage of drinking water in railway carriages does not meet the requirements of passengers owing to caste prejudices and to the impracticability of keeping the water cool during the hot weather.

PROVISION OF LATRINES IN SERVANTS' COMPARTMENTS OF RAILWAY CARRIAGES.

115. THE HONOURABLE RAJA BIJOY SING DUDHORIA: (*a*) Are latrines provided for the servants of first and second class passengers in the servants' compartments ?

(*b*) If not, do Government propose to provide latrines for the servants in servants' compartments ? If not, why not ?

THE HONOURABLE MR. J. A. WOODHEAD: (*a*) Until recently it has not been the practice for Railways to fit latrines in servants' compartments of railway carriages.

(*b*) Government have issued orders to State-managed Railways to fit lavatory accommodation in servants' compartments of all new carriages which are designed to run on services of over 50 miles between start and destination. Lavatories are also to be provided in the servants' compartments of existing upper class coaches employed on similar services. Instructions have been issued that the work on existing coaches should be completed within three years.

BILL PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL: Sir, in accordance with rule 25 of the Indian Legislative Rules I lay on the table copies of the Bill further to amend the Sea Customs Act, 1878, to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to fix rates of income-tax, to vary the excise duty on kerosene leviable under the Indian Finance Act, 1922, and further to amend the Indian Paper Currency Act, 1923, and the Indian Finance Act, 1926, which was passed by the Legislative Assembly at its meeting held on the 24th March, 1930.

THE HONOURABLE SIR ARTHUR McWATTERS (Finance Secretary): Sir, I am putting in this morning a notice of my intention to move that the Finance Bill be taken into consideration. May I ask your orders, Sir, as to the date when the Bill is likely to be taken up.

THE HONOURABLE THE PRESIDENT: As the House knows, the Bill in the ordinary course would be taken up on Friday. In the present case there:

are one or two considerations which I have to bear in mind in deciding what period of notice the Council should have in this matter. One consideration is that there is a possibility of the Council making amendments in the Bill which will necessitate the Bill going back to another place. Another consideration is the convenience of Honourable Members and the future course of business. I have given the matter very careful consideration and I think that it will be best that the House should take up the consideration of the Finance Bill on Thursday. Possibly before the discussion on the Bill is finished on that day another Bill or other Bills may be received from the other place and be laid on the table, and we shall then be able to decide when our future meetings will take place. I therefore direct that the Honourable Sir Arthur McWatters' motion should be put on the list of business for Thursday next.

ELECTIONS TO THE STANDING COMMITTEE ON PILGRIMAGE TO THE HEDJAZ.

THE HONOURABLE THE PRESIDENT: The Council has to proceed now to the election of two Muslim Members to sit on the Standing Committee on Pilgrimage to the Hedjaz. There were five nominations for the two vacancies. The Honourable Mian Ali Baksh Muhammad Hussain has withdrawn from the election. That leaves as candidates for the vacancies:

The Honourable Nawab Sahibzada Sayad Mohamad Mehr Shah.

The Honourable Sir Ebrahim Haroon Jaffer.

The Honourable Khan Bahadur Shah Muhammad Yahya.

The Honourable Mr. Mahmood Suhrawardy.

The motion which the Council adopted gives me discretion to direct the form of the election. I think, as there are four candidates for two vacancies, the only fair way of holding the election is by eliminating ballots; that is to say, Honourable Members will be handed their ballot papers; they will vote for two candidates by placing a cross against the two whom they select; they will not sign the papers or make any other marks on the papers; the votes will then be counted and the candidate who comes at the bottom of the poll will be eliminated and a second ballot will be held among the remaining three. Then the natural result will be that among those three the member at the bottom of the poll would be excluded and the two at the top would be declared elected. Ballot papers will now be handed to Honourable Members.

(The ballot was then taken and scrutinised by the Honourable the President.)

THE HONOURABLE THE PRESIDENT: 32 Honourable Members voted. Three voting papers were spoiled and I have had to reject those votes. The valid votes have been cast as follows:

	Votes.
The Honourable Nawab Sahibzada Mohamad Mehr Shah .	9
The Honourable Khan Bahadur Sir Ebrahim Haroon Jaffer	4
The Honourable Khan Bahadur Shah Muhammad Yahya .	22
The Honourable Mr. Mahmood Suhrawardy . . .	22

[Mr. President.]

Despite what I said in regard to eliminating ballots, I think it will be perfectly obvious to the House that it will be a waste of time, the result of the election being what it is, to hold a further ballot, because even if I now proceed to hold a further ballot excluding the Honourable Sir Ebrahim Jaffer, the result of the election, assuming that Honourable Members do not change their minds very suddenly, must inevitably be the same. I therefore declare the Honourable Khan Bahadur Shah Muhammad Yahya and the Honourable Mr. Mahmood Suhrawardy to be duly elected.

The Council then adjourned till Eleven of the Clock on Thursday, the 27th March, 1930.

COUNCIL OF STATE.

Thursday, 27th March, 1930.

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., V.H.S., I.M.S. (Director-General, Indian Medical Service).

The Honourable Mr. Thomas Everard Tichborne Upton (Legislative Department : Nominated Official).

INDIAN FINANCE BILL.

THE HONOURABLE SIR ARTHUR McWATTERS (Finance Secretary) : Sir, I beg to move that the Bill further to amend the Sea Customs Act, 1878, to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to fix rates of income-tax, to vary the excise duty on kerosene leviable under the Indian Finance Act, 1922, and further to amend the Indian Paper Currency Act, 1923, and the Indian Finance Act, 1926, as passed by the Legislative Assembly, be taken into consideration.

Sir, I do not think that it is necessary for me at this stage to make any lengthy speech. The Finance Bill this year, besides the usual features, contains the various proposals for new taxation which were announced by the Honourable the Finance Member in his Budget speech and by me in this House at the time of the introduction of the Budget. It includes, therefore, the proposal to re-introduce the duty on silver, to increase the import duty on sugar, to alter the taxation in two respects in respect of kerosene, to raise the cotton duty rate from 11 to 15 per cent. and to reduce the export duty on rice ; and also it incorporates a small change in the rates of income-tax and super-tax.

There are one or two points, however, to which I think I should draw attention. In connection with the duty on silver, the House will observe that a new clause—clause 4A—has been incorporated in the Bill since it was introduced. The object of this clause is to maintain the existing protection for certain local industries, silver manufactures, and in particular the industry of making silver thread, which is an important industry in certain local areas in India. The effect of the import duty on silver naturally would be that the raw material of these industries would be more expensive and therefore, while at present they are protected by a 30 per cent. duty, they would be

[Sir Arthur McWatters.]

adversely affected. We have calculated that an increase in the import duty of 8 per cent. on manufactured articles of that class would restore to them approximately the position which they are now in. We propose that this change will have effect for one year only and in the meantime the matter will be considered by a Tariff Board. The other matter also in connection with silver is that a Bill has been introduced in another place to levy an excise duty on silver produced in India at the same rate as the import duty but with a full rebate in case of export. The reason for this is that the effect of the new silver duty will be to raise the price of silver in India and if the excise were not imposed, local producers of silver would obtain the difference, and it seems a case in which it is fair to impose a corresponding excise.

The House will observe that there are a number of amendments on the paper. I do not propose to deal with them at all in detail now but I should like to say this in a general way that we do regard it as important that the House should support us now and pass this Bill in the form in which it has very fortunately reached us from the other House, without any alteration. There are difficult times ahead of us—ahead of every country—and in India in particular we have to look forward in the fairly near future to big changes which will increase our liabilities and obligations, and therefore the Honourable the Finance Member has asked the Legislature to support him by passing a Budget which is, as I expressed it the other day, of unquestionable strength, and, if the House agrees with me that this Bill should be passed as it stands, I think we may look forward to the future with every confidence. The Finance Member finally has asked me to express his regret that the course of business in another place may prevent him from coming over to-day. That, Sir, is all I think I need say at this stage.

I move.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, the other day when the Budget debate was going on in this House, the Honourable the Finance Member made some observations in defence of the estimated revenue which he expected to derive from fresh taxation. Then I wanted to reply in support of my contention that the Government estimate of the fresh income was very much under-estimated, and the Honourable the President then ruled that I could further deal with the subject on the day when the Finance Bill was being considered. Sir, as far as the income from silver is concerned, my estimate is that there will be at least a difference of 50 lakhs in the expected receipts of the extra duty, that is, that the revenue will be 50 lakhs more than the estimate. In reply to this, the Honourable the Finance Member said the other day :

"I am quite prepared to admit that as regards the silver duty what we have taken is a very conservative estimate, but I would also point out that in the case of all other estimates we have been budgeting as though conditions were going to be normal. I think that if one was running an ordinary business, one would say in regard to the year which is before us that we ought to take into account at least the chance that conditions as regards trade may not be quite normal, and I certainly feel it necessary to have a margin of safety in all our estimates."

From the figures which I gave the other day in this House I took the average imports of silver into this country and I took a very conservative estimate of import of 60 million ounces, and 60 million ounces compare very favourably with the average normal requirements of the country, because in the year 1926-27 the import of silver was 124 million ounces ; and so, Sir,

I believe that my estimate of 60 million ounces is, therefore, correct. Sir, thus from this extra taxation there will be a surplus of 50 lakhs which sum ought to be reduced in taxation. Later on, I shall be moving some amendments in which I will propose to utilise this extra revenue.

As far as sugar is concerned, the Honourable the Finance Member said :

"Suppose the total is going to be reduced by 50,000 tons during the present year, as the imports of sugar have been extra ordinarily heavy this year."

As far as the figures go, Sir, India has been consuming between 7½ and 8½ lakhs of tons of sugar. Therefore shortage in import may be 50,000 tons. I took the average of these four years, 1926-27, 1927-28, 1928-29 and 1929-30, and from that figure, Sir, I reduced 50,000 tons, and so I held that the revenue from 8 lakhs of tons of sugar at Rs. 30 a ton will be 2½ crores as against the 1·80 crores estimated which also gives a difference of 70 lakhs; and, Sir, this 70 lakhs ought to be remitted and taxation to that amount ought to be reduced.

As far as the new taxation is concerned, Sir, except the sugar duties and the additional taxes on kerosene and the additional duty on piece-goods I think all the other fresh taxation, whether it is in the form of income-tax or whether it is in the form of other duties, ought to be withdrawn, because, in this country unemployment is now becoming very common and people, owing to the increased cost of living, unemployment and depression in trade, are not earning as much money as they would otherwise have done and they are not contributing fully towards the taxes of the country. Therefore, Sir, I think that the time has come when increased taxation ought to be stopped. The limit has been reached beyond which we ought not to go.

As far as salt is concerned, I say nothing. I simply say that the salt produced on the Bombay coast is not allowed to be sold in Calcutta while the salt from Aden, Spain and other foreign countries is being imported and sold there. That is not right and needs to be remedied.

With these few remarks, Sir, I resume my seat.

THE HONOURABLE RAO BAHADUR D. LAXMINARAYAN (Central Provinces : General) : Sir, speaking at the third meeting of the Federation of Indian Chambers of Commerce in the middle of February last, the Honourable the Finance Member said that he felt somewhat like " a Daniel in a lion's den ", when called upon to speak on a resolution dealing with the sales of silver. In rising to speak on the Finance Bill to-day, as it has come to this House, I confess, I have a feeling somewhat akin to that. At the time of the general discussion on the Budget, I tried, Sir, to get an opportunity, but without success, to speak on the financial proposals in general. Since then, the Finance Bill has been discussed in the other place threadbare from all points of view, on grounds of general policy, as well as from the point of view of the effects which the individual proposals will have on the tax-payer in general, and the various interests concerned in particular. I will, therefore, be very brief in the remarks that I have to make.

I confess, Sir, that when I took my seat in this House a few days back, I did not expect that I would soon have to carry back to my constituents the sorry tale of imposition of additional taxes, direct and indirect, to the tune of nearly 5 crores, and which may in actual results be very much more than the figure which has been arrived at by the Finance Member as being the probable yield from the new taxes. In speaking on the Resolution which the Honourable Mr. Ramaswami Mudaliar moved in this House the other day, I tried, Sir, to give a picture of the unsettled state of the people's minds at the present moment. I feel, Sir, and very strongly too, that in choosing this precise

[Rao Bahadur D. Laxminarayan.]

occasion to launch on a policy of new imposition, the Finance Member has acted most unwisely. Speaking in the course of a debate on this Bill in the other House, the Honourable the Finance Member said that there was a tide in the affairs of men, which, taken at the flood, leads on to fortune. I consider, on the other hand, that this is the most inopportune time for imposing new taxation, the effect of which will be to further exacerbate the feelings of the vast mass of our people, who are already hard hit by the prevailing economic condition, which is one of acute anxiety for the future. Sir, I had a specific mandate from my constituency to raise my voice here to do something for lowering the pitch of assessment as well as improving the method of administration of the income-tax and the super-tax. Here, on the other hand, we find that there was not only no immediate prospect of doing either, but the burden of the income-tax, and the super-tax, has been actually raised by one pie in the rupee on personal incomes above Rs. 15,000. The Finance Member admits that this was not a suitable period for imposing any additional burdens on industry and commercial enterprise, but yet he has not hesitated to impose this " small increase ", as he calls it, of nearly a crore on the already heavily taxed shoulders of those who have to bear this burden year after year. I contend, Sir, there is not only no excuse for raising the super-tax any further, but that this impost itself must cease. This super-tax came into operation as a war measure. The war ceased more than a decade ago, and yet the super-tax remains. I must, therefore, in justice to my constituents, raise my voice of protest not only against the increase proposed in the Finance Bill in the income-tax, and the super-tax, but against the latter in its entirety. I shall have something more to say about this matter if I get an opportunity to speak on some of the amendments that will soon come up for consideration.

I admit, Sir, there are some features in this Finance Bill, which I ought to welcome. We have long claimed protection for our indigenous industries. The exchange ratio has hit the Bombay mill industry hardest, and in the interest of that premier industry of ours as well as that of the indigenous sugar industry, I consider that the proposed increase in the import duty on foreign sugar and cloth are welcome. It is true that the consumer will have his burden increased for a time ; but I know also that in the long run he will be compensated for the additional burdens he has to bear now by the wider field of lucrative employment which will be built up for him in consequence thereof. About the proposed sugar duty, however, I feel I must say this in addition that the duty on the foreign article alone will not meet the necessities of the case. Unless steps are taken simultaneously to improve the financial accommodation available to the indigenous industry and better organisation and other facilities secured for it, this additional impost by itself will not achieve the object aimed at. As for the poor ryot and the tiller of the soil, who will be hit by the rise in prices that he will have to pay for his necessaries of life, the only thing that will lift him out of his present condition of economic helplessness is the provision of cheap money. It is satisfactory to find that the Honourable the Finance Member realises, as well as we do, that the condition of the agriculturist and the small artisan needs immediate attention. Speaking at the recent meeting of the Federation of Indian Chambers, he said that he hoped that, as a result of, or as a sequel to, the banking inquiry which has been instituted, the rate of interest paid by agriculturists throughout the country will be reduced from 18 per cent. and above to 8 per cent. If he is able to achieve that during the period of his office, he will have laid the peasantry of this country under an eternal debt of gratitude.

In the meanwhile, however, a duty on silver at four annas an ounce has been imposed. It is true that to that extent the value of the existing stock of silver in the country will be raised. But it will raise the price of silver too for the small buyer. I think, Sir, that it was wrong on the part of the Honourable the Finance Member to have ignored the valuable and weighty advice of the Currency Commission in this respect :

"The imposition of import duty on silver will fictitiously raise the internal price of silver, but the external price will decline to that extent from which recovery will be difficult."

The Currency Commission stated as follows, in the concluding portion of paragraph 48 :

"In our opinion, however, the efforts to maintain the domestic price of silver (*i.e.*, by an import duty) irrespective of world price would probably fail. There has always been a considerable trade in silver over the land frontiers of India : and apart from the difficulties of attempting to exclude a valuable metal from a wide frontier, if people who are accustomed to do that trade were to find that the value of silver in the outside world was very much below the value in India, it would probably affect confidence in the value of silver in India itself. In the case of an article, which, like silver, is largely kept as a store of value, the influence of opinion in its value is extremely important."

Further, whatever advantages may be secured by securing a protected market for silver here will be lost if there are sales of silver held by Government on a large scale. The Finance Member has given no guarantee that he will not attempt to continue the sales which raised such a hue and cry in the past.

The policy regarding silver which the Finance Bill outlines would have perhaps been justified if a distinct promise had been forthcoming that Government is definitely moving towards the adoption of the gold standard and currency in this country. But in the absence of an assurance of that kind I must raise my voice of protest against the policy of Government as reflected in the Bill before us to-day.

Speaking on the Bill as a whole, Sir, I will sum up briefly what I have to say, namely, that I am entirely and definitely opposed to the raising of the income-tax, and super-tax : that I do not approve of the import duty on silver ; that I approve of the additional protection given to the mill industry by raising the import duty on cotton goods from 11 to 15 per cent. ; and that the sugar industry needs something more than what the Bill provides for it in the shape of a heavier duty on imports.

I know, Sir, I will be confronted with a query as to what I have to propose as a substitute in place of these sources which I have rejected. I have no hesitation in saying, Sir, that the Government of India must cut its coat according to the cloth available. The Budget must, in our present situation, political and economic, be balanced by retrenchment and economy alone. It is the present military policy of Government that is responsible for the huge expenditure, for which that department, in its turn, is responsible. Unless that policy is radically over-hauled and a new policy of trust and confidence in the people of this country by Indianising the Army substituted in its place, the present high cost of running the administration cannot be reduced, and a clash of interest between the representatives of the people and Government, whenever we come to consider the financial proposals of Government, is inevitable. The Finance Member himself has recognised the need for retrenchment by appointing a special Retrenchment Officer. But it is useless to look for any striking results or drastic measures from this device alone. That is only tinkering with the problem. The root of the evil lies far deeper than where

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the Retrenchment Officer's probe can reach. That is why, on the occasion of a Finance Bill, you hear so much of what appears irrelevant on the surface but involves large questions of policy which you must tackle before you can secure the assent of the representatives of the people to proposals for new taxation. The only way to do that is to make the Executive responsible to the Legislature and run the whole administration in conformity with policies which people can approve of.

THE HONOURABLE MAJOR NAWAB MAHOMED AKBAR KHAN (North-West Frontier Province : Nominated Non-Official) : Sir, as a matter of fact the motive underlying the imposition of the salt tax is no other than revenue. The history of the tax shows that there has been a constant decrease in it from 1888 to 1916. It was only in that year that the rate of tax was raised to Rs. 1-4-0. In 1923 it was further increased to Rs. 2-8-0 per maund. It fell again to Rs. 1-4-0 in 1924 and since then it has been maintained so for emergency purposes. As Honourable Members are aware, the raising of this salt tax to Rs. 1-4-0 and Rs. 2-8-0 was intended to save the finances of the country, the increased revenue being necessary to balance the Budgets. The abolition of this duty would bring a relief of only one pice per head per month. But against this advantage the disadvantages of a decreased revenue to the extent of 7 crores a year is a matter that ought not to be lightly overlooked, unless those in favour of abolition come forward with a reasonable suggestion to make good the loss arising from the abolition of the salt tax. It cannot be abolished. An average Indian family of five persons pays only one rupee a year for this tax and I do not think that a contribution of a rupee annually to the public revenue is too much for anybody. There is always a hue and cry about heavy taxation on the poor, whereas the land-owners, the tenants as well as bankers pay very heavy taxes to the Government by way of land revenue, income-tax and super-tax. For the sake of argument, if all the inhabitants of India paid a rupee each annually as a registration fee towards citizenship of the Empire, I fail to understand why an average family of five members should resent the payment of that sum as salt tax. After all, the well-to-do man does not get any special concession from the Government of this country in the matter of justice or public service. As regards the import duty on silver, fixed at the rate of 4 annas per ounce of silver, I would like to support it as an adequate measure for the reason explained in the Statement of Objects and Reasons attached to the Bill. It has generally been experienced that the poor class of people store silver with themselves in the shape of ornaments or silver bars. A duty of 4 annas an ounce will undoubtedly bring an increase in its value and ultimately help the poor in case of their buying food-stuff or clothing for themselves whenever they want to exchange silver for these necessities of life. Moreover, most of the ornaments of the poor are generally pawned with the money-lender and in case the value of silver goes high, it will certainly result in fetching better credit from these money-lenders. As regards the increase in the import duty on sugar, Honourable Members might well be aware that India produces more sugar than any other country in the world, but on account of the poor quality of the cane and the lack of modern machinery required for the manufacture of sugar, it has to import a finer quality from elsewhere. In case the increase of duty on its import is intended to improve the sugar factories of India with a view to enable them to produce a better quality of sugar in future, it will surely commend itself to the favourable consideration of Honourable Members, and if not, the measure can in no wise be called other than unjustified. As regards the import duty on piece-goods, I am sorry that I

cannot be persuaded to support the increase in its rate from 11 per cent. to 15 per cent. To my mind the increase of 4 per cent. appears to be intended to help the inefficient factories of Bombay at the sacrifice of the vast population of India. Indeed it is great injustice to the vast population of this country to be subjected to a tax purely intended to help the Bombay millowner. As a matter of fact Japan buys most of its cotton from this country and if in spite of getting its supply of cotton from India it can under-sell the Bombay millowner, the fault lies with the defective arrangement of the Bombay factories and the sooner these factories are made to understand their defect of management and at the same time asked to remove the same, the better it will be for them all, as well as the cotton industry of this country. As regards income-tax and super-tax, and especially super-tax, Honourable Members may well remember that it was introduced by Sir Malcolm Hailey at the time of his holding the office of Finance Member under the Government of India as a purely war measure and it is regretted that up till the present moment the Government of India have not been in a position to abolish it or effect some reduction in the rate prescribed since the enactment of the Income-tax Act. On the contrary, we see that an increase of one pie in the income-tax in respect of an income of Rs. 15,000 and upwards and one pie in super-tax is proposed from the 1st April, 1930. This state of affairs is proving highly burdensome to all the tax-payers and it is therefore submitted that adequate measures may please be taken to provide relief to the heavy burden of the tax-payer and especially to organise the machinery of the Income-tax Department in such a manner as to make the assessments based on the real facts of the assessee's income and not on mere conjecture and hearsay. As regards income-tax and super-tax, I need not dwell any further, but when the amendment is moved, if I get an opportunity I will say something more on it then. As regards postage, I am sorry that the rates proposed by my friend Mr. Surput Sing are not all right. I will talk about the rates at the time of the amendments. If I get an opportunity then, I will oppose him on that point, Sir.

With these remarks, I finish my speech, Sir.

THE HONOURABLE SIR JAHANGIR COOVERJEE COYAJEE (Bengal: Nominated Official): Sir, in the history of the development of public finance in India the arrangements of the present year which are now before us will form a chapter of more than ordinary interest. The financial problem of the year was a difficult and delicate one. Not only was it necessary to prevent a deficit for the year, but also to explore the potentialities of additional resources for the system of national finance under the new political *régime* which is fast approaching. Moreover, the new taxation had to be so adapted to the condition of industries and prices in the world that the consumer might not be burdened unduly. No doubt the general conditions of trade and industry are at present quite abnormal, and yet it might even be possible, with true economic insight and by a felicitous exercise of financial talent, to turn to our advantage these conditions and to make industrial and agricultural development a by-product of increased revenue. I suggest, Sir, that these are the tests of true financial skill in dealing with the problem before us. By them let the actual arrangements which have been placed before us be judged.

These tests I shall soon proceed to apply to the main proposals of the Bill; but before doing so, I shall advert to an important preliminary consideration. During the last two decades, the customs tariff of India has been steadily growing in importance, both in its fiscal and in its protectionist aspects. There has also been a great demand throughout the country for its increased utilisation in both these directions. The proposals before us mark a response to these

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suggestions, and constitute an important step forward in the development of Indian tariff. They are therefore entitled to welcome from those whose policy is that of greater reliance upon tariff both for revenue and for development.

Coming first to a consideration of the duty on silver, I venture to suggest that the nature and rationale of the policy that has been pursued in India regarding silver has not been clearly or generally understood, and that the criticism which has been directed against that policy is mostly based upon a misconception of facts. It is necessary to examine in this connection the economic background of that policy in order to appraise justly the sales of silver as well as the import duty upon that metal, which are two integral portions of our silver programme. The salient facts in the silver situation of the day might be very briefly summarised. On the supply side, the main factor is the great increase in the annual production of the white metal which has risen in the last decade from 180 million ounces to no less than 254 million ounces. A good barometer of the supply and demand of silver is formed by the accumulation of silver stocks in Shanghai. There has been a significant and progressive increase in these stocks which rose from 108 million ounces at the beginning of 1928 to 150 millions at the end of that year and to 192 millions by 1929. On the demand side it is obvious that most of the countries which once patronised silver are not only trying to reduce their requirements in the matter of silver coinage but are proceeding with what might be called a demonetisation of silver, with its corollary of large sales of that metal. India is by no means singular in the matter of silver sales. Last year the French silver coinage provided about 9 million ounces for the market, and nearly the same amount was provided out of the British coinage. Besides, the movement towards the demonetisation of silver is proceeding on a very vast scale in Asia. The most essential consideration is that a great and permanent fall in the price of silver is unavoidable in the near future. It is certainly most undesirable that India should be allowed to become the dumping ground of a depreciated metal, and our obvious policy should be to reduce gradually the imports of silver. Thus visualised, the sales of silver and the import duty on silver are both necessary parts of a sound and cautious national economic policy. The critics of that policy have conveniently omitted to face this imminent probability of a permanent fall in the price of silver. It might be added that this danger could not have been realised when the Babington Smith Committee or even the Royal Commission reported.

The most important and the soundest argument that has been advanced in the past against an import duty on silver in India was that silver could not be regarded as a luxury in the case of the poor man in India, but was rather in the nature of a bank in which he deposited his savings. As it happens, however, this argument which was quite valid in the past has lost all its force with the changes in the fortunes of silver and with the advent of factors which are leading to a very great depreciation in the value of the metal. It is a bank indeed but one which is going to fail very soon; and consequently it is advisable to discourage at least any increase of our deposits in it. We have now arrived at the critical moment when the force of inexorable circumstances must needs cause a transfer of savings from silver hoards to commercial banks. And in the light of this necessity we see how timely is our inquiry into the potentialities of commercial banking in India. In considering the estimates of the yield of the silver duty a substantial allowance has to be necessarily made for the lessened demand for the metal in India in view of the history of silver in the last quinquennium.

Sir, the time and circumstances were equally opportune for the increase in the import duty on sugar. Indeed the Honourable the Finance Member is to be congratulated upon the existence of a state of things which has enabled him to replenish Indian finance by an alteration of our sugar and silver tariffs without burdening the consumer. For, as in the case of silver, so in that of sugar there has been a prolonged decline of world prices for a number of years. There has been a clear case of overproduction of sugar for a long time, and it is interesting to trace the causes of this persistent tendency. In the first place, cane sugar cultivation witnessed a great expansion during and after the war, when the area of beet sugar production was greatly reduced. So great has this overproduction been that the Cuban sugar industry taken as a whole has earned no return in the past year. But this is not all. The low prices which have been ruling for years have compelled several sugar-producing countries to increase the scale of protection which they had been extending before. This action has in its turn led to a further measure of overproduction. It is therefore abundantly clear that the sugar industry is all over the world in an abnormal condition, and a chronic state of over production exists. In the face of this an increase in the import duty on sugar was very necessary in order to check the unloading of cheapened sugar into India to the detriment of the local producer—even apart from our financial situation. In an important sense, indeed, the increased duty on sugar can be regarded as a countervailing duty. At the same time so great has been the fall in the price of sugar that the local consumer has no legitimate grievance.

Sir, this Honourable House might be interested in hearing of one rather remarkable consequence of the fall in the price of sugar. That fall has so disorganised the finances of Cuba that the President of that country has been exploring what are called the possible avenues of economies; and he has just signed a decree by which the salaries of the Members of the Council of State and Legislative Assembly of Cuba have been cut down by 15 per cent.

However, though the economic conjuncture has been so far favourable to the Honourable the Finance Member that in the case both of silver and sugar the falling prices have enabled him to levy import duties without unduly burdening the consumer, yet few will deny that he has made the best possible use of such an opportunity. He has not been content with employing the duties to improve the financial situation for the present, but the surplus financial yield is to be made the basis of far-reaching reform in provincial finance. It is also in the fitness of things that when there has been a distinct rise in indirect taxation, some increase in direct taxation has also been projected. Of course, no one likes to be taxed; but there is such a thing as financial conscience which will not permit capital to refuse to contribute its mite at a moment of special financial urgency. It is obviously undesirable to upset the balance between direct and indirect taxation.

To conclude, Sir, the Honourable the Finance Member has made history in this Budget; for it shows not only ingenuity in revenue devices but a grasp of sound financial principle. While new taxation was inevitable under the circumstances, it has been so devised and so adapted to the economic conditions of the day as to secure not only the financial ways and means which were required but also potentialities of protection to industry, at the least possible cost both to the capitalist and to the consumer.

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces: Nominated Non-Official): Sir, our able and popular Finance Secretary this morning in winding up his speech appealed to this House to pass this Bill in

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the state it is brought here on the ground that the financial position of the Government of India will be very considerably strengthened and the prosperity of the country fully ensured. The Financial Secretary must realise at the same time that when a Finance Bill which imposes additional fresh taxation to the tune of five crores of rupees is brought forward, it is not likely to be received with either ovation, composure or equanimity of mind. But, Sir, the history of the Finance Department during the last 15 years will show that this is not a unique occasion and this year's necessities bring vividly to my mind the events of 1921 when taxation to the tune of Rs. 8 crores annually was introduced that year. At the same time, my Honourable friend probably remembers that an assurance was given by Government that that was perhaps the last of a series of taxation proposed after the war and that once the financial position of the Government of India had been put on a proper basis, there would not be much room for additional taxation in this country. In 1922 the financial difficulties of the Government and the need of more revenue compelled them again to make further far-reaching changes in the tariff. That promise to which I have alluded, Sir, was repeated by Sir Basil Blackett just before he relinquished charge of his exalted office. He assured the country that he had left the finances of the country in a very sound state of order. He hoped that during the following 12 months or thereafter measures would be adopted for the reduction of taxation. I think the Financial Secretary will recall to his memory those words which gave hope to the country. On the other hand, what has happened ? In the first year of the office of the present Finance Member, he gave a pregnant warning that if additional taxation is required, he will not hesitate to introduce it, and in the second year of his office he has brought forward a Bill in which he asks the Indian Legislature to support additional taxation to the tune of Rs. 5 crores. Sir, this is the recent history of the Financial Department of the Government of India. Sir, I am not altogether oblivious of the fact that during these last 10 years expenditure has very considerably increased and that a greater portion of the expenditure has been pressed on the Government by the Indian Legislature. Had I not that feeling and had I not been perfectly aware of the fact that expenditure to a large measure has been inevitable, I would have to-day voted altogether against this Bill and I would have asked my Honourable colleagues, the non-official Members of this Council, to reject this Bill *in toto*.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : In what way have the Legislatures increased the burden of taxation ?

THE HONOURABLE SIR MANECKJI DADABHOY : Perhaps, not the Legislature. You have increased the burden of taxation. I will presently tell you.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Very well. Explain it fully then.

THE HONOURABLE SIR MANECKJI DADABHOY : Had it not been for that, Sir, I would not support this Bill. It is therefore necessary to inquire what are the circumstances in order to take a dispassionate view of the matter, and if this taxation has been justified by the Reforms that have been inaugurated in this country, if this measure of taxation has been justified by the absolute necessities of the situation, it would not be right and proper for this Council to withhold its sanction, though terrible, I admit, the burden is. What has

happened during the last 10 years ? I shall not go beyond 1916. I will confine myself to the period intervening between 1916 and the Reforms and the period subsequent to the Reforms. In 1916, we raised the general taxation from 5 to 7½ per cent. I am not talking of other minor measures of customs duties. I am speaking of the general tariff rate. In 1921, we raised the general taxation from 7½ to 11 per cent. We were asked to do so because the Government of India wanted Rs. 8 crores as additional revenue. This chapter of imposition of additional taxation did not close in 1921. Immediately, the following year, in 1922, additional taxation was sought to be imposed and was actually imposed, and the general rate of duty was raised from 11 to 15 per cent. Since then, up to the present period, we have had hardly breathing time and during this interval, small measures of taxation have been introduced from time to time and now, in 1930, the Government of India have asked us to go in more extensively for a general measure of taxation involving the country in the further payment of Rs. 5 crores annually. In short 100 crores have been extracted from this poor country by way of additional taxation during the last 10 years. Sir, to my mind, the justification, if any, is the Reforms. The Reforms have been dearly bought by this country. There is no gainsaying that, and I do not know what is still in store for us, what the Simon Commission is going to decide and what it is going to cost the country.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Did not you want Reforms ?

THE HONOURABLE SIR MANECKJI DADABHOY : Yes, certainly ; then don't complain about taxation.

THE HONOURABLE MAJOR NAWAB MAHOMED AKBAR KHAN : Not such heavy taxation.

THE HONOURABLE SIR MANECKJI DADABHOY : My friend has asked me whether the Legislature is responsible. I say the Legislature has been partly responsible on account of the attitude adopted by the country through its representatives in the Legislature. Since the last 10 years the salaries of the Civil Service, the salaries of the Provincial Services, the salaries of the Police Service and the Educational Service have been considerably increased on the recommendation of the Lee Commission. We have two Boards newly created, the Tariff Board and the Public Service Commission. The Tariff Board might be said to have justified its existence to a certain extent—I do not know to what extent. But I am doubtful whether the Public Service Commission is either necessary or essentially required for the good government of this country. Why should there be delegation of powers to a Board which probably is not in touch with the services or knows probably so little about the services generally that it has in the main to depend upon the information it receives from the various Departments ? Then, Sir, the Council expenditure has been increased, Civil aviation has come into existence involving the country in a large expenditure, and other things have also turned up during this period. One matter of importance, which was pointed out by the Honourable the Finance Member and in which I am prepared to concur to a certain extent, is that in the past the Government of India had to content itself with a small margin in its hands and a larger amount of margin is necessary for the safety and good government of the country. It is true that when you impose heavy taxation, you cannot reasonably at the same time keep room for a larger margin unless you increase the measure of taxation. Of course, there is on

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the one hand—and I appreciate it—the desire of the Government of India to keep taxation within the narrowest limits possible, but on the other hand, there is always the temptation in the way of any Finance Member, howsoever chaste he may be, howsoever conscientious and noble-minded he may be, to obtain always money from the easiest sources of revenue. He is always inclined to go in the direction where he can get the money most easily, and that is what has happened, as I shall presently show, in the case of income-tax and super-tax. It is true at the same time that we are going to lose certain important sources of revenue in the near future. We are on the verge of losing our opium revenue; in order to please a few faddists at home we sacrificed a big and a perennial source of revenue in India. (*An Honourable Member:* "That is your own fad.") It is not my own fad. It is asserted by the best authorities both in England and in other places that our sacrifice has served no useful purpose. Look at the position in China. If you had read the recent reports of the position in China you would not have made that statement. You would have then known that since we have abolished this source the opium revenue in China has steadily increased and they are growing more and more poppies day by day. Then, Sir, I quite realise that economic conditions may alter the justification for other forms of duty. New needs for expenditure are likely to constantly press upon us. Reductions in other forms of taxation may become very desirable, not to mention the expediency of avoiding a dangerously low working margin. I personally would like to see all manner of export duties abolished, because I feel that India is a country of raw materials and it is to her benefit that she should be in a position wholly unrestricted and unimpaired to export her raw materials. She gains by it, and I am grateful to the Government of India for the small concession which they have made now in the case of Burma. I hope before long they will see their way to remove entirely the existing export duty on rice. It would be an act of justice and a step in the right direction, as Sir George Schuster pointed out. As the finances permit, I would like to see the recommendation of the Fiscal Commission in this respect fully carried out, namely, that except in the case of monopolies, such as jute, export duties should be wholly removed. But the most essential part of it is that we have to prepare ourselves now for the next stage in constitutional development, which will require large provisions of money not only for the provinces but I presume also for the Government of India. The Central Government must also be prepared in advance to relinquish some of its sources of revenue or to share the same with Provinces. In so far as it is necessary to equip herself in anticipation, this measure of taxation may be justified.

Sir, I shall very briefly allude to the various taxes which this Bill proposes to impose. I shall not detain the Council by any further observations on the imposition of an additional duty on kerosene. The matter was fully discussed by my Honourable friend Mr. Harper the other day in the Council. An assurance has also been given by the Honourable Sir George Schuster in the other place that he also has the interests of the smaller companies at heart and will see that the Government come to their assistance if necessary. I do not propose to make any further observations on that measure. As regards sugar, this piece of taxation has been generally approved in the country, particularly as this high additional duty will give some measure of protection to the indigenous sugar industry. With that object also, it is gratifying to see that the Government of India propose giving a special grant this year of 10 lakhs, to be continued probably hereafter, for the encouragement of sugar

production and research. This duty, let me remind the Council, was raised in 1922 from 15 to 25 per cent., and now an additional duty of Rs. 1-8-0 per cwt. on all classes of sugar is sought to be imposed. So far as this duty gives a measure of protection, I think it is necessary to draw the attention of the Government of India to the recommendation of the Sugar Committee, which recommendation was dealt with by the Fiscal Commission in their Report. It was stated that after a detailed inquiry into the conditions of the sugar industry they came to the conclusion that at the time at which they wrote the degree of protection direct or indirect enjoyed by the industry was sufficient. I am reading from the recommendation of the Sugar Committee :

"We fear that any increase in the duty might result in bolstering up an inefficient industry to the detriment of the consumer and that, secure behind the high protective wall, factories in India might make no effort to reach the standard of those in other sugar-producing countries, notably in Java, where the industry has been able to dispense with any protection, subsidy or assistance from Government."

One thing which needs to be borne in mind is that you cannot raise your protection to such an extent as would retard the actual progress of the industry in the country. Though the Committee fully realised that genuine efforts to make the industry successful were commendable it also laid stress on the restraint and caution to be exercised in the matter.

They also added :

"We do not wish to express an opinion as to the need of the sugar industry for protection under present conditions."

But they suggested that a small cess be levied, which cess should be applied to the growth and promotion of the industry. The Government of India have on this occasion, instead of going in for a cess, recommended a grant of 10 lakhs. But I think if they had carried out the combined recommendations of the Sugar Committee and the Fiscal Commission they would have cleared the way for real genuine efforts for the promotion of the industry in this country.

Sir, I shall now briefly deal with the subject of income-tax and super-tax. I am sorry both my friends Sir George Schuster and Sir Sankaran Nair are not here to-day because I wanted to give them a reply to what they alleged at the time of the debate on the General Budget the other day. I have made it clear that I do not oppose any increase in income-tax or super-tax provided such increase was necessary and provided that the general canon of taxation that all taxation should be equitably and equably imposed is fulfilled. The policy in this country—and I am not a bit surprised because the Government of India is only borrowing the policy of His Majesty's Government in England—is to tax such resources as can easily yield money. There is always a temptation to do that, to collect from sources where you are likely to meet the least resistance. What is happening now in both the countries is this, that the income-tax and super-tax have been raised to a limit which may be called an absolutely prohibitive limit and it would not be either discretion or prudence on the part of Government to trespass beyond that limit. My friend, Sir Sankaran Nair, the other day hailed with pleasure the announcement and asked the Government and my Honourable friend, Sir George Schuster, with a dexterous manipulation of his fingers : " Put your hand as deep as you can into the pockets of Sir Arthur Froom and my humble self." But he forgot that if the Government tried to put their hands violently and forcibly in my pocket, they might cause a hole in the pocket and the little money that might be there might slip away ; they might not be able to collect anything. If

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you want a practical illustration of this, Sir, look at Bombay. What has been done ? How many crores of rupees were you able to collect by way of super-tax from Bombay in previous years ! Will you tell me what you collected last year ? What is it ? You have been going against economic principles and you have been killing the main industry of the Presidency by a high measure of taxation. If you want a further illustration, look at what is happening in your own country. What is happening in England to-day ? This high measure of taxation since the war has destroyed the aristocracy of the country. It has ruined business houses. It has placed all industries in a tottering condition. Look at the position of Manchester to-day. Consider what the cotton industry is going through in Manchester. Mark what is happening in other departments of trade in England to-day. Are you able to keep pace with the other European countries in these matters ? While the other European countries have actually avoided income-tax and only put on income-tax to such extent as could properly and regularly and humanly be borne, you, following in the wake of England, in this country are endeavouring to ruin this country altogether. You cannot get money by passing legislation in this country against accumulations of profits and against bogus partitions by Hindu joint co-parcenery families ; those partitions will take place, and if they do take place, they are legal evasions of your Act ; you can not condemn them, because they are legal evasions ; they are legitimate consequences of your policy in the country. You are not going to collect money by these meaningless forms of legislation. If you want a large measure of income-tax and super-tax, you have to go in for a conciliatory policy ; you have to conciliate the capitalists ; you have to work in harmony with them ; you have to appreciate their difficulties ; and then alone will you be able to work this income-tax measure with anything like real success. It is always nice for my friends here to run down capitalists. But what will happen ? It is these capitalists who have kept the country above troubles ; it is these capitalists who have come to the rescue of the Government of India times out of number by subscribing large sums of money to their loans. You have killed the capitalists and what is the result ? For the last two years you have to go to England to get your money in sterling loans and pay high rates of interest. It is therefore absolute nonsense, in my opinion, to state that a high rate of super-tax could be raised with benefit to the country at large. I shall describe to you a small incident, Sir. I happened during my stay in England to meet many people ; I happened to meet some few months ago two or three very highly placed ladies. I asked them why they were spending all their money and running through their fortunes. The reply was common from all ladies. " If we keep our money, Government will take it ; it is much better we spend the money on ourselves ; we do not want to pay income-tax." That was the plain answer the ladies gave. What is the result ? The result is that the savings of the country are lost and, as you all know, the savings of the country are its only backbone. Sir, the savings of the country alone are the assets on which you can safely count. If you fritter away your national savings and if you rob your capitalists, you will have no money to fall back upon. It is the savings of the people which have supplied national assets in all countries all over the world.

Sir, as regards the silver duties, I must say that though it looks very attractive, I have approached the measure with some feeling of misgiving as well as of consternation. My friend Sir Jahangir Coyajee, from a professorial point of view, has dilated upon the merits of the measure. The subject is of such tremendous importance and of such great economic importance that

it cannot be disposed of by me in the time available to me to-day. I propose to bring this question of reimposition of silver duties for discussion before this Council by way of a special Resolution before long, but to-day I will content myself by stating that some difficulties will arise in the administration of this measure. This measure has been justified mainly on the ground that it will appreciate the savings of the poor people in the country. Perhaps, that is to a certain extent right. (*The Honourable Rai Bahadur Lala Ram Saran Das*: "Temporary.") I am not prepared to quarrel with that argument. I am glad that the Government of India have disabused the mind of the general public by informing them that silver is not unlike every other commodity in the market. It has no sacrosanct value of any kind. It must be regarded as an ordinary commodity and it must fluctuate with the law of supply and demand. I am glad this proposition has been made absolutely clear. But what is worrying me to-day is that the Government have already come in as a competitor with the private purchaser of silver. The Government hold large stocks of silver in the country and it has been candidly admitted that Government stand to-day in the position of a producer also and that position has been fortified by the existence of a refinery in the country. Now apart from the store of value which holders of a surplus commodity may have, the competition to a certain extent will remain in favour of Government. You do not know at what moment Government may unburden its stocks. However, I am indebted to our able Financial Secretary for his views on the subject embodied in the Explanatory Memorandum furnished by him to all Honourable Members. I shall quote a passage from it which gives me some measure of relief, but I should like to have some further information from him on the subject as regards the actual position of Government. He says :

"Government, in their capacity as currency authority, have actually strengthened their position by the sale of silver as they have obtained liquid assets in exchange for assets which were frozen, but as the silver in the form of rupees was valued in the Paper Currency Reserve at Re. 1 per standard tola, the sale involved either a decrease in the note circulation or an increase in the rupee securities in this Reserve corresponding to the difference between the bullion value and the currency value of the rupees sold. In either case (and that is more essential because what effect this arrangement would have on our unproductive debt and on the deterioration in our debt position are matters of importance)—in either case the net effect on the ordinary Government accounts was an increase in the unproductive debt. For this reason, the increase in the current year in the balance of interest-bearing obligations not covered by assets does not represent any real deterioration in the debt position."

I say this does give one some measure of relief but I think the reimposition of this duty which was abolished during the war with the simultaneous removal of the prohibition against the imports of silver is now likely to cause some measure of anxiety. It is very very doubtful to my mind whether this duty is in the end going to benefit the country in any way. My Honourable friend has estimated as a conservative estimate a revenue of a crore of rupees. He will pardon me for telling him that I think his estimate is too conservative. On my roughest calculation you will get more than a crore and a half of rupees in respect of these duties.

Sir, I shall not speak to-day on the question of the increase of duty on piece-goods. I will only remind my friend the Nawab Sahib that he was wrong when he was discussing the Bill in saying that it was going to affect the consumer. But at present we are not concerned with the Tariff Bill. We are concerned with this duty which the Government has not imposed for the purposes of protection but because the Government require revenue. The Government of India have distinctly stated that this duty is increased from 11 to 15 per cent. for the purpose of raising revenue.

THE HONOURABLE MR. G. A. NATESAN: But its effect will be to affect the consumer.

THE HONOURABLE SIR MANECKJI DADABHOY: No. Any discussion of that subject I will reserve till the Tariff Bill, when I will be able to convince my Honourable friend that it will not affect the consumer but it will help the consumer.

Sir, I will then wind up my remarks by stating that very little option is left to us to contest this measure. I am opposed to this Bill as it stands but I think it would be insanity on my part to withhold my vote to the Bill. The Government must be placed in possession of funds and one point to which I attach far more importance thar anything else is the financial reputation of India. I feel and have always felt that the financial reputation of a country lies only in one direction and that is in balancing its Budget and going in for a bold policy of taxation to balance the deficit whatever may be the consequence.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: India already enjoys the reputation of paying the highest salaries in the world to its establishments.

THE HONOURABLE SIR MANECKJI DADABHOY: To-day, Sir, the position of England is enviable for she stands like a pillar among the financial nations of the world, not barring even the United States of America. And what is the reason why English securities are so firm, so immovable, so stationary, as a rule, and why has England been able to raise its money? The explanation lies in only one sentence. After the war, England readily made a public declaration that it will not only pay its own debts but pay the debts of the allied nations and it also declared that the burden—thousands and thousands of millions pounds—it would itself liquidate in the life-time of the present generation and not leave it as a legacy or burden to future generations. And then, Sir, even after the great industrial crisis in America, only a few weeks after that, to-day the Bank of England has been able to reduce its rate to 3½ per cent. It has a temporary difficulty. But it has brought back its rate to 3½ per cent.—a rate not reached for a period of seven years in the past—and that is only due to her great financial reputation. I am anxious and desirous that the financial position of India should be unassailable, that India should take its place among the first and premier nations of the world in the matter of finance, and that India may even give a lead to other countries in this matter. And it is because of that that I shall support this measure of taxation. But in doing so I must impress on Government the necessity of retrenchment and of rather very severe retrenchment. Government cannot absolve themselves from the obligation that their departments are run on correct and proper lines and that retrenchment cannot be further made in many departments of Government. His Excellency the Commander-in-Chief told us the other day that he is keeping his eye on military retrenchment and possibly in a year or two he will be in a position to effect further retrenchment in the military expenditure. And I take this opportunity, Sir, of also expressing this Council's displeasure at the attack which was made on His Excellency the Commander-in-Chief in the other House the other day for certain statements which he made in this Council by a leading Member of that body. We have always heard His Excellency with great respect, practically amounting to reverence, whenever His Excellency has propounded his military policy, and this Council has always given a due measure of weight and

importance to his statement. We know that he is not only respected in this House but he is respected all over the country. We all know that the Indian soldiers all love him, adore and worship him and respect him. That a serious charge should be made against an officer of his type and reputation on a report published in a newspaper, not even on the basis of the proceedings of the Council, I say it is a most regrettable and reprehensible thing. I would like to assure His Excellency that he enjoys the full confidence of this House and that this Council will contirue to have for him undiminished respect and admiration.

Sir, only one last word and I have finished. I see from a newspaper report that Sir George Schuster in winding up the debate in the other House, talking of the capitalists, said as follows. I will read his words in order that there may be no doubt about it. I will not vouch for the correctness of the report. (Laughter.) I am quoting from the *Times of India*. I presume it is the *Times of India*. It said :

> " Silver and sugar under the new duties would still be available at rates lower than a year ago, while in regard to income-tax the only merit was that it would rope in the wealthier classes."

Rope in ! Let me warn the Government I have seen many accidents, when you play with ropes, and I know that in mills and other departments, playing with ropes is very dangerous. You might get yourself entangled in such a way that you might not be able to extricate yourself, and you might find your Government in a worse position than before. Let me assure the Honourable Member that even the domain of finance is not immune from such accidents. He further said :

> " Give me a chance to pass these taxes and see what comes out of it."

I am prepared, so far as I am concerned, to give him a chance. I have given the chance. I hope he will be able to rehabilitate the revenues of this country. But I disagree with him when he says that the result of this taxation will be only a surplus of 70 odd lakhs. Take it from me to-day, Sir Arthur McWatters, put it down in your note-book, if these taxes come into full play you will close next year with a surplus of over three crores, and I wish you all success and God-speed.

*THE HONOURABLE DEWAN BAHADUR T. R. RAMACHANDRA AYYAR (Madras : Non-Muhammadan) : Sir, the Finance Bill ought not to find ready acceptance in this House. It seeks to impose fresh taxes of a permanent character. Fresh taxes are always unwelcome, but if adequate necessity is established for imposing taxes and if proper advantages will flow from such imposition, it will be unreasonable to object to such taxation. The question is whether such a necessity has been established in this case. In my humble opinion, the policy of extravagance on the part of the Government has brought them to this predicament. It is a pity that the Members of this House are asked to assent to fresh taxation when they have no power to control the expenditure of the money that is so raised. In the past, the civil and military expenditure has been growing. The civil expenditure is one which can be reduced, and reduced substantially and materially. Now, in this country, any number of educated, intelligent gentlemen of unblemished character are available in abundance, and such men will be available for service on a pay much smaller than what is given to persons occupying high posts. If attempts are made in that direction, civil expenditure can be reduced to a very great extent.

*Speech not corrected by the Honourable Member.

[Dewan Bahadur T. R. Ramachandra Ayyar.]

But what is it that we see in practice ? A time scale of pay is what is adopted. That means it is an ever-increasing system, and we do not know when it will end and where it will end. Now, once the maximum limit is reached, a further scale is organised which will go on increasing. The time has certainly come for reducing the pay of the superior services, and that will give us a very large surplus. Now, as regards army expenditure, a slight reduction will give us two or three crores. In that way, the 5 crores that are now required can be easily got. There is absolutely no necessity for fresh taxation. What is the state of the country ? It is a poverty-stricken country. The bare necessaries of life are sought to be taxed. The duty on salt, without which the poorest man cannot get on, is not sought to be reduced at all, and oil, which is another necessity for the poor man, is also sought to be taxed. As regards cotton duties, it may be said that there is a justification owing to the depression in the cotton trade in Bombay and other places. But with regard to the taxes on sugar and silver, I do not think there is any justification. As regards income-tax, it has been increased from time to time until we have reached the point beyond which it ought not to go. What is the ground on which it is sought to be raised ? There has been a lot of indirect taxation but for purposes of completeness you must also have some direct taxation. I do not think there is any ground for increasing the income-tax. Indirect taxation is one which affects all people. The persons who have to pay income-tax are also affected by it. If the persons who have to pay income-tax are a distinct class who will not be affected by indirect taxation, we might say there is some justification for it. But they are persons who are affected by indirect taxation, and, therefore, a double duty falls on them, so that the new taxes that are sought to be imposed will materially affect the well-being of the people. But it does not stop here. Now, we have had a pledge, a solemn pledge, from the Government that they will not interfere with our religion and religious rites. And what do we see ? Our religion is trampled under foot without the least justification. Our Shastras say that marriage ought not to take place after puberty, but the law says that if you marry before puberty, you will be sent to jail. Has any Sovereign the right to interfere, and interfere in a material manner, with the religion of his subjects ? If you are going to interfere with religion, then we say that we cannot pay any tax. In fact, why should we live at all ? Religion is very near and dear to our hearts, and an interference with our religion means a serious interference and people will not calmly submit to it. Therefore, when we find that both our material and spiritual well-being are affected, I say that we ought not to agree to any fresh taxation. Now, if the object is to preserve the health of the subjects and to see to their physical development, the traffic in liquor and opium may well be abolished, and this will do the greatest good and it will improve their health more than anything else. But on the other hand it is made a source of revenue. There is no attempt to reduce it ; there is no attempt to abolish it. I therefore say the Government have absolutely no right to ask this House to assent to any fresh taxation.

THE HONOURABLE SIR ARTHUR McWATTERS : Sir, I do not propose in replying to this debate to keep the House more than a few minutes. Opportunity will arise for dealing with particular items of taxation either when the amendments which are on the paper will be moved or when the respective clauses are put. But I think I may take it that, although there has been a certain amount of difference of opinion in various people's minds as regards paticular items of taxation, there is no general indication so far as I can see

to object to my motion as a whole that the Bill be taken into consideration. There are one or two general points however which arose in the course of discussion which are I think of some importance. The most important perhaps of all is the charge which was brought against the Government by the Honourable Lala Ram Saran Das, and also to some extent by the Honourable Sir Maneckji Dadabhoy, that the receipts of our new taxation had been underestimated. I admit that is an important matter. Now, Sir, that attack was made practically under two heads, first, as regards the duty on silver, and secondly, as regards the import duty on sugar. Now, so far as sugar is concerned, I think the answer is fairly straightforward. I have before me, as a matter of fact, in detail our own calculations on the point. I think some of the estimates which have been made of much higher receipts than ours probably have not taken fully into effect the reduction in import, small though it may be, which must result from the increase in our duty, because that reduction affects not only the extra amount of tax we put on but the whole basic tax as well; and therefore, even if there is only a small percentage reduction the amount of loss of revenue is fairly considerable. The actual reduction which we have taken from the figure we originally estimated is 7 per cent. of the total import which we now estimate is 783,000 tons. The Honourable Mr. Ram Saran Das said that it would be something between 750,000 and 850,000 tons, which he thought was a reasonable estimate. Our actual figure is 783,000 tons, of which 691,000 tons will come in at the highest rate, 23 Dutch standard and above, 85,000 at the next highest rate and 7,000 at the lowest rate, and then there is the figure of 10 lakhs for molasses. This works out to a difference of 180 lakhs between the figure which we originally took of 7 crores 60 lakhs and our present figure of 9 crores 40 lakhs, which are the actual figures on which our calculations are based. And although opinions may differ as to whether we get 10 lakhs more or 10 lakhs less, I do not think there is such a margin as has been suggested. Now, as regards silver the position is more difficult to estimate. In the course of the last year it is an undoubted fact that the imports of silver have been greatly reduced. It has coincided with the fall in the price and it is extraordinarily difficult to forecast how the consumer is affected by the change in the price of silver. The immediate effect has been greatly to reduce purchases of silver, for the moment at any rate. So we are naturally doubtful as to what the actual import of silver during the next year is likely to be. There is a tendency when prices of one metal fall for consumers, owing to nervousness perhaps, to turn their attention to another, to gold. And therefore I think that may be one of the causes why imports of silver have in recent months fallen off so markedly. So we thought it wiser to take what is undoubtedly a conservative estimate—what the Finance Member said in the other House was a conservative estimate. One very important point to remember also is that we have our refinery in Bombay, and it may be we shall be selling silver in the country, to that extent reducing the amount of silver which pays import duty on entry; and though we will as the result of those sales get higher prices, corresponding to the increase in the internal price, they will not operate as an addition to the revenue, but as a reduction of the losses on the sale of our silver. So, taking all these facts together, I think it doubtful whether we shall get as much as my Honourable friend thinks, though I admit the figure of a crore is a conservative figure, as the Finance Member has said. I should be very glad to believe that at the end of the year we shall find ourselves with a surplus of three crores, as the Honourable Sir Maneckji Dadabhoy thinks. I hope it will be so, but frankly I do not feel as optimistic as that. I think however that taking our estimates as a whole, while I do not admit that they are too conservative, I think they

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are safe estimates, and I should be extremely disappointed if the results fall below what we have estimated. That is really the main general point which I wish to touch upon in my reply. The Honourable Sir Maneckji Dadabhoy made a very spirited attack upon the financial policy of Government in recent years, and he deplored, as we all do, that various promises and hopes that may have been entertained in 1922, or at the time when Sir Basil Blackett laid down the reins of office, have not been realised. Well, I think we all have to face facts. The world is a very differert world to what it was in 1922. We have improved our position very strikingly since ther. We have in fact got rid of the provincial contributions— a fact which is sometimes overlooked. In the course of the last two years we have frankly realised that the position which we hoped for two or three years ago has not been worked up to, and therefore the contributions were remitted at a time when the Budget did not really balarce. And that is the main reason why, while we are at the same time strengthening our position in other respects as we consider necessary, we have to ask for this amount of new taxation.

THE HONOURABLE THE PRESIDENT: The question is:

"That the Bill further to amend the Sea Customs Act, 1878, to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to fix rates of income-tax, to vary the excise duty on kerosene leviable under the Indian Finance Act, 1922, and further to amend the Indian Paper Currency Act, 1923, and the Indian Finance Act, 1926, as passed by the Legislative Assembly, be taken into consideration."

The motion was adopted.

Clause 2 was added to the Bill.

THE HONOURABLE THE PRESIDENT: The question is:

"That clause 3 do stand part of the Bill."

THE HONOURABLE MR. SURPUT SING (Bihar and Orissa: Non-Muhammadan): Sir, with your kind permission I beg to take my two amendments together, as the second is merely a corollary to the first. The amendments which stand in my name read thus:

"That for clause 3 of the Bill the following be substituted, namely:

'3. In section 7 of the Indian Salt Act, 1882—

(*a*) Clauses (*a*) and (*b*) are hereby repealed.

(*b*) In clause (*c*) for the words 'by or on behalf of the Government of' the word 'in' shall be substituted,'

and consequential amendments be made in other sections of the Indian Salt Act, 1882."

And also—

"That to clause 3 of the Bill the following words be added, namely:

'and the said provisions shall, in so far as they enable the Governor General in Council to remit any duty so imposed, be construed as if, with effect from the 1st day of April, 1930, they remitted the duty to the extent of the said one rupee and four annas, and such remission shall be deemed to have been made out of the leviable duty by rule made under that section'."

I do not think much of an explanation is needed to bring home to the House the unquestioned hardship which the salt tax has always imposed upon the

people of this country. Over and over again the matter was pressed upon the attention of the Government and over and over again the Government have admitted the hardship to which I am referring.

I shall now relate to the House from observations and quotations how the iniquity of the salt tax has always been felt by the Government at Home and abroad. Succeeding the five years of reduced taxation when in 1888 the salt duty was enhanced, Sir James Westland, the then Finance Member, spoke thus apologetically on behalf of the Government:

"It is with the greatest reluctance that Government finds itself obliged to have recourse to salt duty."

Lord Cross, the Secretary of State for India, in his despatch to the Government of India dated the 12th April 1888, expressed himself on the same subject as follows:

"While I do not dispute the conclusion of your Government that such an increase was, under existing circumstances, unavoidable, I am strongly of opinion that it should be looked upon as temporary and that no effort should be spared to reduce the general duty as speedily as possible to the former rate."

Lord Cross in further enunciating the policy of the Home Government on this important question continued in the same despatch thus:

"I will not dwell on the great regret with which I should at any time regard the imposition of additional burdens on the poorest classes of the population, through the taxation of a necessary of life;..... the policy enunciated by the Government in 1877 was to give to the people throughout India the means of obtaining an unlimited supply of salt at a very cheap rate;....and that the proper system was to levy a low duty on an unrestricted consumption. The success of that policy hitherto has been remarkable; while the duty has been greatly reduced, the consumption through this and other causes has largely increased,..and I see no reason to doubt that the consumption will continue to increase, if it be not checked by enhancement of the tax."

So hard-pricked was the conscience of the noble Lord on the question of the enhancement of salt duty that speaking at a public meeting a year after, on February 28th, 1889, Lord Cross delivered himself as below:

"He was convinced that the earliest occasion should be taken to abrogate the increase of the salt tax."

The iniquity of the salt imposition was so much felt that speaking in the Viceregal Council in March, 1889, Sir David Barbour, the Finance Member, made an observation incidentally on the salt question while speaking about the abolition of income-tax in the following words:

"I think it would be an injustice, so gross as to amount to a scandal, if the Government were to take off the income-tax while retaining the salt duty at its present figure."

So convinced was Sir John Gorst, the Under-Secretary of State for India, about the injustice of the salt tax that in his speech on the Indian Budget in the House of Commons on August 14th, 1890, he observed as follows:

"The tax was no doubt a tax which ought to be removed and would be removed as soon as it should be financially possible to do so."

Lord George Hamilton, the Secretary of State for India in 1895, pointed out in the clearest possible terms in his Indian Budget Statement in the House of Commons on September 4th of that year that he felt that no other tax pressed so heavily on the Indian masses as the salt tax.

I need not reiterate what other Secretaries of State and Finance Members of the Government of India have said about the iniquity of the imposition on

[Mr. Surput Sing.]

salt. But I feel sure you all remember that Lord Curzon was so much convinced about the injustice of this tax by the forceful speeches of Mr. Gokhale of hallowed memory—speeches which bristle with facts and figures, quotations and observations—that that Governor General had to yield at last to allow a substantial reduction of the salt tax. But all that is ancient history now. The Government of India, always in tight finances, subsequently enhanced the tax on salt to make up a deficit and the heavy rate has continued since then.

I need hardly repeat that salt is a prime necessity of life both for human beings and animals, just as air, water and light. In fact, Professor Fawcett, the reputed English economist, has justly urged that "salt should be as free as the air we breathe and the water we drink". To subject to a duty such an essential ingredient for our existence reflects the greatest discredit on those financial adjusters of the Government who have recourse to tax salt for meeting the expenses of the administration. It will be observed from a comparison of the figures that the salt tax presses more heavily on the people of this country than anywhere else. The total quantity of salt available for consumption in this country in 1928-29 was 2,672,100 tons. Our average is thus 12 lbs. per head while it was 40 lbs. per head in England in the year under notice. Public opinion in India has for a long time pleaded for the abolition of the salt tax. It is undeniably the most indirect and the most odious of the taxes affecting the whole population. By reason of the taxation the consumption of this essential commodity, it will be evident from a perusal of the comparative tables, has not kept pace with the growth of population. The handicap of the duty has also produced a number of evils, physical and political. The restricted consumption of the article has affected the health of the population. Cattle and horses, for whom salt is also as needful as for human beings, have been denied the full use of it. The result is that these animals suffer physically as much as men for want of an adequate supply of salt in the system. All these facts had been matters of record in the evidence before the Salt Committee in 1833. The odiousness of the salt tax has also been more than evident in the present political atmosphere. The popular conviction that the monopoly of salt goes to diminish the quantity of salt consumption affecting the health and vigour of the people in a prime necessary of life has so much complicated the present political issues. I would say therefore that if the Government had benefited themselves by the opinions and utterances of the people who pronounced their verdict on the iniquitous imposition on salt and had betimes devised measures to scrap the duty altogether, a new and right era would have dawned on the Indian political horizon before now.

Just as one cannot tax the free air or the free flow of a stream of water without risking the displeasure of their users, so one cannot deny the people the privilege of manufacturing their own salt or using that manufactured by others without a tax. This displeasure, this unpopularity of the masses, this odiousness of the tax, I regret to say, have weaned away the sympathy of the masses from the administration of the country. It is high time therefore that the Government should take their courage in both hands and manfully face the situation before it is too late. I repeat a truism but I cannot help it. The British Government has always been accused of doing the right thing only when the most opportune moment for it is gone, and my only fear is that history may not repeat itself so far as the abolition of the salt tax is concerned. I would go a step further and say that India with her plentiful natural resources should be made self-contained so far as her salt consumption goes, as that is so essential for her self-respect. Again the Government should remember that on this

sore question of the salt tax the appeal has been made to soul force to wage a holy war. I need hardly impress upon this House that soul force is a most potent and appealing force. It conquers people's hearts. It is soul force that can rejuvenate and set a nation ablaze.

I am perfectly sure therefore that the Government will study aright the present political situation on the question of the salt tax and enlist the sympathy of the teeming millions whose hearts are yet sound by a total abolition of the salt tax. The relief must not come too late before the issues are further complicated. Abolish the salt duty altogether and let the people have a free and unrestricted hand in the matter of salt. You are afraid that you will have to forego about 6 crores which salt yields at present. (*The Honourable Sir Maneckji Dadabhoy* : " 7 crores. ") Yes, that is so, including the profits on the manufacture. I submit you can make up the deficiency in the following way. Retrench your overbloated military expenditure ;

1 P.M. scrap your Lee Recommendations introduced in a hurry in the teeth of popular opposition without the least careful consideration of the country's normal finances ; restrict your commitments ; limit your borrowings ; revise your expenditure under the miscellaneous head ; overhaul all your departments that are carried on at a loss and Indianise the Army and the Services ; and you will find more than the necessary expenditure for carrying on the administration and amply recoup yourself without any revenue from salt.

With these words, Sir, I beg to move the amendments.

THE HONOURABLE THE PRESIDENT : Amendment moved :

" That for clause 3 of the Bill the following be substituted, namely :

' 3. In section 7 of the Indian Salt Act, 1882—

(*a*) Clauses (*a*) and (*b*) are hereby repealed.

(*b*) In clause (*c*) for the words ' by or on behalf of the Government of ' the word ' in ' shall be substituted,'

and consequential amendments be made in other sections of the Indian Salt Act, 1882."

The Honourable Member also moved a further amendment which he said was consequential on the other one. I need hardly point out to the Council that so far from being consequential it is inconsistent with it and if the first amendment is carried the second becomes meaningless. However, as he has moved it, I put it to the Council and after the discussion, if any, I shall put the amendments separately.

Further amendment moved :

" That to clause 3 of the Bill the following words be added, namely :

' and the said provisions shall, in so far as they enable the Governor General in Council to remit any duty so imposed, be construed as if, with effect from the 1st day of April, 1930, they remitted the duty to the extent of the said one rupee and four annas, and such remission shall be deemed to have been made out of the leviable duty by rule made under that section '."

THE HONOURABLE SIR ARTHUR McWATTERS : Sir, in view of the manner in which these two amendments have been moved together, I think it is necessary for me to try and explain to the House the exact effect which these amendments will have. The first amendment effects an alteration in section 7 of the Indian Salt Act. " Clauses (*a*) and (*b*) are hereby repealed." The effect of the repeal will be to take away from Government the power to fix or to reduce or to remit the salt duty. If that is done—and observe that the amendment is in substitution of clause 3 of the Bill—then clause 3 of the Bill will disappear. It means first of all that Government's power to fix the

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duty disappears, and as at the same time no duty is fixed under clause 3, therefore the salt duty disappears altogether. This is the effect of the first amendment. It goes on also to alter clause (*c*) which will now read :

"The Governor General in Council may from time to time by rules consistent with this Act fix the minimum price at which salt manufactured or sold in India shall be sold."

The object of this, I take it, is to give the Government power to control prices. I should like to point out in the first place that by the alteration—the omission of the words " by or on behalf of the Government of India " and the substitution of the word " in "—the prices which will now be controlled will be prices in India and therefore prices in Indian States as well as in British India. That, I fancy, is outside the powers of the Government of India.

In the second place, I think that, while in the original clause it is quite proper that the " minimum " prices should be fixed because what we were dealing with was the issue prices, the wholesale prices of salt manufactured at the Government factories, if the Honourable Member wishes to control wholesale or retail prices, the word that is wanted is " maximum ". What we want to control in that case is the maximum price, not the minimum. In any case, Sir, I think the suggestion inherent in this part of the amendment is that the Government monopoly of salt manufacture should disappear. So on that ground also I must oppose it *in toto*.

The second amendment is worded somewhat curiously. It follows on to the existing clause 3 of the Bill and I take it that the object of the Mover of this amendment is that by the device first of all of imposing a duty at a certain rate and then remitting it, that the duty on salt manufactured in India, the excise duty, will disappear, but the import duty on foreign salt will remain. I would, however, point out that the wording of the Tariff Schedule is such that the amendment will not give effect to the Mover's intentions. The rate of duty on imported salt is the rate at which excise duty is for the time being leviable on salt manufactured at the place where the import takes place. But if you have first imposed and then removed the duty, there will be no duty leviable and therefore the effect of the second amendment is the same as that of the first, namely, the total abolition of the salt duty. Well, Sir, the salt duty brings us in a net amount of 5¾ crores and I hope every Member of the House will agree with me that this is not a time when we can afford to give up revenue to that extent. We do not think that the salt duty is of such an oppressive nature as to call for such drastic action. Therefore, Sir, I must oppose both the amendments.

THE HONOURABLE THE PRESIDENT : The original question was :

"That clause 3 do stand part of the Bill."

Since which an amendment has been moved :

"That for clause 3 of the Bill the following be substituted, namely :

'3. In section 7 of the Indian Salt Act, 1882—

(*a*) Clauses (*a*) and (*b*) are hereby repealed.

(*b*) In clause (*c*) for the words 'by or on behalf of the Government of' the word 'in' shall be substituted,'

and consequential amendments be made in other sections of the Indian Salt Act, 1882."

The question I have to put is that that amendment be made.

The motion was negatived.

THE HONOURABLE THE PRESIDENT: Further amendment moved:

"That to clause 3 of the Bill the following words be added, namely:

'and the said provisions shall, in so far as they enable the Governor General in Council to remit any duty so imposed, be construed as if, with effect from the 1st day of April, 1930, they remitted the duty to the extent of the said one rupee and four annas, and such remission shall be deemed to have been made out of the leviable duty by rule made under that section'."

The question I have to put is that that amendment be made.

The motion was negatived.

Clause 3 was added to the Bill.

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

THE HONOURABLE THE PRESIDENT: The question is:

"That clause 7 do stand part of the Bill."

THE HONOURABLE MR. K. B. HARPER (Burma Chamber of Commerce): Sir, having spoken on the subject of the kerosene duties in the general discussion on the Budget, I hoped that I should not have to speak on this subject again to-day. But the defence of the Government's taxation proposals which I understand was put forward in another place by the Honourable the Commerce Member on Friday last leaves me no alternative, for I cannot allow the statements which I understand he then made to go on record unchallenged. I am very sorry that important duties prevent the Honourable the Commerce Member from being here to-day but I must ask the indulgence of the Council while I reply as briefly as possible to the points that he made; and though those Members of this Honourable House who know that I am personally concerned with the oil industry may for that reason discount the opinions that I may express, I hope they will also give me the credit of knowing something of the subject on which I am speaking.

I am afraid that some of the points are rather of a technical nature but I shall try not to weary the House unduly. The first point of the Honourable Member was that he could not understand why, because the industry had for a period of a quarter of a century enjoyed the benefit of a difference of Re. 0-1-6 between the excise duty and the import duty, that must continue for an indefinite period. He was not asked to understand anything of the kind. What he was asked to take into account was that in return for that 25 years of protection the country has enjoyed 25 years of low prices—prices which have been kept below world parity by the Burmah Oil Company's price limitation policy. It had also been pointed out to him that whereas other industries are called upon to state a case before protection is given or removed, in this case protection which has been undisturbed for 25 years (and in a sense confirmed in 1922 when the excise duty of one anna was imposed on kerosene and the import duty correspondingly increased) in this case that protection has been reduced without any warning, as a mere Budget item, and without any reason at all being advanced for it even in the Budget speech. In these circumstances, it does not seem unreasonable that the other House should have asked why the policy of 25 years was to be disturbed.

The Honourable the Commerce Member's next point was that protective duties are intended only to protect industries until they can stand alone and dispense with protection. To prove that the oil industry is now able to stand alone he quoted results not of any of the smaller companies but of the one leading company, the Burmah Oil Company. He said nothing about the other

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15 or more companies which are operating in India at the present time. He pointed out that the Burmah Oil Company paid a dividend in 1927 on its ordinary shares of 25 per cent. The Burmah Oil Company is, I admit, one of the successful companies, but I would like to ask the Commerce Secretary what he regards as a reasonable dividend for shareholders to expect from successful participation in the extremely speculative venture of oil mining. Every investor in oil shares knows that only one company in 20, if that, ever pays a dividend at all. There have been at least 50 companies in Burma alone which have been born, failed and died within the last 30 years. I venture to think that unless oil companies hold out hopes of paying at least a 20 per cent. dividend they find it very difficult to raise the capital they need to start their operations. And if we are to complain of the Burmah Oil Company's dividend, what are we to say of the dividends paid by the jute companies, cotton companies and other Indian industries ? In this connection, I think the Budget proposals come perilously near to putting a premium on inefficiency. I venture to think that if instead of paying out enormous dividends in the past the cotton mills or some of them had followed the example of the Burmah Oil Company and had strengthened their financial position by building up reserves against the inevitable rainy day, we should not now be asked to come to their assistance. But admitting that the Burmah Oil Company is on its feet, is that the criterion of the Indian oil industry ? There are, as I have said, 15 or more other companies in the industry eight of which have never paid a dividend. Of those with possibilities of ultimate success I would mention the Assam Oil Company—an old company, one of the oldest in India, which was re-organised in 1921. Since that date, they have increased their crude oil production by six times but they have not yet made a profit or paid a dividend ; on the contrary, since 1921, they have lost over 50 lakhs of rupees, increasing their load of debt to nearly two crores of rupees, and have had to pass their preference dividend for the last seven years. The Honourable the Commerce Secretary may remind me that this company is practically owned by the Burmah Oil Company and that the latter would not carry it on unless it was a good business proposition. That is perfectly true, but if that is his argument he must at least take in the Assam Oil Company 's losses when he quotes the Burmah Oil Company's profits. The way I prefer to look at it is as an example of the capital and courage which is needed to develop oilfields in India. If the Burmah Oil Company had not taken this risk with the Assam Oil Company, this potentially valuable source of Indian oil would have remained undeveloped.

The Honourable Sir George Rainy then proceeded to what he called the real question. The real question, he said, is—Is the industry making large profits ? If so, are those profits due to the protective differential ? And having propounded this question as the real issue, he passed on without answering it. I do not wonder. He must have found the answer very difficult. He turned instead to the price policy of the Burmah Oil Company and informed the House that he did not understand it. I do not know whether this was intended to be an expression of modesty but I do know that with all the information concerning this policy which has been supplied to the Commerce Department and should be on their files, there is no excuse for any one who studies it with an open mind not understanding it. I can appreciate that if he confessed to understanding that policy and what it has done for India, the Honourable Member would have found it very difficult, if not impossible, to justify the present taxation proposals. The particular difficulty which he told the House he found

himself in in this instance is this. The House will remember no doubt that there are two grades of kerosene commonly sold in India. They are known as superior kerosene and inferior kerosene. The Commerce Member's difficulty, I understand, was that the differential between superior and inferior kerosene prices used to be Rs. 1-6-0 per unit. It is now Re. 0-8-0 and the price of superior kerosene is below world parity. Therefore, he says, the price for inferior oil must be higher than it should be, and he suggests that the companies are able to charge the higher price because there is no inferior oil outside India. That, I think, is his point and the Honourable the Commerce Secretary will correct me if I am wrong. In the first place, he claims that the price of superior oil is below world parity and the price for inferior higher than it should be. The actual fact is that the prices of both superior and inferior kerosene were reduced when the differential was reduced to Re. 0-8-0 and they are at the present moment, and have been for the last 18 months, lower than they have ever been since the great war. Then as for the statement that there is no inferior oil sold outside India, I can from my own knowledge inform the House that it is at present being imported from America and it has for years been sold in markets as near to India as Singapore, Haiphong, Hongkong, Shanghai, Saigon and Java. In Java alone of these eastern markets is the kerosene yellow. In the other places I have named it is white, but from the considerable quantities which have come to India in the past from time to time it has been found that the white inferior kerosene imported into India is inferior in burning qualities to the yellow kerosene sold by the Indian oil companies.

Then, Sir, as to the Commerce Member's point that because the differential was at one time Rs. 1-6-0 it is curious that it is now only eight annas. I may inform him that before the great war the differential in India varied from four to six annas and that in the other markets which I mentioned just now as consumers of inferior oil the differential between superior and inferior prices is in each case less than 8 annas. My latest information is that it varies from 6½*d.* at Shanghai to 1¼*d.* at Saigon. I hope these facts effectively dispose of the Commerce Member's difficulty. Then he suggested that if as a result of the Budget proposals prices of kerosene go up in India it would be against the ordinary laws of free competition, because as India is not self-supporting in the matter of oil "the governing factor will usually be the cost of importation" and in this case the import duty has been reduced. When he uses the word "usually" he gives me hope that he has after all a shrewd idea of the real value of the Burmah Oil Company's price policy. The effect of that policy is just this—that it has kept prices below the cost of importation, and importers who have wanted to sell kerosene in India have had to accept the prices set by the indigenous companies. The danger of reducing the differential between the import and excise duties is that the price policy of the oil companies may be changed. If it is, the result will be that prices will go up. Then with regard to the smaller companies, the Honourable the Commerce Member suggested that opponents of the kerosene duties in the other place had claimed that both the consumer and the companies would be hit. His reply to that was that if the duty is added to the price to the consumer the companies will not be hit, and if the duty is not added to the price the consumers will not be hit. He therefore claimed that you cannot have it both ways. Even that statement is not correct, for it is quite possible that only a part of the extra excise duty will be recovered from the consumer in which case both the consumer and the companies will be hit. But the case against these kerosene duties does not rest on getting it both ways. My contention is that the proposals are badly conceived because they must hurt either the companies or the consumers or both, while at the same time definitely assisting the foreign importer. It would

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have been quite possible to obtain the extra revenue required by means which would have helped the smaller companies, ensured the continuation of the companies' price policy and affected the consumer very little, if at all. The real sting is in the Commerce Member's statement that he would rather hurt the smaller companies than do anything which will help the leading company. Since he made that statement however, Government have apparently reconsidered their position and Sir George Schuster has informed the Assembly that Government are sensible of the smaller companies' interests. That, Sir, is a statement which is welcome to the smaller companies, many of which are my constituents. He realises that it is quite possible they will be hit by his proposals and he had made a statement that if Government is satisfied that a good case has been made out for the relief of the smaller companies he thinks that "means can be found for giving them the necessary assistance by powers which the Government already possesses and which will not require special legislation". I would ask the Honourable the Financial Secretary or the Honourable the Commerce Secretary to state a little more clearly what relief Government has in mind. Whether it will be applied to individual companies or, if to any, to all; and exactly how near the patient is to be to death or exhaustion before relief is to be given. What I fear the Finance Member does not fully appreciate is that he will not see the effect of the present measures by just studying one year's accounts. The effect will be cumulative. Each year that development has to be curtailed, the companies will find less and less new crude oil production to make up for the natural decline of the old, and instead of progressive development there will be a constant dropping behind. I would like to read one paragraph out of the summary of conclusions by the Majority of the Tariff Board in their enquiry in 1928. This is No. 5 of their summary:

"We find that the oil production in the main field in Burma, *viz.*, Yenangyoung is now definitely on the decline, and though in the Singu and Indaw Fields in Burma, and in the Assam and Attock fields, there is the prospect of enhanced production, it is clearly a matter of considerable importance to the future oil production of India, that the companies should be in a position to continue prospecting and development work."

I think that that finding of the Tariff Board is one which the Government might well have considered before instead of after introducing measures which are deliberately designed to weaken the financial position of the companies. I would like to read that last sentence of the finding again:

"It is clearly a matter of considerable importance to the future oil production of India that the companies should be in a position to continue prospecting and development work."

It may be instructive to this Honourable Council to know that the 50 lakhs annually which the present increase in the excise duty is expected to bring in is almost exactly the sum spent every year by the indigenous oil companies on prospecting work.

Then there was one last point which the Honourable the Commerce Member made. He said that speakers in the other House and in this House talked about a present of 15 lakhs which the Government by these proposals are making to the Standard Oil Company, and that actually the present the Government are making to this company is not 15 lakhs but 7½ lakhs. I do not know, Sir, the exact size and weight of this particular red herring but when I heard the statement about references to the Standard Oil Company in this House I looked up the official report of the debate during the general

discussion of the Budget. I cannot find throughout that debate that the name of the Standard Oil Company was ever mentioned. Even if it had been, the relevant question is not whether 7½ lakhs or 15 lakhs will go into the pockets of the Standard Oil Company. The point is that not a single drop of foreign kerosene is imported into India by the indigenous oil producers and therefore the fact does remain that 50 lakhs will be taken from the indigenous oil producers and 15 of them given away to the importers of foreign oil. Any attempt to get round this position seems to me to be a confession of weakness.

Well, Sir, that is the case for the Government as put by the Honourable the Commerce Member. I have no hesitation in saying that to those of his hearers who knew little of the oil industry, and unfortunately they were in the majority, it is a most misleading case. Is it any wonder that the Indian oil producing industry find it difficult to understand why success to their efforts, if and when it comes, should be regarded as so lamentable; why employment of upwards of 50,000 Indians with wages of over two crores per annum, with permanent employment encouraged by generous provident funds, why contributions of two crores annually to the railways and river companies in freight on oil products, a crore spent in the country every year in the purchase of Indian stores, 2½ crores or more put back into the ground every year in developing the country's minerals, why all these things and more should be regarded as matters of no importance? Why it should be preferred that India's petroleum should be left undeveloped and instead imports of foreign oil encouraged and the proceeds of their sale sent straight out of the country? For disguise it how you may, that is the direction in which the present legislation is aiming. More than that, the more foreign oil comes into India the nearer we are approaching the time when the indigenous companies will be unable to keep down the price of oil to the consumer. The Honourable the Commerce Member informed the other House that in view of the change in the Government's protective duties the companies are free to change their policy. That is of course correct. The companies have always been free to change it at any time, since the policy is entirely voluntary on their part. Whether or not as a result of the present taxation proposals they will change their policy I am not of course in a position to say. It may be that as they at any rate know full well the enormous benefit it has given and still does give to India they will continue that policy hoping that the present wave of inappreciation will pass over. I do, however, wish to emphasise that if that policy goes, the result must be to raise the price of kerosene to the consumer either by bringing the price up to the level at which similar oil is sold elsewhere or by the companies ceasing to make it altogether and leaving the consumer to choose between the higher priced oil or none at all. Both are practical possibilities though from my own knowledge I can assure the House that the companies do not want to be forced into either. But I do ask the Government not to try the patience of the oil companies too far.

The Council then adjourned for Lunch till Twenty Minutes to Three of the Clock.

The Council re-assembled after Lunch at Twenty Minutes to Three of the Clock, the Honourable the President in the Chair.

THE HONOURABLE MR. J. A. WOODHEAD (Commerce Secretary): Sir, before I deal with the several points raised by the Honourable Mr. Harper,

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I should like to make it perfectly clear to the Honourable Members of the Council that the Government of India bear no animosity against any oil company, whether it is the premier oil company or a small oil company. They have no desire whatsoever that these oil companies should not prosper. They recognise that the production of oil in India has conferred many benefits on India by way of the large number of persons employed in those industries and in other directions—directions in which every industry which exists in a country must be beneficial to that country. I desire to preface my remarks by these general observations because, perhaps wrongly, it has struck me that in another place a feeling appears to exist among certain Members of the Legislature that the Government of India and particularly the Commerce Department are opposed in principle to the oil companies and have no desire to see them prosper.

I now turn, Sir, to the points made by the Honourable Mr. Harper. He first refers to a change of policy—a policy which has been followed for 25 years—and in that connection he refers to what happened in another place when he proceeds to state that the question which was put to the Honourable the Commerce Member was in this form. What the Honourable the Commerce Member was asked to take into account was that in return for 25 years of protection, the country has enjoyed 25 years of low prices, prices which have been kept below world parity by the Burmah Oil Company's price limitation policy. As regards that question, Sir, I wish to say that the oil companies in India have not had the benefit of a protective duty. The import duty which I think was imposed for the first time in 1894 at the rate of one anna per gallon and not at the present rate of two annas six pies, was and always has been a purely revenue duty. And although of course it is true that every revenue duty has a protective effect, still it must be remembered that the import duty was not imposed as a protective measure for the oil companies. It was imposed purely for revenue purposes; and therefore, Sir, I think it is hardly correct to say that when for revenue purposes the protective effect of that import duty has to be decreased that a policy followed for 25 years has been abandoned or changed.

THE HONOURABLE MR. K. B. HARPER: In what year was the revenue duty imposed?

THE HONOURABLE MR. J. A. WOODHEAD: The revenue duty was imposed in 1894 at the rate of 0-1-0 per gallon.

THE HONOURABLE MR. K. B. HARPER: And in 1905?

THE HONOURABLE MR. J. A. WOODHEAD: In 1905 it was still 0-1-0 but in 1910 it was raised to one anna six pies, and then in 1922 it was raised to two annas six pies and an excise duty of one anna was imposed in that year. But through the whole of that period, Sir, these duties were revenue duties, though admittedly they had a protective effect. But where I join issue with the Honourable Mr. Harper is in the statement that the policy of Government has been one of protection to the oil industry. That is not so; the duties have always been imposed for revenue purposes.

Again, Sir, as regards the Burmah Oil Company's limitation policy. There are, as the Honourable Mr. Harper has said, two kinds of kerosene oil produced in India. The first kind is known as superior ; the second kind is referred to as inferior or as yellow kerosene. And I gather from the Honourable Mr. Harper's speech that the policy of the kerosene pool, the Burmah Oil Company, has been to sell kerosene, both superior and inferior, at prices below world parity. Now, again, Sir, I am afraid I must join issue with Mr. Harper as regards that statement, and I shall use as my authority the application which was received from the Burmah Oil Company and other companies in connection with the rate war. As Honourable Members will remember, it broke out in 1927. This is what is stated in that application :

"In this way prices at least of the superior quality—for in conformity with the Burma's policy the aim of the Pool is to keep inferior quality prices down for the benefit of the poorer consumer—may fluctuate from one period to another above or below world parity."

I admit I am open to correction, as it is difficult at times to understand the exact policy of the pool, and I hope Mr. Harper will not take the statement as in any way disrespectful to him when I say that perhaps he sometimes has not complete information as regards the working of the pool ; in fact it is probably correct to say that nobody outside London, where the head offices are, has full and complete information as regards the working of the pool. But so far as I have been able to understand the position, the policy of the pool in connection with superior oil has been to sell that oil at about what has been described as world parity. As regards inferior oil, the inferior oil produced in India is yellow oil and Mr. Harper during the course of his speech said that that class of oil was produced and sold not only in India but in other countries, and he mentioned certain prices. Again, Sir, I would refer Honourable Members of the Council to the Tariff Board ....

THE HONOURABLE MR. K. B. HARPER : I said inferior oil. Some of it is white and some is yellow.

THE HONOURABLE MR. J. A. WOODHEAD : In India, Sir, it is yellow oil which is produced by the Burmah Oil Company and it is this class of inferior oil in regard to which they have always maintained that they have kept their prices down for the benefit of the poorer consumer. Now, Mr. Harper has informed the House that the yellow oil is sold in other parts of the world and he quoted prices, his object being to show that the price of yellow oil in India was cheaper than elsewhere. (*The Honourable Mr. K. B. Harper :* "Inferior.") I prefer, Sir, to speak of yellow oil because there are other kinds of inferior oil and that is a point which I wish to come to if Mr. Harper will kindly let me proceed. The yellow oil which is produced by the companies in India is, according to the Report of the Tariff Board, not produced in other countries. This is what the Tariff Board say :

"This quality (that is the yellow quality) is unsuitable for use save in the primitive lamps used by the poorest class of Indian consumer. Its lighting qualities are poor and it burns with a smoky flame. It is consequently not used and therefore not manufactured in other countries."

I am not an oil expert, Sir, but I do put forward that statement as against the Honourable Mr. Harper's and I go further, Sir. I will quote the evidence given by Mr. Gray who represented the oil companies before the Tariff Board during that inquiry. Mr. Gray, I believe, was the General Manager of the

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Burmah Oil Company in Rangoon. This is what Mr. Gray said in reply to Mr. Mathias :

"Mr. Mathias : That class of oil which you call inferior oil here is generally speaking not manufactured at all elsewhere ?

Mr. Gray : No.

Mr. Mathias : What is here made (that is in Burma) into inferior kerosene goes into fuel oil or gas oil ?

Mr. Gray : Fuel oil mostly."

Sir, we have on the one side the statement by my friend Mr. Harper. We have on the other the report of the Tariff Board and the statement of Mr. Gray. Where experts differ, Sir, I leave the House to draw its own conclusions.

Then, Sir, the Honourable Mr. Harper proceeded to state that the Honourable the Commerce Member, in attempting to prove that the industry was not in need of protection, only quoted results which were based upon those of the Burmah Oil Company. Sir, in considering whether protection is required, I would suggest to the House that one must look to the industry very largely as a whole, and the position as it appeared to Government and as was clearly explained by the Honourable the Commerce Member in another place was this. 80 per cent. of the oil industry in India is in a flourishing condition. It not only paid a dividend in 1927 of 20 per cent. on its ordinary capital but has paid a dividend of more than 20 per cent. for many years. And again I would refer the Honourable Members to the report of the Tariff Board where they will find the dividends paid by the Burmah Oil Company over a series of years and I think they will be satisfied that those dividends have been at a high figure for many years. The position, therefore, Sir, was that 80 per cent. of this industry was in a flourishing condition .....

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : May I ask what was the highest dividend of the Burmah Oil Company in those years ?

THE HONOURABLE MR. J. A. WOODHEAD : The highest dividend on the ordinary shares was 35 per cent. No, once in 1919, they paid 50 per cent. That, Sir, was the position as it appeared to Government. Government has, in view of the need for further revenue, to bring under survey all the possible sources of new taxation, and one of those sources was, as it has been in the past, kerosene. In view of the prosperity of that portion of the industry which is responsible, as I say, for between 75 to 80 per cent. of the oil products in India, was it wrong for Government to decide that if the revenue from kerosene was to be increased, it should be effected by an increase in excise and not by an increase in the import duty ? In this connection I would ask the House to bear in mind one of the main principles which underlies the policy of discriminating protection. That principle is that an industry should receive protection for such a period as will allow it to establish itself firmly and be in a position to meet foreign competition. As I have said, Sir, 80 per cent. of the oil industry is in a flourishing condition, and justly judged by the condition of the major portion of the industry it can hardly be said that the industry as a whole is in need of protection. Perhaps again I might refer to the letter which was received from the Burmah Oil Company in connection with the rate war when the companies producing oil in India were threatened with very serious consequences.

In that letter they definitely stated that they themselves, that is, the Burmah Oil Company, were not applicants for protection. They made that perfectly clear both in their application and before the Tariff Board, because they were of opinion that, although the consequences would be serious and although their financial position would be very adversely affected, they were in a financial position to withstand the results of that rate war.

Then again, Sir, to return to the price policy of the Burmah Oil Company. The Honourable Mr. Harper inquired whether he had quoted the Honourable Sir George Rainy correctly. Unfortunately I was not in a position then to give a reply but I have now got a copy of what he said. The Honourable Mr. Harper quoted the Honourable Sir George Rainy as having said as follows :

"The differential between superior and inferior kerosene prices used to be Rs. 1-6-0 per unit. It is now eight annas and the price of superior kerosene is below world parity ; therefore the price for inferior oil must be higher than it should be and the companies are able to charge it because there is no inferior oil outside India."

My Honourable friend then proceeded to say that in the first place he, Sir George Rainy, claims that "the price of superior is below world parity" and in the second place that "the price for inferior is higher than it should be".

Exactly what the Honourable Sir George Rainy said was this :

"If that is what we are asked to believe then I do not understand what the maximum policy of the pool, as it is called, means, and I do not understand the manner in which it has been applied since May 1928, because if the maximum price policy is intended to benefit the poorest class of consumers, then it is difficult to see why the companies make a concession amounting to over four annas a unit to the consumers of white oil, who are not the poorest consumers, and have narrowed down the difference between the price of yellow oil and white oil to only eight annas a unit."

Honourable Members will remember the passage I quoted from a certain letter from the Burmah Oil Company in which it was stated that the policy of the Burmah Oil Company had been to keep inferior quality prices down for the benefit of the poorer consumer, and certainly, Sir, we have always understood that the maximum price policy of the Burmah Oil Company and the pool meant from their point of view that the poorer consumer, that is the consumer of yellow oil, obtained his oil at a lower price than he would otherwise do. That was said to be the policy of the pool, and what Sir George Rainy could not understand was, that if that was the policy of the pool, and if in furtherance of that policy the differential between yellow and white oil has in the past varied between Re. 1-0-0 and Rs. 1-6-0, why had the price of superior oil now been brought down below world parity and the differential reduced to eight annas. It seemed to him that by that means the consumer of the yellow oil was paying more than he need do, because if the price of superior oil was put back at world parity presumably the differential between white oil and yellow oil could be increased and the consumer of yellow oil would get his oil at a cheaper rate. That, Sir, is the query which the Honourable Sir George Rainy raised, and, with all honour and deference to the Honourable Mr. Harper, I think that that query has not been answered.

There is also another statement with which I should like to deal shortly. The Honourable Mr. Harper said that the real sting in the Honourable the Commerce Member's statement was that he would rather hurt the smaller companies than do anything which would help the leading company. And he added that since he made that statement Government have apparently

[Mr. J. A. Woodhead.]

reconsidered their position. Sir, I must with all respect make it clear that the Honourable the Commerce Member did not say that he would rather hurt the smaller companies than do anything which would help the leading company.

THE HONOURABLE MR. K. B. HARPER: Will the Honourable Member read that part of the Honourable Sir George Rainy's speech where he says that for every rupee he gives the smaller companies he will have to give four rupees to the leading company? It is quite possible I may have it wrong.

THE HONOURABLE MR. J. A. WOODHEAD: Yes, Sir, I intended to read that paragraph. This is it:

"As regards the smaller companies I would say this, clearly the onus rests upon them to make out their case and to establish to the satisfaction of Government or of some investigating authority that their position is very seriously endangered as a result of this measure. If that could be established, then I do not doubt that this House as well as the Government would be perfectly prepared to consider fully and sympathetically what measures should be taken to prevent any serious danger. Take the Attock Oil Company. For obvious reasons it is desirable that that company should continue to produce oil. It is the only company in this part of the world which does produce oil, and for practical reasons, in war for instance, it may be of very real service. But it does not follow, even if it were established that the smaller companies do need some assistance, that we should adopt a method by which for every penny which goes to the smaller companies four pence must be paid to the company which does not require assistance."

I think all that the Honourable the Commerce Member intended to state was that the method by which assistance should be given to the smaller companies should not be necessarily such as to give one penny to the smaller companies and four pennies to the company which does not require assistance.

Finally, Sir, the Honourable Mr. Harper desired that further particulars should be given of the actual relief or actual method of relief by which assistance would be given to the smaller companies. I cannot, Sir, add much to the statement which was made by the Honourable Sir George Schuster on this question in another place. But I would explain that Government consider they possess the power to give relief by virtue of section 5 of the Finance Act of 1922, read with section 5 of the Motor Spirit (Duties) Act of 1917, read with section 23 of the Sea Customs Act. These provisions of the law empower the Government to exempt from the payment of the excise duty a certain amount of kerosene, and it is by virtue of this power that Government consider that without special legislation they will be able to give relief. As regards the nature of the inquiry, that must naturally depend upon the case made out by the companies. It is for them to show first of all that this decrease in the difference between the excise duty and the import duty will affect them seriously, not only as regards actual profits but also as regards their resources for development because the Government of India, Sir, recognise that oil companies must be provided with resources which they can devote to development and to the maintenance of the supply of oil. But I can assure the companies that on receipt of their statements, they will be most carefully and sympathetically examined, and I would repeat, Sir, that Government do not wish that the prosperity of the oil industry in India should be severely menaced, they do not desire that the smaller companies should by fiscal measures be driven out of business.

Clause 7 was added to the Bill.

Clauses 8 and 9 were added to the Bill.

Schedule I was added to the Bill.

THE HONOURABLE THE PRESIDENT : Schedule II.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Sir, I wish to move an amendment that stands in my name and which runs as follows :

"That in Schedule II to the Bill in the proposed First Schedule to the Indian Post Office Act, 1898, for the entry under the head 'Letters' the following be substituted, namely,

'For a weight not exceeding one tola . . . . . Half an anna.

For every one tola, or fraction thereof, exceeding one tola . Half an anna'."

This, Sir, is a very modest amendment and is made to give facilities to the people as far as the transmission of letters through the Post Office is concerned. This amendment is being moved practically every year and I shall not waste the time of the Council by repeating the arguments which have always been advanced in its favour. I will simply say that these reasons which have been put forward in the past years even now stand good and that it is the right time for the Government to reduce the rate now. I know that there will be a fall in the revenue and that fall can easily be met by the underestimated income which the Honourable the Finance Member has underestimated.

I move, Sir.

THE HONOURABLE MR. J. A. SHILLIDY (Industries and Labour Secretary) : Sir, whenever I have mentioned these four or five amendments I have always had them described by three phrases. The first is a hardy annual. Annual it certainly is and hardy, I am afraid, it must be, because the same arguments are repeated year after year, the same answers are given, the proposals are never accepted and yet they come up again the next year. This time the Honourable Member has admitted that he has got nothing new to say, that everything that has to be said has been said before. I have heard them called threadbare. If that is so, then there is nothing for me to add. I have lastly heard them described as having been discussed *ad nauseam*, and in that case I do not wish to hold a sickly child for any length of time.

But perhaps in view of the different amendments which are coming forward, I might explain the general position in regard to the Posts and Telegraphs Department. The first is that the Department is a commercial department and clearly it must pay its way, so far as we can make it do so. There is no reason whatsoever why people should have their letters carried at less than the cost. As to why there is a deficit and why the Department is not paying its way, there are in the main two reasons. One is the increased expenditure which has resulted from a very necessary increase in the cost of the pay of the establishment and the next is the poor traffic which has resulted from the bad business which is at present prevailing. In spite of those conditions the Honourable Member asks us to go back to the rates which prevailed in 1907, taking no account of the fact that generally there has been a great increase in salaries, cost of establishment and in the cost of conveyance. I really do not know, Sir, whether it is necessary to go into further arguments at any great length. I do not know if the Honourable the Mover would wish me to meet the point that some people do sometimes bring forward, that the reduced rate would mean extra traffic. Well, that is a very doubtful proposition. Actually in England a reduction of 25 per cent. in the postage for letters only brought about a 5 per cent. increase in correspondence. As a matter of fact this modest proposal which the Honourable Member has put forward—which he calls modest—means a reduction in the postage of more than one

[Mr. J. A. Shillidy.]

half ; and if he were wishing to get a greater return of revenue as a result of the decrease in the rate making it cheaper to send letters, the traffic would have to increase to about three times the present amount. I do not think the Honourable Member would admit that such would be the result. At least he was very discreet and did not try to suggest that there would be any such increase in traffic. He said that he knew that I would say that there would be a fall in revenue. However, he added there was no need to worry about that ; there was a lot more revenue coming in the extra taxes which the Honourable Member.....

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : May I ask what will be the fall in revenue if this amendment is accepted ?

THE HONOURABLE MR. J. A. SHILLIDY : I was just coming to that. In the general discussion the Honourable Member said that the duty on silver was underestimated by Rs. 50 lakhs, that the duty on sugar was underestimated by Rs. 70 lakhs. He was willing, so far as I remember, to remit the extra duty on sugar and to keep the extra 50 lakhs from silver to meet all extra expenditure. But this modest proposal, the cost of which he wants to know, would only cost Government the very modest sum of Rs. 1,50 lakhs. When we have got a commercial department it ought to pay its way, but it is not paying its way ; and when this one proposal alone—and there are about four more proposals all of which will cost money—is going to make the still greater deficit by Rs. 1,50 lakhs, I think I might follow the excellent example of the Honourable Mover and say that since so much has been said about it in the past, there is no need for me to say anything more about it now.

The motion was negatived.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : As my first amendment has failed I now rise to move my second amendment, which is that :

" For a weight not exceeding 2½ tolas	3/4 anna ;
For every 2½ tolas, or fraction thereof, exceeding 2½ tolas . .	3/4 anne."

I have been following the remarks of my friend the Honourable Mr. Shillidy and find that he treats the Post Office as a purely commercial department ; but the fact is there that in the years when the Post Office was paying a handsome profit no reduction was made in postage. I do not know how Mr. Shillidy will be able to reconcile the statement of the Government policy which he has now made. Since the rates of postage have been increased I am sorry to find that the postal despatches and deliveries have been reduced. He says that by accepting my previous amendment the deficit would be about a crore and a half. I presume and I think I am right in calculating that in case this amendment of mine is accepted, the estimated deficit will not be over 75 lakhs. And as the Honourable Mr. Shillidy himself says, the underestimate from fresh taxation is over 2 crores. 75 lakhs from that will not be much felt. Mr. Shillidy has given an instance of how such increase has taken place in England and what has been the percentage of that increase. I might mention, Sir, that, while England is a developed country, India is not so ; India is developing fast and every year must bring more postal revenue. The increase in postal traffic since the rates have been raised has been very small comparatively and in view of the better times coming and in the hope of the better exchange and currency policy of Government the trade of India will increase,

which will naturally result in more postal traffic. In England, Sir, the rates of postage are much cheaper than what they are in India. English postage to India is a penny and a half, while the postage from India to England is two annas.

THE HONOURABLE MR. J. A. SHILLIDY : Sir, may I ask if that is in order ? We are not discussing that question at all.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Well, I simply dealt with a matter he mentioned. But, Sir, the cost of establishment and cost in transit is generally covered by the increase in traffic. But as owing to the increase in postal rates the expected increase in traffic has not taken place, I do not think people ought to be blamed for that. Sir, my proposal is worth the favourable consideration of this House and so I put it before them for favourable consideration.

THE HONOURABLE MR. J. A. SHILLIDY : Sir, I am not quite certain what arguments the Honourable Member is advancing. As far as I can make out, he wants to know why if we have made profits we do not reduce rates. Well, that goes back to rather ancient history, but since we started commercialising the postal department, in two years—1925-26 and 1926-27—we made 37 lakhs and 10 lakhs of profits. In 1927-28 we had a deficit of 26 lakhs ; in 1928-29, 53 lakhs ; in 1929-30 the revised estimates showed a deficit of 56 lakhs, and next year we anticipate a deficit of 48 lakhs.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Including Telegraphs.

THE HONOURABLE MR. J. A. SHILLIDY : That includes everything. I do not know if that will satisfy the Honourable Member that this is not an appropriate time when one can reduce rates. But anyhow, Sir, taking the proposal as it stands, I really find it hard to see what merit it possesses unless it is just due to the sentimental desire that you must reduce postage somehow or other and give people an opportunity to write. Some people may possibly feel that easy opportunities for correspondence are a blessing. I personally consider that it is actually the reverse. I do not know why people should want to write to each other. They do not want to do so and if they have to write to each other it will be on business. If the traffic has gone down it is mainly because business has been bad. The reduction by one pie, which is what the proposal amounts to, is not going to introduce an orgy of letter writing, and without such an orgy of letter writing I really do not know how any increased revenue would come in. The result of the reduction would be nothing more than a loss—a trifling loss compared with the enormous figures which the Honourable Member proposes—a trifling loss to this Department of another 86 lakhs. I regret, Sir, that it is impossible to accept the amendment of the Honourable Member.

The motion was negatived.

THE HONOURABLE MR. SURPUT SING : Sir, the amendment which I beg to move for the consideration of the House is :

" That in Schedule II to the Bill in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head ' Postcards ' the following be substituted namely :

Single—Quarter of an anna.

Reply—Half an anna '."

[Lala Ram Saran Das.]

footsteps and so move in the right direction. The Government by accepting a lower duty on salt has practically given expression to their policy to help the poor, and here too, as the case for the poor has been so ably put forward by my Honourable friend Mr. Surput Sing, I think the Government must extend its hands to help the poor man, who at present cannot avail himself of postal facilities as much as he would like to do. In all civilised Governments communications are a matter of the greatest importance, and I think, Sir, that this amendment must be accepted by the Government in the interests of giving proper relief to the dumb millions.

THE HONOURABLE MAJOR NAWAB MAHOMED AKBAR KHAN (North-West Frontier Province: Nominated Non-Official): Sir, I am sorry I cannot see eye to eye with my friends the Mover and supporter of this amendment. I presume that the rate of postage as provided in this Bill would be hardly sufficient for the expenses incurred in this behalf. I do not think that the Government would be reaping any benefit out of them. I am afraid the acceptance of postage rates, as suggested by my Honourable friends, will not in any way duoble the income from this source, and in that event the Posts and Telegraphs Department will always be a deficit Department. To make that good the Government of India will naturally have to resort to some other form of taxation. I think postage is a matter of the least consideration at present. What is paid to the writers of letters is much more than the price of the post-card. In India where illiteracy is so common and the uneducated amount to 90 per cent. of the entire population, if this amendment were carried I do not think it would benefit the majority of the uneducated masses of India to any great extent. (*An Honourable Member:* "Don't they correspond with each other?") Very seldom, only about once a year. It is the business man who is constantly writing postcards. This reduction would most surely result in a heavy loss to the Department and some other taxation to make up the deficiency would be required. I may point out to the Honourable the Mover and the supporter of the amendment that the poor people are not so fond of writing letters as the well-to-do person, and for the latter the rates of postage provided in the Bill are not heavy. The poor people do not contribute so much towards the postage as the well-to-do class. It will therefore be in the fitness of things to allow no reduction below the existing rate of postage.

With these remarks I strongly oppose the amendment.

THE HONOURABLE MR. J. A. SHILLIDY: Sir, I agree with my friend the Honourable Major Akbar Khan. I would like to meet two points brought forward by the Honourable Raja Dudhoria. He complained, as far as I understood him, that we did not give accounts separately of the Post Office, Telegraph and Telephones. But if he will turn to the detailed statements in support of the Demands for Grants, which I understand should be with all Members, he will find that the accounts are given quite separately for the Post Office, Telegraph, Radio and Telephones. The next point which I understood him to make was that we used the profits from postcards to make up the deficit on the luxuries which the rich enjoyed in their telephones. My Honourable friend may be interested to know that while the Postal Branch has declared a deficit for the last three years, while the Telegraphs have declared a deficit for the last several years, the Telephone branch, the luxury of the rich, has declared a profit for the last three years, and it is this luxury of the rich which is helping to meet the deficit from those branches which are claimed

to be working for the poor. Sir, I am not quite sure whether my Honourable friend Lala Ram Saran Das is quite correct in saying that his amendment is the same as that of the Honourable Mr. Surput Sing.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: The Honourable Member accepted that and so I thought it would be all right.

THE HONOURABLE MR. J. A. SHILLIDY: That leaves me in some doubt as to which amendment I am speaking to.

THE HONOURABLE THE PRESIDENT: The Honourable Member is speaking to Mr. Surput Sing's amendment.

THE HONOURABLE MR. J. A. SHILLIDY: Sir, I said this was a hardy annual and it is very much a hardy annual because we have had the dumb millions trotted out again. It is not a case of the dumb millions at all. It has been explained more than once before that five-sixths of the population of India do not write to each other, and of the rest a great many only write about once in six months or three months. Now there may be some difference of opinion on that and I do not wish to give my views as against those of others. But those who are in contact with the poor are I think entitled to give their views and their opinion should carry weight. In a debate in the Assembly the other day the Reverend Mr. Chatterjee, who I think will be admitted to know something about the poor in Delhi at least, stated:

"I sympathise with the hardships of the poor. I can say without exaggeration that I am in as much contact with these poor people, extremely poor people, as my friend Mr. Thakurdas Bhargava, but I have not yet heard of a poor man complaining about the price of postcards."

And again:

"I am only pointing out that it is not correct to say that it is a real burden on the poor man for the simple reason that the poor man does not write the postcard. He probably writes a card once in six months or once in a year, but I have never heard him complain of the price of the postcard. There are a great many other things of which the poor man complains; he complains of his house accommodation, the price of food or the price of cloths. I have honestly never heard of a man complaining of the price of a postcard."

Now, Sir, the only reason that was given for this amendment was the benefit that would accrue to the poor man, the illiterate man, the dumb millions of India. I think the reply is that this benefit, this reduction, will not in any way help the poor man, the illiterate man or the dumb millions of India. In actual fact, the postcard is chiefly used for business purposes and the reason why the traffic has gone down and receipts from this source have decreased, is because business has been poor. This decrease in rates which has now been proposed will help business men and not the illiterate, dumb millions of India.

Next, I can only give one more figure. It is a trifling figure according to my friend the Honourable Lala Ram Saran Das. The little concession would only cost Rs. 90 lakhs a year.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Your predecessor last year said that the loss would be Rs. 76 lakhs.

THE HONOURABLE THE PRESIDENT : Amendment moved :

"That in Schedule II to the Bill in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head 'Postcards' the following be substituted, namely :

'Single—Quarter of an anna.

Reply—Half an anna'."

The question is that the amendment be adopted.

The Council divided :

AYES—15.

Ayyar, The Honourable Dewan Bahadur T. R. Ramachandra.
Desika Chari, The Honourable Mr. P. C.
Dudhoria, The Honourable Raja Bijoy Sing.
Ghose Maulik, The Honourable Mr. S. C.
Jaffer, The Honourable Sir Ebrahim Haroon.
Khaparde, The Honourable Mr. G. S.
Laxminarayan, The Honourable Rao Bahadur D.
Mehr Shah, The Honourable Nawab Sahibzada Saiyad Mohamad.
Nirmal Kumar, The Honourable Mr.
Padshah Sahib Bahadur, The Honourable Saiyed Mohamed.
Pakrashi, The Honourable Mr. Suresh Chandra.
Ram Saran Das, The Honourable Rai Bahadur Lala.
Sinha, The Honourable Kumar Nripendra Narayan.
Suhrawardy, The Honourable Mr. Mahmood.
Surput Sing, The Honourable Mr.

NOES—23.

Abdul Majid Khan, The Honourable Khan Sahib Khwaja Muhammad.
Akbar Khan, The Honourable Major Nawab Mahomed.
Akram Husain Bahadur, The Honourable Prince A. M. M.
Charanjit Singh, The Honourable Sardar.
Chettiyar, The Honourable Dewan Bahadur K. Sundaram.
Commander-in-Chief, His Excellency the.
Coyajee, The Honourable Sir Jahangir Cooverjee.
Dadabhoy, The Honourable Sir Manockji.
Froom, The Honourable Sir Arthur.
Graham, The Honourable Sir Lancelot.
Habibullah, The Honourable Khan Bahadur Sir Muhammad.
Macmillan, The Honourable Mr. A. M.
Maqbul Husain, The Honourable Khan Bahadur Sheikh.
McWatters, The Honourable Sir Arthur.
Megaw, The Honourable Major-General J. W. D.
Middleton, The Honourable Mr. A. P.
Natesan, The Honourable Mr. G. A.
Shillidy, The Honourable Mr. J. A.
Thompson, The Honourable Sir John.
Uberoi, The Honourable Sardar Bahadur Shivdev Singh.
Upton, The Honourable Mr. T. E. T.
Woodhead, The Honourable Mr. J. A.
Yahya, The Honourable Khan Bahadur Shah Muhammad.

The motion was negatived.

THE HONOURABLE MR. SURPUT SING : The next amendment which stands in my name and which I beg to move is :

"That in Schedule II to the Bill in the proposed First Schedule to the Indian Post Office Act, 1898, for the entry under the head 'Book, Pattern and Sample Packets' the following be substituted, namely :

'For a weight not exceeding five tolas .. .. Half an anna.
For every ten tolas, or fraction thereof, exceeding five tolas .. Nine pies'."

Book, Pattern and Sample Packets, I need hardly point out, conduce directly or indirectly to knowledge or information of the people, and thus having an educative value they can reasonably be expected to be entitled to a concession rate. I would therefore strongly urge the Book, Pattern and Sample Packets should be accorded more favourable consideration, or, if that be not possible,

they should be placed on the same footing as ordinary parcels and should not be charged a higher rate than that for ordinary parcels.

THE HONOURABLE MR. J. A. SHILLIDY: Sir, the Honourable Member merely stated his amendment and, so far as I know, has advanced no reasons for it. The result is that under the amendment for every ten tolas or part thereof, exceeding 5 tolas, nine pies will be paid in future instead of one anna as proposed in the Bill. I do not know what reason there is for making any change at all. The present rate is not prohibitive; these rates were imposed in 1921 and since that time the number of parcels has increased from 60 to 110 millions. Of that 110 millions, 70 millions are under 5 tolas and therefore the benefit which the Honourable Member wishes to confer upon packets will miss that very large number. In addition the amendment would involve a loss of 9 lakhs and I can only express my regret that in the absence of any good reason it is impossible to accept it.

The motion was negatived.

THE HONOURABLE MR. SURPUT SING: Sir, the last amendment which I beg to move for the consideration of the House relating to the Indian Post Office Act, 1898, under the head "Parcels", is that the word "three" be substituted for the word "four" under that head.

4 P.M.

My intention in bringing this amendment is to bring the rate into line with the existing practice. If Honourable Members will turn to page 27, clause 76, of the current number of the Post and Telegraph Guide, it will be evident that the rate of postage there given is three annas per every 40 tolas or a fraction thereof. Also the stamp booklets that are issued by the Post Office indicate the same rate for parcels of the same description. But in the Bill itself the rate entered in the Schedule for such parcels is given at annas four. This evidently is a mistake. But this mistake in the Schedule has been continuing, I may tell the House, without detection from last year, although in actual practice, I can say from experience, three annas have always been charged for parcels of 40 tolas. It is therefore a matter of some surprise to me that this little mistake has gone on unnoticed by the Department so long. I feel sure therefore that such an anomaly between the rate fixed and the practice in force should be removed and no ambiguity should be left in the matter. The word "three" for "four" is all that is wanted to set it right. I hope the Honourable Member in charge of the Department will be pleased to accept my amendment.

THE HONOURABLE MR. J. A. SHILLIDY: Sir, I can assure the Honourable Member that there is no mistake. The rate of four annas is intended to be there and is there at present under the present law and is the maximum rate. The mere fact that in the case of parcels not exceeding 40 tolas we charge three annas only and do not charge the maximum rate does not make any mistake here or in the Schedule. I am afraid we must in the present circumstances retain our right to impose this charge of four annas if at any time we so consider it necessary. As a matter of fact the Honourable Member has gone somewhat beyond the mistake which he thought he saw, because for parcels exceeding 440 tolas he will find if he will look at that book that for every additional 40 tolas or part thereof the charge is four annas. Therefore by his proposal he would actually reduce what we at the present moment are charging for 40 tolas for parcels exceeding 440 tolas. But the only result of the amendment would be that he would bring us, the Postal and Telegraph Department, into competition with the Railways. As the majority of Railways are

[Mr. J. A. Shillidy.]

State Railways now, there would be no point in this departmental competition. And I trust therefore that on this explanation that there is no mistake the Honourable Member will not think it necessary to press his amendment.

The motion was negatived.

THE HONOURABLE THE PRESIDENT : The next amendment standing in the name of the Honourable Rai Bahadur Lala Ram Saran Das appears to me to be out of order. As we have just been reminded by the Honourable Mr. Shillidy, this Schedule of the Post Office Act merely fixes maximum rates of postage and therefore an amendment directing that there shall be no extra charge in the case of parcels redirected is out of place in this Schedule.

The question then is :

" That Schedule II be a Schedule to the Bill."

The motion was adopted.

Schedule II was added to the Bill.

THE HONOURABLE THE PRESIDENT : Schedule III.

THE HONOURABLE MR. SURPUT SING : Sir, the amendment that I beg to move referring to Part I.-A of Schedule III to the Indian Finance Bill, 1930, is :

" That to entry No. (1) the following be added, namely,

' But in case of a Hindu undivided family when the total income is less than Rs. 3,000—Nil,'

and that consequential amendment be made in entry No. (2)."

The first poirt that I would urge upon the Governmert is that in the case of the Hindu undivided family the minimum limit of assessable income be fixed at Rs. 3,000 in place of Rs. 2,000 as in the case of every other assessee. My plea for this special consideration is that no analogy can be drawn between the social life of the Hindus and any other people, as the system of undivided family is the unique heritage of Hindu family life. It has its advantages as well as its disadvantages, and it hardly fits in with any canon of equity and justice that Government should make the most of its disadvantages by levying income-tax on the Hindu undivided family on their total earnings. The income accruing to the Hirdu undivided family does not belong to any particular person or individual in the family, but on the contrary every major and minor member thereof have their respective shares in such total assessable income. It needs hardly any stretch of imagination to realise that such undivided income falls in most cases far below the assessable limit, when every member of the family is allotted his respective share. No case, I am sure, can be made out for this process of taxation on the Hindu undivided family ; and that for the continuance of a time-honoured privilege among them to live together in ties of love and friendship, not for any consideration of advancing their personal interest or gain, but purely on grounds of sentiment for the growth of a higher and purer atmosphere in their life and conduct. It cannot also be ignored that the struggle for existence is much harder to-day than it was ever before, and that this tax on income deals a deeper blow to the Hindu undivided family than to any other assessee of any description. It is time, Sir, when this ancient system of life cries for some relief in every branch of its

activity, social, educational and economic. It is an age when the spirit of the times with its far-reaching ideas of all-round progress is adding considerably to the economic harassment of the people, when the women are as anxious to assert their claims for education as men, when a fresh impetus for the education of women has been imparted by the inauguration of the Child Marriage Restraint Act; and all this hits the purse of a Hindu undivided family now more than that of any other assessee. I do not, therefore, think that I ask for too much when I move to raise this assessable limit from Rs. 2,000 to Rs. 3,000, especially in view of the fact that the legislators in their wisdom have already drawn a clear line of demarcation in the matter of super-tax between a Hindu undivided family and every other assessee of every other description. I beg also to point out that the assessment to income-tax may be made on the basis of three years' average income.

THE HONOURABLE SIR ARTHUR McWATTERS: Sir, I observe that there is a later amendment on the paper which proposes to extend this concession on small incomes from Rs. 2,000 to Rs. 3,000 to all classes of assessees. I will deal with that on its merits when it comes up. The present proposal is more modest. It will cost us Rs. 10 lakhs only, but it makes a differentiation between certain classes of assessees and the benefit is to be given solely to the Hindu undivided family. This is a very old question which has been discussed many times before in the Legislature and the conclusion which has always been reached hitherto is that there is not sufficient reason for making this particular distinction. The Hindu undivided family already enjoys certain advantages under the income-tax law. It is treated more or less in the same way as unregistered firms to which it largely corresponds. But it has certain advantages even over the unregistered firm. In the case of the unregistered firm the income of the partner from the firm is included in his total income whereas in the case of the Hindu undivided family the income of the family is separate from the personal income. It is the only case in the income-tax law where a man is allowed to possess two entities, his family entity and his personal entity. Further, as the Honourable the Mover himself pointed out, a special privilege is given to the Hindu undivided family in respect of the minimum point at which super-tax is imposed. Also, there are certain privileges given in respect of allowance for insurance premia on adult members of the family and wives. Therefore, Sir, although the amendment is a comparatively modest one, taking the rough with the smooth, allowing for the various advantages which the Honourable Member described as arising from this practice of living together and helping one another, I think that there is not sufficient ground for making a further differentiation in respect of income-tax in favour of the Hindu undivided family.

The motion was negatived.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Sir, I rise to move my amendment which runs as follows:

"That in Part 1A of Schedule III to the Bill, in entry No. (1), for the word and figures 'Rs. 2,000' the word and figures 'Rs. 3,000' be substituted."

I move this amendment, Sir, because I find that for those people whose income is up to Rs. 2,000 it is very difficult for them to make both ends meet. The cost of living has gone up and owing to various enactments and measures of Government, particularly to the exchange and currency policy, the people cannot afford to pay more taxes. The Government for that reason, if I mistake not, made the income up to Rs. 2,000 free from tax. It is the same spirit which

[Lala Ram Saran Das.]

I want the Government to extend because they will be protecting the same person by increasing the limit to Rs. 3,000 whom they wanted to benefit some time back. I think the proposal is in consonance with the policy of the Government and I think for that reason it be accepted.

THE HONOURABLE SIR ARTHUR McWATTERS: Sir, I am afraid I am unable to accept this amendment. In the first place, my principal objection is that it would cost us Rs. 61 lakhs. There is very little point in our making certain changes in the Income-tax Schedule to bring us more money and making another at the same time to take away Rs. 61 lakhs. That is my first objection. In the second place, this subject was considered, and considered very recently, by the Taxation Enquiry Committee and they after very full consideration gave it as their opinion that the present minimum limit should be allowed to remain. They examined the question in relation to minimum limits which were imposed in other countries and as regards the question of the increase in prices.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Circumstances have changed since the Taxation Enquiry Committee made their proposals.

THE HONOURABLE SIR ARTHUR McWATTERS: Theirs was a fairly recent enquiry, Sir. The Honourable Member is probably aware that some years ago, in 1903, the minimum limit used to be only Rs. 1,000, so that, at the limit of Rs. 2,000, even allowing for such increase of prices as there have been, the small assessee is certainly not worse off than he used to be in the old days. I am afraid, Sir, I cannot accept the amendment.

The motion was negatived.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Sir, I rise to move the second amendment which stands in my name, namely:

"That in Part IA of Schedule III to the Bill in entries Nos. (1) to (8) inclusive before the words 'total income' the words 'nett and actual' be inserted."

This amendment, Sir, only seeks to do equity and justice. The income means the income which is nett and which is the actual income and not the supposed income. Now, under the present Act, actual or nett income is ignored and the tax is assessed upon the supposed income. I think, Sir, that in fairness to the people this amendment ought to be accepted.

THE HONOURABLE THE PRESIDENT: I am not quite sure if I am right in putting the amendment to the Council because the Council having already accepted clause 6 of the Bill which defines "total income" for the purposes of this Schedule, I do not quite see how the Honourable Member can bring in an amendment which gives another definition, an amplification of the meaning of "total income". I imagine that that is the meaning of his amendment from what he says. Does the Honourable Member realise that "total income" is already defined in clause 6, sub-clause (*3*) of the Bill?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: I thought in moving my amendment, that I was in order. Otherwise, I would not have moved it.

THE HONOURABLE THE PRESIDENT: I think from what the Honourable Member has said that I should not put that amendment to the Council.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Sir, I rise to move the following amendment:

"That for Part I A of Schedule III to the Bill the following be substituted, namely:

'PART I.

Rates of Income-tax.

(A) In the case of every individual, Hindu undivided family, unregistered firm and other associations of individuals not being a registered firm or company:

(1) When the total income is less than Rs. 2,000	*Nil.*
(2) When the total income is Rs. 2,000 or upwards but is less than Rs. 5,000	Five pies in the rupee.
(3) When the total income is Rs. 5,000 or upwards but is less than Rs. 10,000	Six pies in the rupee.
(4) When the total income is Rs. 10,000 or upwards but is less than Rs. 20,000	Nine pies in the rupee.
(5) When the total income is Rs. 20,000 or upwards but is less than Rs. 30,000	One anna in the rupee.
(6) When the total income is Rs. 30,000 or upwards but is less than Rs. 40,000	One anna and three pies in the rupee.
(7) When the total income is Rs. 40,000 or upwards	One anna and six pies in the rupees.
(B) In the case of every company and registered firm whatever its total income	One anna and six pies in the rupee'."

This amendment, Sir, practically means that the increase in the rate of income-tax proposed this year may be done away with and the old rates of income-tax should continue. My friend the Honourable Sir Maneckji Dadabhoy during the course of his forceful speech has said enough about the merits of this case. The extra income from this source will be about 56 lakhs, and in view of the country getting poorer every year and being unable even to bear the present rates of taxation, the Government should kindly reconsider their decision and restore the Income-tax Schedule to the one which was in force last year. It is needless for me to say that owing to continued failure of harvests, locusts and unemployment and the maintenance of the artificial rate of 1*s.* 6*d.* exchange, which has cost us over 140 crores, the Government will not mind the loss of 56 lakhs, which will be thus occurring. I might say, as I have already said, that from the under-estimation of the extra taxation this amount can be easily met.

THE HONOURABLE SIR ARTHUR McWATTERS: Sir, I hope that I can persuade the House not to accept this amendment. As the Honourable Mover explained, it amounts to a direct rejection of our proposals for the increase of income-tax this year. All through the Honourable the Finance Member's Budget speech and the remarks which I made to this House, we endeavoured to explain to the Legislature how the proposals for taxation should be treated as a whole. They are balanced proposals, and we felt very strongly that when we were asking the country for so much indirect taxation it was only fair and only right that some moderate amount should be met by

[Sir Arthur McWatters.]

direct taxation. It is not only economically sound, it is morally right, and I should very much regret it if this House were to reject the proposals for direct taxation. As regards the necessity for it, I think that has been very fully dealt with. We have argued the question of the under-estimate or over-estimate of our sources of revenue, but I can assure the House that we do not feel that we are asking for more than is necessary to enable us to meet the future with absolute confidence. It is for that reason that I am asking the House to give us all the money we have asked for. During the general discussion on my first motion to-day, the Honourable Sir Maneckji Dadabhoy said some very hard things about the income-tax and he quoted a remark about "roping in the capitalist". But I think if he had considered all the remarks which the Honourable the Finance Member made at different times in connection with income-tax and the manner in which he hoped and proposed to administer it, he would have realized that the Honourable the Finance Member had gone a very long way to assure the commercial and business community that the tax would be administered in a manner so as not to injure commerce and industry. In particular he gave what amounted to a promise that if things went well he would begin from next year with the system of carrying forward business losses, which will mean far more to the business man than the small addition we are making now. I hope therefore that the House will agree with me in not accepting this amendment.

THE HONOURABLE RAO BAHADUR D. LAXMINARAYAN: Sir, I rise to support the amendment moved by my Honourable friend, Rai Bahadur Lala Ram Saran Das. My reason for doing so is that the existing burden itself of income-tax in this country is felt to be so oppressive and heavy, and the method of administering the Act also is so harassing that the least that the Government could do would have been to leave matters as they are. I admit, Sir, that direct taxation of the kind that we are now considering is a recognised method of raising revenue for the use of the State in every civilised country. But the people of those countries have also the means within their power to get the methods of assessment so devised as to cause the least harassment to the people concerned. Here, on the other hand, I could unfold a long tale of the inquisitorial and harassing methods of the Income-tax Department, if the occasion permitted it. This burden, which is now sought to be increased, would have been, perhaps, all right, if the country had a large accumulation of wealth, and had been sufficiently industrialised. But we are only at the threshold of that era, and we are, in addition, passing through a period of depression. This is, however, precisely the time, which Government has chosen to increase the burden. The greatest objection to my mind to any increase is that it turns so much of the country's capital, which might have been turned to productive uses, into unproductive channels. Sir, our people are already wedded to an age-long habit of hoarding whatever tangible wealth they have. The increase of burdens of the kind that we are considering would only accentuate that habit, and lead, in many cases, to the export of capital from the country to other places where the methods of administration are less harassing than they are here. The new class of assessees that Government now proposes to create, namely, of those whose income is between Rs. 15,000 and Rs. 20,000, will lead to the intensification of those inquisitorial and harassing methods of the Department as have already been the subject matter of bitter complaints. The tendency of the Department would hereafter be to bring, by hook or by

crook, incomes which were hitherto below Rs. 15,000, and above Rs. 10,000 up to the former limit, so that the increase might be levied on them. At present, Sir, there are many anomalies in the administration of the tax, which ought to be set right, and redressed before the people can be asked to agree to the continuance of the present burden, or any increase thereof. The distinction between earned and unearned incomes is not kept in view, and no abatement in the case of the latter is often allowed. There is further the reform in the direction of quinquennial assessments, instead of annual ones, which have been suggested as a measure of relief from the present harassments to which assessees are subjected year after year. They will, under this latter system, be saved at least the bother and persecution of attendance at Income-tax offices with cart-loads of account books, for forty hearings, only to be told at the end that the Department was right, and the assessee might go to Jericho for all the trouble he took to prove his case for reduction or a fairer assessment. Sir, the present methods of assessment must be drastically revised as early as possible. My argument at the present moment, speaking as I am on this amendment, is that the least you can do is to leave matters as they are. I am, Sir, opposed to any further increase for the reasons that I have mentioned.

THE HONOURABLE SIR MANECKJI DADABHOY: Sir, I do not desire to repeat my arguments or to take up the time of this Council, but I feel constrained to answer one argument of the Honourable the Finance Secretary, namely, that when Government thought it their duty to raise such large sums of money by indirect taxation, they were obliged or rather they were led by the dictate of conscience to come to the conclusion that they should also raise some money by direct taxation. I have been too long in this House to know something of the Government conscience or to be deceived by such platitudes. I know Government have a very elastic conscience.

THE HONOURABLE MR. P. C. DESIKACHARI: Have they any conscience?

THE HONOURABLE SIR MANECKJI DADABHOY: For years together we, the representatives of the industries in this Council, have been protesting, clamouring, requesting the Government to be just and fair and equitable in the matter of permitting us to carry over business losses incurred in one year against the profits of the subsequent year. Where was the conscience of Government in refusing that most reasonable, just and equitable request of the people in this country? You have for years mulcted us; you tell us to "pay heavily" when we have made terrible losses in our business. You had no conscience then to tell us that "you have made these losses, we will spare you and will not ask you to pay taxes, and we will allow you to carry your losses to next year". It is a very very easy thing for Government to fall back upon their conscience. My experience in all matters of this kind is that I find neither a fixed system, nor reason, nor judgment. Each Finance Member follows his special idiosyncracies. He is guided by his own policy in recommending his proposals to the Government of India; and it depends on the person who is the Finance Member for the time being. I therefore say that the Finance Department of the Government of India will not make a bogey of conscience when the just and equitable representations of the people are concerned.

THE HONOURABLE THE PRESIDENT: The original question was:

"That Schedule III be a Schedule to the Bill."

[The President.]

Since which the following amendment has been moved :

" That for Part 1A of Schedule III to the Bill the following be substituted, namely :

' PART I.

Rates of Income-tax.

(A) In the case of every individual, Hindu undivided family, unregistered firm and other associations of individuals not being a registered firm or company—

(1) When the total income is less than Rs. 2,000 . . .	*Nil.*
(2) When the total income is Rs. 2,000 or upwards but is less than Rs. 5,000	Five pies in the rupee.
(3) When the total income is Rs. 5,000 or upwards but is less than Rs. 10,000	Six pies in the rupee.
(4) When the total income is Rs. 10,000 or upwards but is less than Rs. 20,000	Nine pies in the rupee.
(5) When the total income is Rs. 20,000 or upwards but is less than Rs. 30,000	One anna in the rupee.
(6) When the total income is Rs. 30,000 or upwards but i less than Rs. 40,000	One anna and three pies in the rupee.
(7) When the total income is Rs. 40,000 or upwards . .	One anna and six pies in the rupee.
(B) In the case of every company and registered firm whatever its total income	One anna and six pies in the rupee'. "

The question is that that amendment be made.

The Council divided.

THE HONOURABLE THE PRESIDENT (during the progress of the Division to the Honourable Mr. P. C. Desika Chari) : Will the Honourable Member kindly rise in his seat ? He is perfectly well aware of the Rule of the House and should not need to be reminded of it.

AYES- -14.

Akbar Khan, The Honourable Major Nawab Mahomed.
Ayyar, The Honourable Dewan Bahadur T. R. Ramachandra.
Desika Chari, The Honourable Mr. P. C.
Froom, The Honourable Sir Arthur.
Ghose Maulik, The Honourable Mr. S. C.
Jaffer, The Honourable Sir Ebrahim Haroon.
Khaparde, The Honourable Mr. G. S.
Laxminarayan, The Honourable Rao Bahadur D.
Nirmal Kumar, The Honourable Mr.
Pakrashi, The Honourable Mr. Suresh Chandra.
Ram Saran Das, The Honourable Rai Bahadur Lala.
Sinha, The Honourable Kumar Nripendra Narayan.
Surput Sing, The Honourable Mr.
Uberoi, The Honourable Sardar Bahadur Shivdev Singh.

NOES—22.

Abdul Majid Khan, The Honourable Khan Sahib Khwaja Muhammad.
Charanjit Singh, The Honourable Sardar.
Chettiyar, The Honourable Dewan Bahadur K. Sundaram.
Commander-in-Chief, His Excellency the.
Coyajee, The Honourable Sir Jahangir Cooverjee.
Dadabhoy, The Honourable Sir Maneckji.
Dudhoria, The Honourable Raja Bijoy Sing.
Graham, The Honourable Sir Lancelot.
Habibullah, The Honourable Khan Bahadur Sir Muhammad.
Macmillan, The Honourable Mr. A. M.
Maqbul Husain, The Honourable Khan Bahadur Sheikh.
McWatters, The Honourable Sir Arthur.
Megaw, The Honourable Major-General J. W. D.
Mehr Shah, The Honourable Nawab Sahibzada Saiyed Mohamad.
Middleton, The Honourable Mr. A. P.
Natesan, The Honourable Mr. G. A.
Shillidy, The Honourable Mr. J. A.
Suhrawardy, The Honourable Mr. Mahmood.
Thompson, The Honourable Sir John.
Upton, The Honourable Mr. T. E. T.
Woodhead, The Honourable Mr. J. A.
Yahya, The Honourable Khan Bahadur Shah Muhammad.

The motion was negatived.

THE HONOURABLE MR. SURPUT SING : Sir, my last amendment refers to the fixation of a graduated scale of income-tax and super-tax for every class of assessee, whether an individual, a Hindu undivided family, a registered or unregistered firm or company, or other association of individuals.

My contention is that companies should not be governed by a special rate of taxation both in the case of income-tax and super-tax but should in all fairness come under the graduated scale of taxation which governs every other assessee. I do not pretend to be an expert, but so far as I have been able to look into this question, I am constrained to think that the maximum rate of taxation in the matter of income-tax, leviable on companies stands seriously in the way of the development of all indigenous companies and registered firms with small incomes and proves ruinous to them in the end, while the lowest rate of super-tax leviable on companies puts a premium on foreign firms and companies for which there can absolutely be no justification. I do not see what special reasons there may be for this differential treatment to a class of assessees who can very well stand the standard rate of taxation, imposed on every other assessee. To my mind the standardisation of the rates of income-tax and super-tax for all classes of assessees far from being a set-back to the expansion of revenue will undoubtedly prove to be a source of considerable addition to the Exchequer. If there is a deficit the Government must not in all equity and fairness think of replenishing their Treasury by depriving the poor of their sauce from their daily morsel of bread but must make up their mind once for all to tap the sources that can open to them new avenues of revenue to make good all their deficits. I do not think any further elucidation of the point is needed. We know how "unemployment" is staring the whole nation in the face ; and the only way the Government can reasonably solve the problem is to encourage the infant industries which have sprung up all over the country and to lend their helping hand to the rising generation in their life and death struggle for a combined commercial existence among themselves. This is not only calculated to allay the present troubled political situation in the country but will also prove to be an unfailing panacea for the economic troubles the people are suffering from. To nip these nascent institutions in the bud by subjecting them to the maximum rate of taxation in the shape of income-tax will, to say the least, be the greatest political blunder in the present nebulous state of the country. It is not by stifling this new-born industrial and commercial tremor in the country but by encouraging these industrial enterprises in the way of relieving them of the burden of taxation that we can hope to divert the energies of Young India to a safer and more peaceful channel of activities. I have therefore not the slightest hesitation in urging the Government to consider the paramount necessity of equalising the rates of taxation for all classes of assessees,—preferably on the basis of average income for three years, as has been the rule in England.

I move, therefore :

"That the following be substituted for Schedule III to the Bill, namely :

'PART I.

Rates of Income-tax.

In the case of every individual, Hindu undivided family, registered or unregistered firm or company and other association of individuals—

	Rate.
(1) When the total income is less than Rs. 2,000 . . .	*Nil.*
(2) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000	Five pies in the rupee.

[Mr. Surput Sing.]

	Rate.
(3) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000	Six pies in the rupee.
(4) When the total income is Rs. 10,000 or upwards, but is less than Rs. 15,000	Nine pies in the rupee.
(5) When the total income is Rs. 15,000 or upwards, but is less than Rs. 20,000	Ten pies in the rupee.
(6) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000	One anna and one pie in the rupee.
(7) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000	One anna and four pies in the rupee.
(8) When the total income is Rs. 40,000 or upwards	One anna and seven pies in the rupee.

PART II.

Rates of Super-tax.

In respect of the excess over fifty thousand rupees of total income—

I. (*a*) in the case of every Hindu undivided family :	
(*i*) in respect of the first twenty-five thousand rupees of the excess	*Nil.*
(*ii*) for every rupee of the next twenty-five thousand rupees of such excess	One anna and one pie in the rupee.
(*b*) in the case of every individual, registered or unregistered firm or company and other association of individuals, for every rupee of the first fifty thousand rupees of such excess	One anna and one pie in the rupee.
(*c*) in the case of every individual, Hindu undivided family, registered or unregistered firm or company and other association of individuals :	
(*i*) for every rupee of the second fifty thousand rupees of of such excess	One anna and seven pies in the rupee.
(*ii*) for every rupee of the next fifty thousand rupees of such excess	Two annas and one pie in the rupee.
(*iii*) for every rupee of the next fifty thousand rupees of such excess	Two annas and seven pies in the rupee.
(*iv*) for every rupee of the next fifty thousand rupees of such excess	Three annas and one pie in the rupee.
(*v*) for every rupee of the next fifty thousand rupees of such excess	Three annas and seven pies in the rupee.
(*vi*) for every rupee of the next fifty thousand rupees of such excess	Four annas and one pie in the rupee.
(*vii*) for every rupee of the next fifty thousand rupees of such excess	Four annas and seven pies in the rupee.
(*viii*) for every rupee of the next fifty thousand rupees of such excess	Five annas and one pie in the rupee.
(*ix*) for every rupee of the next fifty thousand rupees of such excess	Five annas and seven pies in the rupee.
(*x*) for every rupee of the remainder of the excess	Six annas and one pie in the rupee ".[2]

THE HONOURABLE SIR ARTHUR McWATTERS: Sir, I have listened with some interest to the Honourable Member's explanation of this amendment and I am not sure whether the House clearly recognises what this amendment purports to do. I am perfectly certain that the Honourable Mover does not understand what its effect is.

In the first place, let us take the change suggested in the rates of income-tax. The Honourable Mover proposes to abolish the flat rate of income-tax on companies and registered firms. But the object of that flat rate is simply and solely in order to enable us readily to give refunds. The flat rate is charged and then a shareholder of the company is entitled to get a refund corresponding to his personal rate of income. To do away with the flat rate would be to make it necessary for every company to be assessed at the rate appropriate to it; it would complicate the grant of refunds and in some instances would require the levy of additional tax from the shareholder whenever his personal rate was higher than the rate at which the company was assessed; it would introduce complete chaos into the administration of the Income-tax Department. The delays complained of at present would be nothing to the complaints which we should receive under the system suggested, and at the end the individual tax payer would be left exactly where he is now.

As regards the second proposal with regard to super-tax which is that companies should be charged at the graded rates, I wonder what my Honourable friends Sir Maneckji Dadabhoy and Sir Arthur Froom have to say to that proposal. I would like to point out with regard to the suggestion about registered firms, that registered firms are not liable to super-tax at all. But as regards companies the net result would be that unless you amend the income-tax law so as to grant refunds of super-tax, which is not suggested, the result would be that a shareholder in a company would indirectly be paying super-tax on his income from dividends based on the profits of the company and irrespective entirely of his personal ability to pay. For instance, a man might get a dividend of, say, a hundred rupees from a company which would be liable to super-tax at the maximum rate. It would mean that he would in effect be paying super-tax on his hundred rupees at the maximum rate, and if there was a big shareholder who had a large share in the company he might be paying not only the maximum rate himself but also indirectly through the company as well as being charged to income-tax, so that he might be paying as much as 50 per cent. or more of his income in income-tax and super-tax. Moreover, if refunds were allowed, the result would merely be that we shall be levying immense sums in super-tax solely for the pleasure of paying them back again, since few shareholders would be liable to super-tax, and in the end, as before, the individual shareholder would be left exactly where he is now. I think that is enough to show that this proposal is not one which has been seriously worked out.

Sir, I oppose it.

THE HONOURABLE THE PRESIDENT: The original question was:

"That Schedule III be a Schedule to the Bill."

Since which the following amendment has been moved:

"That the following be substituted for Schedule III to the Bill, namely:

'PART I.

Rates of Income-tax.

In the case of every individual, Hindu undivided family, registered or unregistered firm or company and other association of individuals—

	Rate.
(1) When the total income is less than Rs. 2,000 . .	*Nil.*

[The President.]

	Rate.
(2) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000	Five pies in the rupee.
(3) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000	Six pies in the rupee.
(4) When the total income is Rs. 10,000 or upwards, but is less than Rs. 15,000	Nine pies in the rupee.
(5) When the total income is Rs. 15,000 or upwards, but is less than Rs. 20,000	Ten pies in the rupee.
(6) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000	One anna and one pie in the rupee.
(7) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000	One anna and four pies in the rupee
(8) When the total income is Rs. 40,000 or upwards	One anna and seven pies in the rupee.

PART II.

Rates of Super-tax.

In respect of the excess over fifty thousand rupees of total income—

I. (*a*) in the case of every Hindu undivided family—	
(*i*) in respect of the first twenty-five thousand rupees of the excess	*Nil.*
(*ii*) for every rupee of the next twenty-five thousand rupees of such excess	One anna and one pie in the rupee.
(*b*) in the case of every individual, registered or unregistered firm or company and other association of individuals, for every rupee of the first fifty thousand rupees of such excess	One anna and one pie in the rupee.
(*c*) in the case of every individual, Hindu undivided family, registered or unregistered firm or company and other association of individuals—	
(*i*) for every rupee of the second fifty thousand rupees of such excess	One anna and seven pies in the rupee.
(*ii*) for every rupee of the next fifty thousand rupees of such excess	Two annas and one pie in the rupee.
(*iii*) for every rupee of the next fifty thousand rupees of such excess	Two annas and seven pies in the rupee.
(*iv*) for every rupee of the next fifty thousand rupees of such excess	Three annas and one pie in the rupee.
(*v*) for every rupee of the next fifty thousand rupees of such excess	Three annas and seven pies in the rupee.
(*vi*) for every rupee of the next fifty thousand rupees of such excess	Four annas and one pie in the rupee.
(*vii*) for every rupee of the next fifty thousand rupees of such excess	Four annas and seven pies in the rupee.
(*viii*) for every rupee of the next fifty thousand rupees of such excess	Five annas and one pie in the rupee.
(*ix*) for every rupee of the next fifty thousand rupees of such excess	Five annas and seven pies in the rupee.
(*x*) for every rupee of the remainder of the excess	Six annas and one pie in the rupee '."

The question is that that amendment be made.
The motion was negatived.

THE HONOURABLE THE PRESIDENT : Is the Honourable Member moving his amendment ?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Yes, Sir. Sir, I rise to move the last amendment which stands in my name and which runs as follows :

"That in Part II of Schedule III to the Bill, for entry No. (2) the following be substituted, namely :

'(2) (*a*) in the case of every Hindu undivided family—	
(*i*) In respect of the first twenty-five thousand rupees of the excess	*Nil.*
(*ii*) For every rupee of the next twenty-five thousand rupees of such excess	One anna in the rupee.
(*b*) In the case of every individual, unregistered firm and other association of individuals not being a registered firm or company, for every rupee of the first fifty thousand rupees of such excess	One anna in the rupee.
(*c*) In case of every individual, Hindu undivided family, unregistered firm and other associations of individuals not being a registered firm or company—	
(*i*) For every rupee of the second fifty thousand rupees of such excess	1½ annas in the rupee.
(*ii*) For every rupee of the next fifty thousand rupees of such excess	2 annas in the rupee.
(*iii*) For every rupee of the next fifty thousand rupees of such excess	2½ annas in the rupee.
(*iv*) For every rupee of the next fifty thusand rupees of such excess	3 annas in the rupee.
(*v*) For every rupee of the next fifty thousand rupees of such excess	3½ annas in the rupee.
(*vi*) For every rupee of the next fifty thousand rupees of such excess	4 annas in the rupee.
(*vii*) For every rupee of the next fifty thousand rupees of such excess	4½ annas in the rupee.
(*viii*) For every rupee of the next fifty thousand rupees of such excess	5 annas in the rupee.
(*ix*) For every rupee of the next fifty thousand rupees of such excess	5½ annas in the rupee.
(*x*) For every rupee of the remainder of the excess . .	6 annas in the rupee' ."

This proposal, Sir, relates only to the super-tax and is a matter of the sacrifice on the part of the Government of a paltry sum of only 14 lakhs. This affects the well-to-do classes of India who mostly are not in a way to bear further taxation. The bank rate is an index of the prosperity or poverty of the people, and the high bank rate at the present time, when no harvest is moving, clearly shows that there is a dearth of money and that even the people who pay super-tax are not in a position to find so much money for the trade and industry of the country as they hitherto used to do. These people are a source of strength to the Government and these are the people who can be relied upon in times of trouble or difficulty. I do not think, Sir, it is wise and proper to injure the feelings of these people by increasing their taxes every year. Some people will say that the rich must pay more than the poor, but the cost of living of these people should also be borne in mind. Rich people have to subscribe to many charities and to many public movements to which the other community does not subscribe to that extent.

THE HONOURABLE MR. G. A. NATESAN (Madras: Nominated Non-Official): That is not correct. The others subscribe according to their might.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: That might is not sufficient to keep many things going, and so I think my Honourable friend Mr. Natesan is not right in putting forward that argument.

THE HONOURABLE MR. G. A. NATESAN: Quite correct.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: He is right only so far that some do pay something but not all of them ....

THE HONOURABLE MR. G. A. NATESAN: They very often pay more inproportion than the rich do for charities. I know it myself. I have collected for public institutions, and the poor men, the middle class men, pay much more.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: That may be his opinion, but with due deference to him, I differ. I, Sir, have always been under the impression that super-taxes are levied in times of emergencies. Super-tax on railway freight was also levied at a time of emergency but was withdrawn when that emergency was over. In this House, Sir, if my memory does not fail me, there have been assurances from the Government side that when the time comes, and if time permits ....

THE HONOURABLE MAJOR NAWAB MAHOMED AKBAR KHAN: It was imposed purely as a war measure.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: The super-tax which was imposed as a war measure will be withdrawn.

THE HONOURABLE SIR MANECKJI DADABHOY: It is a case of Government conscience.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: It may be a case of Government conscience, but that conscience now requires to be awakened and I do that duty of awakening the Government in that respect. Government generally will never commit themselves to anything but it is only by inference that we can find out their mind, and the reading which I have given is probably correct. The rich people cannot be called rich now. My Honourable friend Sir Jahangir Coyajee will bear me out when I say that wealth is determined by the saving capacity and not by the amount of money that a man earns. A man who earns a lakh a year and spends over a lakh is poorer than a person who earns Rs. 200 a year and spends Rs. 180.

THE HONOURABLE MR. G. A. NATESAN: You will have to examine the items of his expenditure.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Will he move a Resolution to the effect that an inquiry into that matter be instituted? I think, Sir, that my proposal is a very modest one and it only brings down the rate of super-tax to the rates which were in force last year. I have not asked for any more reduction, because I reserve it for a time when the Budget

is balanced. Then I hope the Government will come forward to take away this super-tax which the people do not consider fair and square at all.

THE HONOURABLE MAJOR NAWAB MAHOMED AKBAR KHAN: Sir, I rise to support my friend the Honourable Rai Bahadur Lala Ram Saran Das in this matter. It is a matter of great regret, Sir, that though it was distinctly said at the time when super-tax was imposed that it was only purely as a war measure and that as soon as we reverted to normal conditions it would be done away with, it is more than eight years now and nothing has been done in the matter of decreasing the super-tax. On the other hand we find that it is increasing every year, and especially this year one pie has been added to the super-tax and assessments are now made on income derived during a year and no allowance is permitted for any kind of expenditure or debit incurred by the assessee in respect of his assessable income, whereas in justice there ought to be adequate provision for the allowance of such expenditure and damages borne by the assessees. Practically the non-allowance of such expenditure is bound to cause an annual decrease in the assessee's income and it will ultimately result—not in the far distant future—in the assessee losing the position of a tax-payer. In the interests of the assessee therefore it is highly imperative that his net actual income should be assessed and the assessment should not be made on the valuation of his property, or his yearly rental income estimated and assessment made on a rental basis. I do not think it can be the intention of Government to impoverish and ruin the tax-payer. Income-tax Officers may kindly be instructed to base their assessment on real facts and figures of the assessee's income, well supported by their account books and not just according to their will and pleasure. Income-tax Officers are generally in the habit of making an exorbitant and unfair assessment because they think that will be a royal road to quick promotion. I hope the Honourable Member in charge of this Bill will see his way to accede to the request contained in the amendment, because it is a very modest request and I do not think it will involve the Government in very heavy loss. I do not think the request by my friend Mr. Ram Saran Das is unreasonable.

5 P.M.

THE HONOURABLE SIR ARTHUR McWATTERS: Sir, I am sorry I am unable to accept this amendment, and my reasons for it are substantially the same as those which I gave just now in dealing with the question of income-tax. We consider that these proposals taken together form part of a balanced scheme of new taxation, and to cut one bit out, even though it is only 14 lakhs, does to some extent disturb the balance, and in this particular case even more so, because it will result in direct taxation falling upon one more or less limited class of assessees, the people of moderate incomes, exempting the people down below—which we intended to do—and exempting the people up above—which we did not intend to do. I think the proposals put up by Government are a good deal fairer than they would be if this amendment were accepted.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: May I ask, if my allegation that the income from fresh taxation is under-estimated turns out to be true, will you be pleased to refund this income-tax?

THE HONOURABLE SIR ARTHUR McWATTERS: I can make no promises nor would I have the power to do that. There was one other point referred to, I think, by both the speakers and that is about the super-tax having been imposed merely as a war tax. I may say that my information is that it was

[Sir Arthur McWatters.]

from the first definitely made clear that the super-tax was not merely a war tax, so on that point my Honourable friend's information is inexact. This is the last amendment before us and I hope that the House will agree to reject it.

THE HONOURABLE THE PRESIDENT: The question is that that *amendment be made.

The motion was negatived.

THE HONOURABLE THE PRESIDENT: The question then is:

"That Schedule III be a Schedule to the Bill."

The motion was adopted.

Schedule III was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

THE HONOURABLE SIR ARTHUR McWATTERS: Sir, I move that the Bill, as passed by the Legislative Assembly, be passed.

THE HONOURABLE SIR ARTHUR FROOM (Bombay Chamber of Commerce): Sir, at this late hour I will not detain the Council more than a few minutes. I have refrained from speaking to-day during the consideration of this Bill because I spoke at some length when we had a general discussion on the Budget, and the views I expressed then I still hold to-day. One of the views I gave expression to then was about income-tax. I gave a warning about income-tax. Now my warning did not in any way emanate from any personal considerations, as some Members of this Council seem to think because whenever the word "income-tax" is mentioned my name is usually mentioned too,—they flatter me much more than I am entitled to—but it is the example we have of what has happened in my own country, in England. The income-tax there is oppressive. It places a great restriction on trade; unemployment follows, and I have quoted this as a warning to the Finance Department here that they should not follow the example of Great Britain in the matter of income-tax. I am not suggesting that they emulated Great Britain's example to the full at present, but my warning is that they should take into consideration the state of affairs brought about in Great Britain by the oppressive taxation in that country at the present day.

There was another matter I mentioned when speaking on the general Budget discussion and that was the Company tax. So far as I recollect, the Honourable the Finance Member did not make any reply to what I said about the Company tax in my speech during the Budget discussion. We have an assurance that where the Company tax occurs twice, *i.e.*, double taxation, the matter will be looked into next year. For that we are very grateful, but I would like to remind the Finance Department that the Honourable Sir Basil Blackett on more occasions than one said he would see about doing away with the Company tax as soon as he was able to do so. Of course the remission of provincial contributions interfered a good deal with his plans in that respect. Company tax, I would remind the Honourable Members of this

* *Vide* page 559 of these proceedings.

House, is not a personal tax. It is a tax on trade, enterprise and development, and the sooner it is dropped the better. They had a similar sort of tax in England. It lasted for a very brief time, and I should like some assurance from the Honourable the Finance Secretary that this tax will not be lost sight of by his Department. By not lost sight of, I mean that it should be reduced or done away with at the earliest possible moment.

Now, before I sit down I should like to congratulate the Honourable Sir Arthur McWatters on the way he has piloted this Bill through the House to-day. Sir Arthur McWatters' ability as a debater is recognised by us all; in fact his quiet persuasive manner may, some time perhaps, lead my Honourable friend Sir Maneckji Dadabhoy to think that income-tax is not so bad after all. (Laughter). I congratulate him most heartily on the passing of this Bill, and in the passing of the Bill I would like to repeat what I said during the general discussion of the Budget, that I support the action of the Honourable the Finance Member in balancing the Budget. I think he was entirely right to balance his Budget this year.

THE HONOURABLE MR. SURPUT SING: Sir, the cant reception that has been accorded to my most reasonable requests made in the form of amendments to the Indian Finance Bill of 1930 impels me to oppose the Bill altogether at this stage. The duty on silver, I fain believe, brings no relief to the Indian masses who have from long cried themselves hoarse over the silver policy of the Government. My idea is that the present duty has been introduced only with a view to lull for the time being the sore public feeling on the subject. Formed as the provision is without sufficient imagination, a good deal of loophole has been left for a lot of silver to flow in in other shapes. The duty on silver will afford little or no relief to the people unless and until the currency and exchange are so modified as to appeal to the interests of the Indian public.

The tax on such a necessary of life as salt has ever been considered an unpopular measure. It is true that people have cheerfully subjected themselves to this imposition from time to time, but that was just to enable the Government to tide over extreme financial difficulties. But the odiousness of this indirect taxation has ever been present. What the people find now to their great disappointment is that the tax once levied does not propose to go altogether; the rate is only sometimes increasing and sometimes decreasing. The time has now come when the iniquity of that taxation is being felt more than ever and people are found determined to have it scrapped wholesale.

The import duty on sugar may promise a little stimulus to the existing waning local industry but the relief has come too late. The grace of the relief afforded is gone. Besides the duty is calculated to fall heavily upon the helpless consumers. This duty if it was directed to a couple of other import commodities would have afforded real protection to a couple of local industries without prejudicing the interests of consumers.

The revision of Postage and Stamp rates has been fervently looked for by the people all these years after the Great War. While other countries so hard hit by the war are under popular pressure restoring their old rates, our Government still persists in the enhanced rates to the great displeasure of the people. The popularity of a cheap postage system has disappeared so far as our country is concerned, and poverty-stricken as the masses are, they fight shy of the increased rates as far as possible.

[Mr. Surput Sing.]

The present Income-tax and Super-tax scales hide a number of sins. Some of the rates are thought to be unfair and unjust. Some are on the face of them quite unjustifiable. In a period of abnormal trade depression and extreme financial stringency all over the country, the Government would have acted quite prudently if they had attempted some revision of the existing rates in order to bring home some amount of relief to small and poor undivided families and firms and companies with modest incomes. The absence of any such desire on the part of the Government has brought great odium and apathy on them.

There has been, I cannot help saying, extreme lack of imagination and initiative on the part of the financial adjusters of the Government in seeking ways and means to make up the apprehended deficiency of the coming year. None in the Indian Legislature, who is responsible in any way to his constituency, can for a moment approve of the methods sought to be adopted by the financial advisers of the Government to raise the revenue proposed to make up the deficit.

THE HONOURABLE THE PRESIDENT: The question is:

"That the Bill further to amend the Sea Customs Act, 1878, to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to fix rates of income-tax, to vary the excise duty on kerosene leviable under the Indian Finance Act, 1922, and further to amend the Indian Paper Currency Act, 1923, and the Indian Finance Act, 1926, as passed by the Legislative Assembly, be passed.

The motion was adopted.

VALEDICTORY SPEECHES IN CONNECTION WITH THE IMPENDING RETIREMENT OF THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH.

THE HONOURABLE THE PRESIDENT: Before I adjourn the House, I feel I must refer to one impending event that is of some moment to the Council. Before we meet again in all probability, our present Leader of the House, Sir Muhammad Habibullah, will have vacated the high office which he has held for over five years. He will also have vacated the seat in this House in which he has sat for some years. I mention this, because I think some Honourable Members of this House would like an opportunity to give expression to their feelings of admiration for Sir Muhammad Habibullah and to send him on his way with their good wishes. (Applause.) For my part—I am sure the House can testify fully to this fact—I can say that ever since Sir Muhammad came to this House as Leader there has been nothing but the closest co-operation, there has never been the slightest sign of friction between the Leader of the House on the one hand and the Chair on the other, and so far as I am aware never has there been anything but the most cordial relations between Sir Muhammad on the one side as Leader and the non-official section of the House on the other. (Applause.) I, on behalf of the Council, and on my own behalf, wish Sir Muhammad all happiness and prosperity in his retirement.

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces: Nominated Non-Official): Sir, on behalf of the non-official Members of this Council and on behalf of myself, I whole-heartedly associate myself with the

very pregnant remarks which have fallen from you, Sir. In Sir Muhammad Habibullah we have found during the last five years a Leader of rare ability, courage, tact, and sound judgment and he has shown always very great courtesy towards non-official Members of this House even when they have differed from him on most material questions. (Applause.) He has always been ready and willing to extend his advice to us on many important occasions when we sought his advice and resorted to him. He has worked in perfect harmony with the non-official Members of this Council. There has been, to my knowledge, no friction but constant co-operation, as you have remarked, Sir, between him and us. We have learnt to value his industry, his courtesy and his ability, and I can only say on behalf of my colleagues here that we shall very seriously miss him in this House.

THE HONOURABLE SIR EBRAHIM HAROON JAFFER (Bombay Presidency: Muhammadan): Sir, I desire to associate myself and my colleagues whole-heartedly with the expression of regret just voiced by you. I can say without any hesitation that as the Leader of this House Sir Muhammad Habibullah conducted his duties most admirably. I may further say that his tact, judgment and vast experience have proved of immense help to this Council and to the Government. He has endeared himself to everyone of us and we shall certainly miss him very much. I am sure he will give the benefit of his vast experience of the internal administration of India to the country. If I enumerate all the services he has rendered to his motherland, including those in South Africa and as the first Indian Leader with the Indian Delegation to the League of Nations, it will take a very long time. I may only say this that the Mussalmans of the Bombay Presidency owe him a deep debt of gratitude, when, as the Education Member, he came from Simla down to Poona at a great personal sacrifice to open the 12th Session of the Bombay Presidency Muslim Educational Conference three years ago. His visit gave a great impetus to the Muslim education there. With these words, Sir, we bid him a cordial farewell and wish him long life, happiness and every prosperity in his retirement.

*THE HONOURABLE MR. G. A. NATESAN (Madras: Nominated Non-Official): Sir, I had no idea that this subject would be brought up to-day, and I feel specially thankful for the opportunity given to me to say a word of farewell to the Honourable Sir Muhammad Habibullah, the Leader of this House. Having had the privilege of enjoying his personal friendship for over a quarter of a century and having watched his career in all its aspects, I feel proud to say that it is a triumph, and a remarkable triumph, of the career of a self-made man. Offices have come to him unsought and I wish you, Sir, I, and several others were in a position to state that of many others. Upright in his private and in his public career, placing always the country and duty to his Sovereign as the foremost of his duties, I think he has earned the gratitude not only of several of us but of the Government which he has served so loyally and faithfully. More than anything else, having occupied the highest office open to an Indian in this country, having had the privilege of serving as an ambassador on behalf of our Government and performed, if I may say so, almost miracles in solving what was considered a most difficult and insoluble problem in South Africa, he has earned the thanks not only of this country but of vast numbers of my countrymen who are in South Africa and I may add of the British Empire as well. For whoever labours in the cause of promoting

*Speech not corrected by the Honourable Member.

[Mr. G. A. Natesan.]

cordiality, peace and goodwill between the two communities is rendering perhaps the greatest service at this time when we are passing through a critical and anxious period in British and Indian relations.

THE HONOURABLE SIR ARTHUR FROOM (Bombay Chamber of Commerce): Sir, on behalf of the non-official Europeans of this Council I should like to associate myself with the remarks which have just been made on the impending retirement of our Leader, Sir Muhammad Habibullah. At this late hour I am sure Sir Muhammad will excuse my not speaking at any length; we in the Council of State are not in strict training for an all-day sitting! In all our discussions in this Council and outside it we have always found Sir Muhammad most pleasant and courteous and of course it is not in any way his fault that he has not been able to give us more to do here. We shall miss him very greatly and I think I can say little more than that. I believe Sir Muhammad comes from the province of Madras. It is not a province I know very well. My small acquaintanceship with it leaves an impression that is rather warm with the exception of two or three most extraordinarily pleasant hill stations like Ootacamund, Kodaikanal and Coonoor. I do not know whether Sir Muhammad intends to retire to Madras, but if he does, whether he retires in the warmth of the plains or in the coolth of the hills, I feel sure that he will not sit down and do nothing for a very great length of time. We shall see him in some other great activities of life and whatever those activities may be we wish him the greatest success, good health and long life and prosperity.

*THE HONOURABLE SARDAR CHARANJIT SINGH (Punjab: Nominated Non-Official): Sir, I should like to associate myself with everything that has been said about the Honourable Sir Muhammad Habibullah. He has been Leader of this House for nearly five years and we have been profoundly impressed with the great tact and statesmanship he has displayed in the discharge of his duties, and I think I shall be voicing the feelings of all the non-official Members of this House when I say that we deeply appreciate the unfailing courtesy and consideration which Sir Muhammad has shown to one and all of us during all these five years. We shall miss him very much and I hope Sir Muhammad will come back to this Council as a non-official, and I am sure he will be welcomed by all. I wish him all good luck and happiness in the future.

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH (Education, Health and Lands Member): Sir, at the fag end of an unusually long day I shall not add to the inconvenience and discomforts of my Honourable friends by detaining them for any length of time. I will merely say this much—it is difficult not to be moved by the feelings of goodwill and genuine appreciation of my humble services, to which reference has been made so profusely by those Honourable friends of mine who have spoken on this occasion. My embarrassment, Sir, is considerably enhanced when I reflect in my mind that this, alas! will be the last occasion when I shall have the honour and the privilege of being associated with colleagues who all the five years of my life here have been everything that a good friend can be.

I cannot at all claim for myself any of those rare virtues of leadership for which I have been given credit. I am aware of one truism. The success of a leader depends upon the nature of the team that he leads. Not only in this House but even outside on two other occasions, it has been my good fortune to be the leader of teams better than which human conception cannot imagine.

*Speech not corrected by the Honourable Member.

I have received uniform kindness and courtesy. May I venture to say that I have also received loyalty from my colleagues ? They have shown to me a depth of kindness and consideration and affection which even gratitude cannot repay. I have always believed, Sir, during the 40 years of my public life, that for any little success that man may hope to achieve in the cause of his motherland he should raise the edifice of that hope on the strong and unshaken foundation of the goodwill of all the communities inhabiting this great land. During the last 40 years I have never experienced any difference of cordiality towards me either from my English friends or from my Hindu friends or from my Moslem friends. All have been equally good and equally kind to me, and if at all I occupy the place that I do to-day, I unhesitatingly assert and affirm that it was that goodwill which has seen me in this exalted position. I do not know how to repay that debt of gratitude which I owe to everyone. I shall be retiring, Sir, in the course of the next few days but I can assure my Honourable friends in this House and indeed everyone of my friends outside this House that I carry with me the conviction that, although I shall not have the good fortune to be associated with them in their future activities, I certainly carry with me that much cherished treasure, namely, their goodwill. I am not so sure in my mind, as some of my friends appear to be, whether I shall utilise my retirement in any other walk of life. My present intention is to enjoy what I call effective retirement. If, however, the demands of the country at any time are such that even a superannuated man like myself should pull himself out of his retirement and lend the weight of his experience to the solution of any problem which is immediately concerned with the advancement of his motherland, I can assure my friends that I shall not shirk my responsibility. The days ahead of us are indeed rather alarming. There are however hopes that my countrymen will take the fullest advantage of the opportunities that are now being offered to them and, realizing that they are the architects of the destinies of the India of the future, behave themselves in such a manner as to redound to the credit of their motherland. Sir, I feel I cannot speak more as I am now overpowered by feelings. Let me, before I resume my seat, again thank all the Honourable Members of this House for having given me the opportunity of conducting the Leadership of this House in a manner which they are so good to appreciate and which they have given public expression to on the floor of this House.

THE HONOURABLE THE PRESIDENT : There is, I understand, some reason to hope that before Monday's sitting is concluded in another place another Bill may have been passed with which the Council will have to deal, but in adjourning the Council till Tuesday I would ask Honourable Members to be ready, if necessary, to obey an urgent summons to attend a meeting earlier in case there is business to be dealt with earlier. On that understanding I adjourn the Council till Tuesday, the 1st of April, at 11 o'clock in the morning.

The Council then adjourned till Eleven of the Clock on Tuesday, the 1st April, 1930.

COUNCIL OF STATE.

Tuesday, 1st April, 1930.

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

The Honourable Mr. James Macdonald Dunnett, C.I.E. (Home Department : Nominated Official).

QUESTIONS AND ANSWERS.

INVESTIGATION OF FLOODS IN THE PROVINCES OF BIHAR AND ORISSA AND BENGAL.

116. THE HONOURABLE MR. SURPUT SING : Will Government be pleased to refer to their reply to question No. 3 of the Honourable Mr. Kumar Sankar Ray Chaudhury on pages 2 and 3 of the Council of State Proceedings for September 16th, 1929, and to state :

(*a*) what was the result of the deputation of the Consulting Engineer to the Government of India to the Provinces of Bihar and Orissa and Bengal for the investigation of floods ;

(*b*) what measures, if any, have been taken on the suggestions made by the Consulting Engineer ?

THE HONOURABLE MR. J. A. SHILLIDY : The deputation of the Consulting Engineer was for the purpose of serving on an expert Committee in Bihar and Orissa. The Committee submitted its report in August 1928, and it is for the Local Government to decide what action should be taken on the report. The Consulting Engineer has also been serving on a Committee which was set up by the Government of Bengal in January last to examine and report on the organisation of the Irrigation Department in Bengal. The Government of India have received no information as yet that the Committee has submitted its report.

BENGAL AND NORTH-WESTERN RAILWAY TRAIN SERVICES BETWEEN BHAPTIAHI AND BHAGALPORE GHAT.

117. THE HONOURABLE MR. SURPUT SING : (*a*) Are most of the Bengal and North-Western Railway train services between Bhaptiahi and Bhagalpore Ghat made to halt at Monsi and Thana Bihpore railway stations from one to two hours with the result that they arrive at Bhagalpore half an hour or thereabouts after the departure of the East Indian Railway trains (Up and Down) especially Nos. 42 Down and 44 Down for Howrah ?

(*b*) If the reply to (*a*) be in the affirmative, are Government prepared to issue necessary instructions to the Bengal and North-Western Railway

authorities either to discontinue the halt or to accelerate the train services of the Bengal and North-Western Railway on the section referred to above in order to maintain connection with the East Indian Railway trains at Bhagalpore, both Up and Down ?

THE HONOURABLE MR. J. A. WOODHEAD : (*a*) and (*b*). I am afraid that Government cannot take part in the preparation of time-tables, but a copy of this question and answer will be sent to the Agent of the Bengal and North-Western Railway.

SUPPLY OF PURE DRINKING WATER ON THE BENGAL AND NORTH-WESTERN RAILWAY TRAIN SERVICE BETWEEN BHAPTIAHI AND MAHADEVAPUR GHAT.

118. THE HONOURABLE MR. SURPUT SING : (*a*) Is there a satisfactory arrangement for the supply of pure drinking water on the Bengal and North-Western Railway train service between Bhaptiahi and Mahadevapur Ghat ?

(*b*) Does cholera break out in epidemic form year after year in villages served by the aforesaid train services or those near about them ?

(*c*) Are Government prepared in the interest of public health and safety to issue necessary instructions to the Bengal and North-Western Railway authorities to effect an improvement on the aforesaid section of their Railway in the matter of the supply of pure drinking water to the travelling public ?

THE HONOURABLE MR. J. A. WOODHEAD : (*a*) The Agent of the Bengal and North-Western Railway has reported that drinking water is not carried on trains on that Railway as it has been found that the supply of drinking water to passengers can be arranged more satisfactorily by water-men posted at selected stations.

(*b*) I understand that the districts of Bhagalpur and Monghyr, which are served by the trains between Bhaptiahi and Mahadevapur Ghat, are liable to be severely affected by cholera.

(*c*) I will have enquiries made from the Agent, Bengal and North-Western Railway, as to the source and quality of the drinking water supplied to passengers at stations between Bhaptiahi and Mahadevapur Ghat and will communicate with the Honourable Member later.

QUANTITY OF SILVER PRODUCED IN INDIA.

119. THE HONOURABLE MR. SURPUT SING : Will Government be pleased to state :

(*i*) the total output of silver produced in 1928-29 in each mine in India, including Burma ;

(*ii*) whether the proposed duty of 4 annas per ounce on silver, if passed by the Indian Legislature, will be leviable on the output from the above mines which is consumed in India, including Burma ;

(*iii*) how many of these mines are let to Indian firms and how many to European firms ?

THE HONOURABLE SIR ARTHUR MCWATTERS : (*i*) The attention of the Honourable Member is invited to page 329 of the article on the Mineral Production of India, 1928, published in the Records of the Geological Survey

of India, 1929 (Vol. LXII, Part 3), which shows that the quantity of silver produced in India during the year 1928 was as follows :

	ozs.
(1) Bawdwin Mine, Northern Shan States, Burma .	7,404,728
(2) Kolar Gold Mines, Mysore	21,082

In previous years there was a small production at Anantapur in Madras, though there was none in 1928.

(*ii*) The duty will be leviable on silver produced in British India, which includes the Northern Shan States but excludes Mysore, and not exported to foreign countries. No distinction therefore will be drawn between consumers in Burma and in other parts of British India.

(*iii*) The Bawdwin Mine is worked by the Burma Corporation, Ltd., which is a company registered in India with rupee capital. Government have no information regarding the companies winning silver in the Mysore State.

STATION CONTRACT AT KIRKEE.

120. THE HONOURABLE MAJOR NAWAB MAHOMED AKBAR KHAN (on behalf of the Honourable Sir Ebrahim Haroon Jaffer) : Will Government be pleased to state :

(*a*) whether they received any communication in December last from the General Officer Commanding-in-Chief, Southern Command, for their sanction to enter into a Station Contract at Kirkee ?

(*b*) what reply, if any, was given by them ?

(*c*) whether they will place on the table copies of the communication and the reply ?

(*d*) who was the Army contractor with whom the contract was recommended ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : (*a*) Yes.

(*b*) The proposal was not sanctioned.

(*c*) No.

(*d*) The name of the contractor does not affect the question in any way and I am not prepared to disclose it.

CLAIMS AGAINST THE OFFICERS' MESS OF THE 7TH HARIANA LANCERS.

121. THE HONOURABLE MAJOR NAWAB MAHOMED AKBAR KHAN (on behalf of the Honourable Sir Ebrahim Haroon Jaffer) : Will Government be pleased to state :

(*a*) whether the late 6th King Edward's Own Cavalry and the 7th Hariana Lancers were amalgamated in 1921 and named as the 18th King Edward's Own Cavalry ?

(*b*) whether they will place the order for such amalgamation on the table ?

(*c*) whether the Secretary of State has ruled that a claim against an Officers' Mess is not a lawful charge upon the public revenues ?

(*d*) what provisions have been made by Government to pay compensation to the creditors of this mess in view of the fact that, owing *to the order of amalgamation* by Government, the Officers' Mess of the 7th Hariana Lancers no longer exists ?

(*e*) whether they have refused to pay a decree of the Civil Court in their letter No. A. 42381/1 (A. G. 13), Government of India, Army Department, dated 16th April, 1927 ?

(*f*) their reasons for the refusal ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: (*a*) and (*c*). Yes.

(*b*) No. The orders contain a great deal of matter that is confidential.

(*d*) Government are not responsible for claims arising out of private accounts against regimental messes.

(*e*) Yes.

(*f*) Because the claims were in respect of articles supplied on private accounts and not for the public service.

CLAIMS AGAINST THE 2ND BATTALION, 96TH INFANTRY, DISBANDED IN 1922.

122. THE HONOURABLE MAJOR NAWAB MAHOMED AKBAR KHAN (on behalf of the Honourable Sir Ebrahim Haroon Jaffer): Will Government be pleased to state:

(*a*) whether the 2nd Battalion, 96th Infantry, was disbanded in 1922?

(*b*) what provision was made to save the public from loss in respect of their claims against the mess and other institutes of this regiment?

(*c*) whether any notice was issued to the public to recover their claims before action was taken as mentioned in (*a*)?

(*d*) if not, whether they refused to pay claims in their letter No. A. 42381/1 (A. G. 13), dated 16th April, 1927?

(*e*) if the answer to (*d*) is in the affirmative, their reasons therefor?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: (*a*) Yes.

(*b*), (*d*) and (*e*). The Honourable Member is referred to the answers I have just given to parts (*d*) to (*f*) of his previous question.

(*c*) I have no information on this point, but the usual practice is for the Officer Commanding to issue such a notice to the public.

INSTITUTIONS FOR THE EDUCATION OF INDIAN PRINCES AND RAJKUMARS.

123. THE HONOURABLE MR. SURPUT SING: Will Government be pleased to state:

(*i*) the conditions laid down for admission into the Institutions mentioned in the reply to my question No. 93 on the 18th March, 1930;

(*ii*) the standard up to which each of these Institutions teaches;

(*iii*) the number of pupils in each of these Institutions, specifically noting the number which reached the highest standard taught in each of these colleges;

(*iv*) the average expenditure per head of student;

(*v*) if any one other than the sons of Ruling Princes can secure admission in any of these Institutions; if so, on what condition or guarantee;

(*vi*) the teaching staff in each of these colleges—Indians and non-Indians—with their respective salaries?

THE HONOURABLE SIR LANCELOT GRAHAM: The information is being collected and will be supplied to the Honourable Member in due course.

INCOME-TAX REVENUE AND CHARGES FOR ITS COLLECTION BEFORE AND AFTER THE TRANSFER OF THE INCOME-TAX DEPARTMENT FROM PROVINCIAL GOVERNMENTS TO THE CENTRAL GOVERNMENT, ETC.

124. THE HONOURABLE MR. SURPUT SING: Will Government be pleased to state:

(*i*) the comparative figures showing the income-tax revenue, Province by Province, before the transfer of its administration from Provincial Governments to the Central Government and thereafter year by year;

(*ii*) the expenditure incurred in the administration of the Income-tax Department, Province by Province, prior to and after its transfer from the Provincial Governments to the Central Government; and

(*iii*) the system of recruitment of officers that was in force in the Department before its transfer to the Central Government and that in force now?

THE HONOURABLE SIR ARTHUR MCWATTERS: (*i*) and (*ii*). A statement is laid on the table.

(*iii*) Before the work was transferred to the Central Government the work was done with few exceptions by the Revenue Departments of the Local Governments. In order to describe the systems of recruitment to those Departments, it would be necessary to obtain information from the various Local Governments and the Government do not think that the value of the information, when obtained, relating as it does to a state of affairs that existed some years ago, would be sufficient to justify the trouble involved in obtaining it. The present arrangement is that promotions to the grade of Assistant Commissioners of Income-tax are made on the advice of the Public Service Commission; and that Income-tax Officers are appointed by Commissioners of Income-tax with the approval of the Local Government. The principles governing the recruitment of Income-tax Officers at present are as follows:

In selecting Income-tax Officers the object kept in view is to secure persons whose moral, educational, linguistic and physical qualifications and whose manners and general intelligence will enable them to command the confidence of the public and to discharge their duties satisfactorily. Every effort is made to secure the due representation of different communities and it was considered advisable in the early stages of organising the Department that it should contain a substantial proportion of persons with previous official experience and training. If a candidate is highly qualified in accountancy, that is regarded as an important consideration but, generally speaking, the Government rely on the training given to the officers after they come into the Department, when they are trained for one or two years in accountancy, income-tax law, and so forth. As far as possible, men selected from outside Government service are graduates with Honours and weight is attached to the possession in addition of a Degree in Commerce or Law or a Diploma in Accountancy, etc. Recruitment from other Departments of Government is now exceptional. The present policy is generally to fill the higher ranks in the Department by promotion from the ranks of accountants, etc. Clerks are not promoted to the ranks of accountants unless they possess all the qualifications that are required in the case of an outsider.

Statement showing the income-tax revenue and charges for its collection in the various provinces during the years 1921-22 to 1928-29.

Province.	1921-22.			1922-23.			1923-24.			1924-25.		
	Revenue.	Expenditure.	Percentage.	Revenue.	Expenditure.	Percentage.	Revenue.	Expenditure.	Percentage.	Revenue.	Expenditure.	Percentage.
	Rs.	Rs.		Rs.	Rs.		Rs.	Rs.		Rs	Rs.	
1. Madras . .	1,77,72,998	4,40,836	2·48	1,32,22,921	4,77,082	3·61	1,70,71,299	15,78,081*	9·24	1,31,56,365	10,04,810	7·63
2. Bombay .	8,36,30,086	6,63,927	·79	7,88,53,144	8,46,593	1·07	5,34,35,749	15,84,185*	2·96	4,03,77,094	13,90,996	3·44
3. Bengal . .	6,58,22,278	3,81,301	·58	3,25,25,767	5,21,739	1·60	6,03,19,439	6,59,683	1·09	5,54,73,933	8,22,972	1·48
4. United Provinces.	1,22,04,515	4,84,059	3·96	98,32,271	5,61,572	5·71	89,17,763	5,76,155	6·46	78,87,089	5,58,353	7·08
5. Punjab . .	57,11,874	3,34,507	5·86	75,54,302	4,77,579	6·32	76,33,552	4,91,733	6·44	60,67,102	5,07,689	8·37
6. Burma . .	1,50,74,902	1,75,908	1·16	1,55,08,033	2,19,494	1·41	1,48,22,749	4,87,248	3·29	1,78,33,454	6,08,889	3·41
7. Bihar & Orissa	40,86,270	1,04,359	2·55	58,82,328	2,20,719	3·75	47,36,685	2,33,977	4·94	41,46,926	2,56,420	6·18
8. Central Provinces.	56,52,984	2,04,678	3·62	59,92,853	3,00,938	5·02	57,82,887	3,28,133	5·67	50,85,167	3,67,677	7·23
9. Assam . .	8,35,879	7,103	·85	9,16,178	13,510	1·47	14,37,366	99,810	6·94	23,79,560	2,92,321	12·28

*These figures include payments for two years to Local Governments for the income-tax work done by their revenue staff.

NOTE.—In most provinces the administration was transferred from the Local Government by stages between 1922 and 1928. In Assam, the income-tax assessment work up to 1928-29 was done wholly by the Local Government staff. The amount paid to Local Governments was generally 10 per cent. of net collections excluding tax on salaries and interest on securities.

Statement showing the income-tax revenue and charges for its collection in the various provinces during the years 1921-22 to 1928-29—contd.

Province.	1925-26.			1926-27.			1927-28.			1928-29.		
	Revenue.	Expenditure.	Percentage.	Revenue.	Expenditure.	Percentage.	Revenue.	Expenditure.	Percentage.	Revenue.	Expenditure.	Percentage.
	Rs.	Rs.		Rs.	Rs.		Rs.	Rs.		Rs.	Rs.	
1. Madras . .	1,41,38,701	7,83,557	5·54	1,32,77,192	7,45,964	5·62	1,39,49,173	7,90,347	5·06	1,36,41,296	8,32,048	6·09
2. Bombay .	3,50,49,017	12,94,419	3·69	3,21,11,310	14,57,429	4·54	3,24,35,551	15,35,067	4·73	3,17,54,353	15,97,793	5·03
3. Bengal . .	5,93,60,314	9,52,218	1·60	5,69,90,628	9,53,379	1·67	4,88,34,307	9,94,269	2·03	6,14,75,717	10,48,382	1·70
4. United Provinces.	80,53,797	6,10,906	7·58	73,91,976	6,33,514	8·57	82,54,112	6,60,817	8·01	89,62,956	6,92,533	7·73
5. Punjab . .	65,23,275	5,18,179	7·94	68,87,325	5,64,682	8·19	75,12,874	6,19,905	8·25	65,42,998	6,63,700	10·14
6. Burma . .	1,86,39,974	6,80,004	3·64	2,07,65,074	7,79,839	3·75	2,15,21,790	8,97,154	4·17	1,97,52,017	8,66,945	4·39
7. Bihar & Orissa.	37,05,441	2,78,151	7·51	56,91,913	2,91,357	5·12	44,60,154	3,17,416	7·12	95,86,141	3,36,627	3·51
8. Central Provinces.	38,14,187	3,72,267	9·76	38,75,705	3,43,244	8·85	29,47,896	3,56,446	12·09	35,16,110	3,71,380	10·56
9. Assam . .	19,04,040	1,44,705	7·59	21,32,190	1,57,854	7·40	19,61,455	1,47,534	7·52	22,02,824	1,61,104	7·31

ARRANGEMENTS MADE BY THE BENGAL AND NORTH-WESTERN RAILWAY FOR THE OUTLET OF WATER IN THE BHAPTIAHI-MANSI SECTION DURING THE FLOOD SEASON.

125. THE HONOURABLE MR. SURPUT SING: Will Government be pleased to state:

(*i*) the arrangements which the Bengal and North-Western Railway has made for the outlet of water in the Bhaptiahi-Mansi section during the flood season;

(*ii*) whether the regular train service often gets dislocated during the rainy season in that section;

(*iii*) the reasons to which such dislocation of their service is due?

THE HONOURABLE MR. J. A. WOODHEAD: The information is being obtained from the Railway administration and will be communicated to the Honourable Member on receipt.

SUPERINTENDENTS OF POST OFFICES.

126. THE HONOURABLE MR. SURPUT SING: Will Government be pleased to state:

(*i*) the number of Superintendents of Post Offices employed in each Province and the number of Superintendents of Post Offices who have been promoted to the rank of Deputy Postmaster General, Postmaster General, Deputy Director General of Post Offices and Presidency Postmasters?

(*ii*) their time-scale pay?

(*iii*) the minimum qualifications laid down for the post of Superintendents of Post Offices?

(*iv*) the percentage of holders of this post in the various major and minor communities?

THE HONOURABLE MR. J. A. SHILLIDY: (*i*) and (*ii*). I am sending to the Honourable Member a statement showing the numbers of Superintendents of Post Offices and the Railway Mail Service distributed by postal circles (which correspond approximately with the provinces) and of officers promoted from the rank of Superintendents to the higher posts mentioned by the Honourable Member, together with a statement showing the scales of pay.

(*iii*) Recruitment to the grade of Superintendents of Post Offices is made by promotion partly of probationary Superintendents of Post Offices and partly of qualified departmental subordinates after they pass the departmental test for the appointment of Superintendents. Probationary Superintendents are recruited direct from among the candidates who secure qualifiying marks in the Indian Audit and Accounts Service Examination; a good record of service and outstanding ability are the tests for selecting departmental subordinates.

(*iv*) The percentages are: Hindus 50, Muhammadans 17, Europeans and Anglo-Indians 22, Sikhs 3, Indian Christians 2, and other communities 6.

METHOD OF RECRUITMENT OF SUPERINTENDENTS OF POST OFFICES.

127. THE HONOURABLE MR. SURPUT SING: Will Government be pleased to state:

(*i*) if vacancies in the posts of Superintendents of Post Offices are filled up by—

(*a*) selection by the Postmaster General of each Province concerned with the approval of the Director General of Posts and Telegraphs; or

(*b*) an open competitive test in each Province; or

(*c*) a combined procedure of competitive test and selection for India by the Public Service Commission;

(*ii*) if the vacancies are filled up in the manner stated in (*a*), will Government be pleased to state:

(1) what reasons there are for this system of recruitment in this Imperial branch of gazetted service, when the recruitment to most of the appointments in every other branch of the Imperial Service, both gazetted and non-gazetted, is made by competitive test;

(2) if they have considered the advisability of transferring recruitment to this branch of the Imperial Service to the charge of the Public Service Commission?

THE HONOURABLE MR. J. A. SHILLIDY: (*i*) (*a*), (*b*) and (*c*). No. As I have already explained in answer to question No. 126, vacancies in the grade of Superintendents of Post Offices are filled partly by probationary Superintendents and partly by selected departmental subordinates, after passing a qualifying departmental test for the appointment of Superintendents. The recruitment of probationary Superintendents in any official year is confined to candidates who have obtained qualifying marks at the examination for admission to the Indian Audit and Accounts Service held by the Public Service Commission in the preceding year.

(*ii*) (1) and (2). Do not arise.

CONCESSIONS IN THE MATTER OF LEAVE GRANTED TO RETRENCHED TEMPORARY MEN IN DIFFERENT DEPARTMENTS OF THE GOVERNMENT OF INDIA WHO HAD BREAKS IN THEIR TEMPORARY SERVICE BEFORE RE-EMPLOYMENT.

128. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: I. Will Government be pleased to state whether:

(*a*) as a result of the late Inchcape Committee, reduction in the establishments of different departments of the Government of India and its attached offices was effected and certain temporary men having long temporary service at their credit at the time were thrown out of employment and again provided for in Government of India offices by the Staff Selection Board after a short break in service?

(*b*) Government granted leave up to some period to those retrenched temporary men who had four years' temporary service or over at the time of retrenchment?

II. Were these retrenchment concessions treated more or less as confidential and not given wide publicity ?

III. How do Government propose to deal with cases of such temporary men who had more than four years' continuous temporary service and three months' leave at their credit at the time of retrenchment but whose cases for retrenchment concessions were not considered by Departments and attached offices of the Government of India.

THE HONOURABLE MR. J. M. DUNNETT : I. (*a*) Yes.

(*b*) Retrenched temporary employees who had put in four years' continuous temporary service or more were allowed to count that service for purposes of leave as if it had been permanent service.

II. Yes. The orders were intended for departmental guidance only as the matter was not of general public interest.

III. The question of leave has already been disposed of on the merits of each individual case, and Government do not propose to re-open the matter.

MESSAGES FROM THE LEGISLATIVE ASSEMBLY.

SECRETARY OF THE COUNCIL : Sir, the following two messages have been received from the Secretary of the Legislative Assembly, namely :

" In accordance with Rule 36 (1) of the Indian Legislative Rules I am directed to inform you that the amendments made by the Council of State in the Bill further to amend the Indian Income-tax Act, 1922, for certain purposes (amendment of sections 2, 23, etc.) and the Bill further to amend the Indian Income-tax Act, 1922, for certain purposes (amendment of sections 14, 25A, etc.), were taken into consideration by the Legislative Assembly at its meeting held on the 31st March, 1930, and that the Legislative Assembly has agreed to the amendments."

2. The second message runs as follows :—

" I am directed to inform you that the Legislative Assembly has, at its meeting held on the 31st March, 1930, agreed without any amendments to the following Bills which were passed by the Council of State at its meeting held on the 12th March, 1930, namely :

A Bill to amend the Transfer of Property (Amendment) Supplementary Act, 1929, for a certain purpose.

A Bill to amend the Destructive Insects and Pests Act, 1914, for a certain purpose."

BILLS PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL : Sir, in accordance with 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 31st March, 1930, namely :

A Bill further to amend the Indian Tariff Act, 1894.

A Bill to provide for the imposition and collection of an excise duty on silver.

A Bill further to amend the Indian Companies Act, 1913, for certain purposes.

THE HONOURABLE MR. J. A. WOODHEAD (Commerce Secretary): Sir, I am giving notice of my intention to move that the Bill further to amend the Indian Tariff Act, 1894 [the Cotton Textile Industry (Protection) Bill, 1930], and the Bill further to amend the Indian Companies Act, 1913, for certain purposes, as passed by the Legislative Assembly, be taken into consideration and passed. I am aware, Sir, that in accordance with rule 27 of the Indian Legislative Rules the day on which these motions can be set down on the list of business should, unless you, Sir, otherwise permit, be not less than three days from the receipt of these notices. It may, however, Sir, be convenient to Honourable Members if a rather earlier day be fixed and I would suggest, Sir, if you permit, that the Bills should be taken into consideration on Thursday, the 3rd of April.

THE HONOURABLE SIR ARTHUR McWATTERS (Finance Secretary): I am also giving notice of my intention to move that the Bill to impose and collect an excise duty on silver be taken into consideration and passed.

THE HONOURABLE THE PRESIDENT: As no Honourable Member has risen to say anything about the suggestion that has fallen from the Honourable Mr. Woodhead, I take it that it is the desire of the House to proceed with the two Bills which he has mentioned on Thursday next, and though Sir Arthur McWatters made no request for the shortening of the notice, I presume also that the House would like to proceed with the Bill dealing with the imposition and collection of an excise duty on silver on the same day. At the same time, I would remind the Government that as the notice has been shortened, I may have to override any objection that may be made to the moving of any amendment with short notice. Honourable Members may desire to move amendments to these Bills and the ordinary rule is that two days' notice should be given. I direct that the three motions shall be put down on the list of business for Thursday, the 3rd of April, to which day at eleven o'clock in the morning I now adjourn the Council.

The Council then adjourned till Eleven of the Clock on Thursday, the 3rd April, 1930.

COUNCIL OF STATE.

Thursday, 3rd April, 1930.

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

QUESTION AND ANSWER.

CONVERSION OF THE 71 UP EXPRESS INTO A FAST MAIL RUNNING *VIA* THE MAIN LINE OF THE EAST INDIAN RAILWAY.

129. THE HONOURABLE RAJA BIJOY SING DUDHORIA: (*a*) Are there two trains, namely, the 71 Up Express and the Punjab Mail, running *viâ* the main line of the East Indian Railway?

(*b*) If so, do Government propose to change the 71 Up Express into a fast mail running *viâ* the main line?

THE HONOURABLE MR. J. A. WOODHEAD: (*a*) No.

(*b*) Does not arise.

COTTON TEXTILE INDUSTRY (PROTECTION) BILL.

THE HONOURABLE MR. J. A. WOODHEAD (Commerce Secretary): Sir, I beg to move that the Bill further to amend the Indian Tariff Act, 1894, as passed by the Legislative Assembly, be taken into consideration.

The objects of this Bill, Sir, are two-fold: first, the protection of the cotton textile industry in British India in respect of the manufacture of cotton piece-goods, and, secondly, the continuance for a further period of the protection already given to that industry against competition in cotton yarn produced under industrial conditions which enable such yarn to be produced at a cost below that at which it can be produced in British India. Honourable Members have, I feel sure, followed closely the debates in another place and are doubtless well acquainted with the main aspects of the problem of the protection of the cotton mill industry and it is perhaps unnecessary for me to—indeed it may be the desire of Honourable Members that I should not—cover the whole ground once more. I would, however, crave their indulgence while I recapitulate the main features of the problem and try to explain as briefly as I can the grounds on which it is proposed to take the emergency measures embodied in the Bill.

For several years past, the cotton mill industry, although one of the oldest organised industries in India, has been passing through a period of considerable difficulty. The position of the industry is not, however, the same or identical throughout India. At most of the centres of the industry other than the Bombay Island, the position is less grave than in Bombay, and while the average profits, taking into account the magnitude of the capital invested in the industry, are nowhere high, it must be remembered that throughout the world

[Mr. J. A. Woodhead.]

the cotton textile industry is passing through a period of depression. In the Bombay Island, however, where in two successive years the mills have passed through prolonged and exhausting labour disputes and where foreign competition has been most severely felt, the position has become acute and all the information received by Government is to the effect that, unless emergency measures are taken, the very existence of the industry in the Bombay Island is in danger. In a normal year, the Bombay mills produce half the cotton piece-goods manufactured in India. The whole of the commercial and economic life of the City of Bombay is bound up with the fortunes of the mill industry and any collapse in the Bombay mills would inflict a very serious blow on the economic life of the City of Bombay and the Presidency. It is this critical condition of the industry in the Bombay Island and the grave consequences which will follow any collapse in the industry which form the grounds for the emergency action embodied in the provisions of this Bill.

In considering the question of assistance to the cotton mill industry, Government naturally approached the matter from the point of view of their accepted policy—a policy which has been approved by the Legislature—of discriminating protection. That policy requires that, when protection is given, it should be given with due regard to the interests of the consumer. Or in other words, the measures taken to protect the industry should not be such that the burden on the consumer is out of proportion to the benefit to the industry. The policy also requires that the protection given should be adequate for its purpose and given at the point where it is needed. And so long as the policy of discriminating protection is the policy which commends itself to the Government and the Legislature the protection which may be granted should not go beyond the limits prescribed by that policy. Sir, the scheme as embodied in the Bill has been framed in the light of these principles. It seeks to give effective protection at the point where it is needed without throwing an unnecessary burden on the consumer.

Another point to which Government gave their careful consideration was whether the grant of assistance to the industry should be preceded by an investigation by the Tariff Board. Quite apart from the urgency of the need for action in view of the critical condition in Bombay, Government came to the conclusion that further investigation at the present juncture was not advisable. It is the special duty of the Tariff Board to investigate facts and figures and arrive at findings on these facts and figures. But owing to the labour disputes of 1928 and 1929, it is more than doubtful whether any material for investigation beyond that available to the Tariff Board in 1926 exists at the present day. Again, conditions in Bombay have since 1926 been examined by several committees and bodies of inquiry,—first of all by the Tariff Board, then by the Fawcett Committee, and lastly by the Pearson Court of Inquiry, while trade conditions were investigated during the latter half of last year by Mr. Hardy. In these circumstances, Sir, the Government of India felt that the proper time for a further inquiry by the Tariff Board would come when some progress in reorganisation and rationalisation had been made by the industry in Bombay and when the prospects of the ultimate success or failure of that industry could be more definitely assessed.

The general conclusion which the Government of India reached was that in addition to the increase of the revenue duty from 11 to 15 per cent. special protective measures were justifiable provided that such measures were limited in time and also limited to the purpose necessary to meet the immediate needs of Bombay. The question was not so much the protection of an industry during

its early stages until it can find its feet and establish itself permanently, but rather the case, which is referred to in paragraph 100 of the Report of the Fiscal Commission, of an industry which stands in need of protection as a result of temporary deterioration and needs a temporary tariff shelter in order to give it time to recover itself. In fact, the Government of India felt that it would not be justifiable at this juncture to attempt to do more than erect a temporary shelter behind which the Bombay industry can reorganise itself. Further, they came to the opinion that after a reasonable period had elapsed for this purpose it would be necessary to have a Tariff Board enquiry to consider in general future policy and in particular to inquire how the Bombay mill industry had reacted to the assistance given. The scheme, therefore, as embodied in the Bill, is a scheme with the limited objective for a limited period, its immediate object being the preservation of an important section of the cotton textile industry and not its ultimate development. That latter, that is, the ultimate development, is reserved for consideration during the enquiry by the Tariff Board to which I have just referred.

There is one other point on which I should like to touch before I turn to the actual provisions of the Bill. The Government of India recognise that the ultimate failure or success of the mill industry in Bombay must depend entirely upon the extent to which the millowners utilise the opportunity given, if this Bill becomes law, to improve their efficiency and labour conditions and that if full use is not made of this opportunity, the position of the industry may be no better at the end of the period of three years than it is to-day. Government have already impressed upon the Millowners' Association the urgent necessity of working out schemes which may establish the industry on a sound basis and it is their intention in consultation with the Government of Bombay to pursue their efforts in this direction. And while, Sir, it is the desire of the Government of India to give the Bombay millowners all the assistance in their power to ensure that the examination of the various problems may be thorough and adequate, it must be recognised that the responsibility for working out schemes which will establish the industry on a firm basis rests on the millowners and cannot be transferred to other shoulders.

Now, turning, Sir, to the actual provisions of the Bill, it is proposed to impose a duty of 20 per cent. *ad valorem* on piece-goods not of British manufacture, and a minimum specific duty of 3½ annas a pound on plain grey goods whether of British or non-British manufacture. The ground for the duty of 20 per cent. *ad valorem* on goods not of British manufacture is that unless the duty on piece-goods imported from certain countries is raised to this figure, the protection will not be fully effective, that is, it will not give the protection required to the industry in Bombay. The grounds for not applying the higher rate of *ad valorem* duty to goods of British manufacture have been explained at length in a note which was circulated to Honourable Members yesterday or the day before. I refer to the note prepared by the Honourable the Commerce Member. The grounds, however, may be shortly stated as follows : First, both the returns of imports and production in India show that with the advantage under the operation of the customs and excise duties varying from about 4 to 11 per cent., large quantities of goods imported from the United Kingdom have been replaced by Indian goods and with the 15 per cent. revenue duty there appears to be no doubt that this process of replacement, that is, replacement of British goods by Indian goods, will continue at even a greater rate. Secondly, the burden imposed on the consumer would be out of all proportion to the benefit to the manufacturer, very largely because the 20 per cent. duty if imposed all-round would raise the cost to the consumer of large quantities of goods which are not in effective competition with Indian-made goods, and the

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benefit which the Indian manufacturer would derive from this duty within the period of three years for which it is proposed it should be enforced would be very small indeed. The reason for this is that the great bulk of British goods imported into India are woven from the finer counts, and it is unlikely that the Indian manufacturer will be able to produce any substantial quantity of these goods within the period of the next three years.

I now turn to the reasons for singling out the class of plain grey goods for exceptional treatment by the imposition of a minimum specific duty of 3½ annas a pound. In the first place, these goods form the staple production of the Indian mills and especially of the Bombay mills representing as they do half the total production of the mills of the Bombay Island and about two-fifths of the total production of the rest of India. Again, it is in this particular class of goods that external competition is most keenly felt, and it is in this class of goods that the increase of foreign imports has been the greatest. Finally, the Indian mills are capable of producing, as they stand at present equipped, apart from certain goods which are spun from finer counts, that is, *jaconets* and *mulls*, very nearly the whole of the country's requirements of this class of goods. We are therefore very near the time when internal competition will suffice to prevent an excessive rise in prices. For these reasons, Government felt that a 3½ annas duty would lay no unnecessary burden on the consumer and yet would give protection at the point where it is most needed.

As regards the definition of plain grey goods, Honourable Members will notice that, as it stands in the Bill, it covers goods other than those which are ordinarily classed as " plain grey ". This course was adopted because, unless the definition was somewhat extended, the protection proposed to be given would be to some extent ineffective. In the first place, a new class of goods especially from Japan has developed during the last year or two, namely, dhoties with printed headings, and owing to the low price at which these goods come on the market, there is evidence that the competition of these goods has been felt very keenly by the Indian mills. The definition therefore includes plain grey dhoties with printed headings, but excludes those with woven headings. In the second place, we have to guard against the danger of substitution; for instance, it would be a comparatively simple matter to substitute for a plain grey shirting a similar shirting with a coloured woven stripe and the protection would then become ineffective.

I now turn to the question of *fents*. Honourable Members will have noticed that the Bill excludes fents of not more than 9 yards in length from the protective duties. Cotton fents are of two classes, full length damaged pieces of cloth and remnants. The first class consists of piece-goods proper and it is not proposed to differentiate them from other goods at this juncture. The second class, that is remnants, cannot strictly speaking be described as piece-goods and it is not proposed to subject this class, that is the remnants, to a protective duty, because they are consumed only by the poorest classes and are not in direct competition with the products of the Indian mills.

I now, Sir, turn to clause 3, which deals with cotton yarn. This clause seeks to extend for a further period the specific duty of 1½ annas a pound which was imposed by the Indian Tariff (Cotton Yarn Amendment) Act of 1927. That Act was passed to meet competition in yarn produced in Japan under industrial conditions which were unfair by reason of the absence of any restriction on the night work of women and young persons. The Act of 1927 expired on the 31st March. It is now proposed that the minimum duty imposed by

that Act should be reimposed for a further period till the 31st March 1933. The grounds on which this is proposed, however, are not the same as those advanced in 1927. Conditions in Japan have changed since that year. In 1927 in Japan there was no restriction on night work by women and young persons, but under the law as now in force night work is prohibited between the hours of 11 P.M. and 5 A.M. for these classes of workers. In India the prohibition is somewhat stricter as night work by women and young persons is not permitted between the hours of 7 P.M. and 5-30 A.M. On the other hand, in Japan when two shifts are worked, and two shifts are I believe usually worked in Japanese mills, the hours are 8½ hours a day for each shift as compared with 10 hours in India. On the whole, Sir, the information we possess points to the conclusion that in Japanese mills women work for rather shorter hours, are paid somewhat higher wages and are on the whole better looked after by their employers than in Indian mills. In view of these circumstances the Government of India came to the conclusion that it was impossible to say that conditions in Japan were still inferior to those in India and the grounds on which the minimum duty was imposed in 1927 have therefore disappeared. When the Cotton Yarn Amendment Act of 1927 was under discussion in the Legislature Honourable Members will probably remember that attention was at that time drawn to a new development in the cotton yarn trade between India and China. The exports of yarn from India to China had been on the decline for several years, but in that year, instead of exports from India to China, the trade was reversed, and for the first time yarn was exported from China to India, and it was pointed out that the import of this yarn from China would be a matter which the Government of India would have to take into consideration when the time came to decide whether the duty should be abandoned or continued. In 1927 the imports of twist and yarn from China were 945,000 pounds, but by 1928-29, in spite of being subject to the minimum specific duty, they had increased very considerably and had reached the figure of 11½ million pounds; that is, from under one million pounds in 1926-27 they had reached the figure of 11½ million pounds in 1928-29. When the Government of India were considering in December and January last the question of these imports from China their information was that no limit was imposed on the hours of work either of men or women in Chinese mills, and in fact a number of mills were said to be working two 12-hour shifts. In these circumstances it seemed to the Government of India that there was a clear case for the continuance of the minimum specific duty. Towards the end of February however, we received information that a law had been promulgated in China on the 16th of January. This law prohibited child labour and night work of women and limited the hours of work generally. In fact it appears to be much stricter in character than either the factory legislation in Japan or India. The Government of India have endeavoured to obtain information as to whether this law has been enforced. The information received is to the effect that so far no attempt has been made to enforce the provisions of the Act and in actual practice the conditions are the same as they were before the Act was promulgated in January of this year. In these circumstances, Sir, the Government of India came to the conclusion that although a law had been promulgated, they had no alternative but to proceed with the Bill providing for the continuance of the duty. Of course the matter will have to be reconsidered if labour conditions in China should substantially improve, and the Government of India must hold themselves perfectly free, should conditions have changed to such an extent as to warrant such a course, to place a measure before the Legislature proposing the discontinuance of the duty. As things are, however, at present, the Government of India have no hesitation in asking the House to approve this particular provision of the Bill.

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One word more, Sir, and I have finished. The thorny question of Imperial preference occupied a very prominent part in the debates on the Bill in another place, and I gather this question of Imperial preference may be raised in the debate in this House to-day. As has been fully explained during the course of those debates, Government are not asking the Legislature by passing this Bill to accept the principle of Imperial preference, although admittedly they are asking the House to approve in this particular case of the imposition of duties which will give a preference to British goods. I have tried to explain the reasons, the grounds, for not applying the higher rate of *ad valorem* duty to goods of British manufacture, but in conclusion I should, Sir, like to add this. After very careful consideration the Government of India came to the conclusion that unless the 15 per cent. revenue duty could be reinforced by something more than the 3½ annas duty on plain grey goods, the protection given would be incomplete and in all probability ineffective. At the same time Government felt very strongly that an all-round increase of the duty to 20 per cent. *ad valorem* would impose a burden on the consumer altogether incommensurate with the benefit to the producer. They were therefore driven to the conclusion that there was only one way by which justice could be done to the consumer as well as to the producer, and that was by discriminating between the imports from the United Kingdom and the imports from other countries. In the opinion of the Government of India the proposals as embodied in the Bill go nearer to meet the needs of the situation than any other proposal that has been suggested or could be devised. These proposals give the protection required at the point at which it is needed without throwing an unnecessary burden on the consumer, and I trust, Sir, that the House will agree that the incidental benefit to the British manufacturer affords no justification for rejecting a scheme which possesses these two fundamental advantages. The protection to the Indian industry is a fundamental part of the Bill, whereas the benefit to the British manufacturer is entirely incidental.

Sir, I move.

THE HONOURABLE MR. SURPUT SING (Bihar and Orissa : Non-Muhammadan) : Sir, I rise to oppose the Indian Tariff Bill of 1930 as passed by the Legislative Assembly. Sir, if what the Honourable Finance Member has declared in his Budget speech that our fiscal autonomy is a reality and that it has become an integral part of the present Constitution has any meaning, also if what Mr. Wedgwood Benn, the Secretary of State for India, has said in the House of Commons about India enjoying the same liberty in the matter of her tariffs as Great Britain has any significance, then clause 2 of the Bill can have no meaning. As to our fiscal autonomy, the Joint Select Committee after remarking that :

" Nothing is more likely to endanger the good relations between India and Great Britain than a belief that India's fiscal policy is directed from Whitehall in the interests of the trade of Great Britain ",

has distinctly laid down that :

" Whatever be the right fiscal policy for India, for the needs of her consumers as well as for her manufacturers, it is quite clear that she should have the same liberty to consider her interests as Great Britain, Australia, New Zealand, Canada and South Africa."

" In the opinion of the Committee, therefore ",

says the Report,

" the Secretary of State should as far as possible avoid interference on this subject when the Government of India and its Legislature are in agreement."

The report of the Joint Select Committee was made a part of the Constitution of India, and the Fiscal Convention is thus a part of the Constitution. But the amendment brought up in the present Bill proposes an advantage of 5 per cent. to British textiles in glaring unjustifiable discrimination against all non-British productions. We doubt if any agreement with the Indian Legislature as contemplated by the Statute was ensured beforehand for this Bill. Our duty is therefore to consider seriously whether we can be a party to such proposition. I doubt not that the Bombay cotton industry needs some protection badly, although it has been brought to this present miserable plight by the Government's anti-Indian and pro-British policy of a countervailing duty in years gone by. But I shall not have the approbation of my conscience if I should signify my approval to this preferential duty. Preference for British textiles means exploiting the Indian tax-payer and the Indian consumer for the purpose of benefiting the English producer. It has conveniently been forgotten in putting up this measure that besides the Indian millowner and the British manufacturer there is a much more interested party in the matter—the Indian consumer—whose interests have also to be kept in the forefront. The burden of protective tariffs always falls on the consumer ; and while he may be willing to bear a certain burden to help an indigenous industry there can be no earthly reason for taxing him indirectly for the benefit of the foreign producer. Thus, if the proposal is carried in the form presented to us, the Indian consumer will be asked to pay both for the protection of the Indian textile industry as well as for the protection of Lancashire. The Indian consumer will be thus hit in both ways.

I then say that the protection the present measure proposes to the Indian textile industry will be only temporary. It will not serve the problem of the Bombay industry which should seek its salvation first in the manufacture of higher counts and next in setting its house in order. But the provision of a protection to Lancashire is calculated to place the British manufacturer on a firmer footing on the one hand and on the other permanently to debar the Bombay millowner from specialising in finer cloths, although I must admit that the people who are interested in that industry may for the moment in their great distress think it otherwise.

It must not be considered for a moment that the Bill was designed to prevent the expansion of Japan at the expense of India or any other country constituting the British Empire. I feel the more correct interpretation is that the Bill was intended to check the expansion of Japan in such a way that the countries of the British Empire might have a free hand in exploiting the Indian consumer.

My reading between the lines of the Bill leads me to the conclusion that the real design underlying the preference proposal was a deep-seated and far-sighted one. The growing *khadi* propaganda throughout the country and the rapidly increasing boycott of British goods throughout the country have been causing considerable prejudice to the British-India trade. The Britishers here and in England are gradually coming to realise this situation. It is just to make up the deficiency of their gains which the cloth trade and British imports have so long brought to the British people that the clever financial advisers of the Government of India have thought of this plan to recoup somewhat the loss caused by the growing nationalist movement, and that either at the direct instance of or simply to befriend Lancashire.

It will perhaps be argued in some quarters that India should agree to this Bill to entitle herself to the goodwill of the English people for strengthening her claims to Dominion Status. But how can we agree to a vicious

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measure which is on its face designed to become an effective weapon for the continuance of the present policy of exploitation and financial ruination of the country ? India wants Dominion Status no doubt, but that is only to put a stop to the long-established process of exploitation of her people and for the preservation of her self-respect. But if continued exploitation is to be the price for getting the goodwill of the British people, India should fain do without that precious goodwill. India when she becomes the mistress of her own home may be willing to allow certain concessions to the nations of the Empire in return for equally important concessions to her from them.

Statements like—"India must be vitally interested in maintaining a spirit of co-operation with Great Britain " and " It is obvious that any gesture of friendship which India can spontaneously and without compulsion make to the British Government in their own present grave industrial troubles is bound to strike a responsive note " are but political stunts of the Britishers to get out of India as much as possible by appealing to her fine sensibilities. What benefit really has the Imperial connection afforded to India ? What advantages has that connection brought to Indians in general ? How is that reciprocated on the other side ? The recent fiat of the British Medical Council against Indian medical degrees is a fitting recompense of the much-vaunted Imperial connection. Again such is the effectiveness of the Imperial connection that Indians are treated as pariahs in every free country of the world. In South Africa Indians are relegated to the position of helots. In Australia Indians are not allowed to have habitations. To New Zealand they are denied the right to go. In Canada they are not allowed to settle down. Indian law graduates have no status in the Colonies and Dependencies. Indian medical graduates are hardly afforded any recognition in any place in the Empire. To the League of Nations Indian Delegations are invariably led by Britishers. In the League Secretariat, notwithstanding our heavy contributions on the score of the Imperial connection, no Indian finds any employment. Everywhere outside India an Indian is an alien in the Empire. No matter how high his position may be in the country, he is no better than a hewer of wood and a drawer of water in any place in the Empire outside his own country. So I say that the Imperial connection is no blessing to us. Notwithstanding our Imperial connection our Government have always thrown us overboard whenever our self-respect has been jeopardised. Our Government have only looked on in a helpless way in such situations. I say we should forbear such Imperial connection as brings us nothing but dishonour wherever we go. India should therefore fight shy of the shibboleth of Imperial connection and assert her own self-respect by initiating a vigorous policy of retaliation against all and sundry that direct only indignity and disability towards her for her being a component part of the British Empire.

Lastly, we must not forget that if Japan which is primarily sought to be hit by this Bill adopts a retaliatory policy towards our raw products, for our Government adopting this unreasonable and unwarranted discrimination against her, we shall not only incur the displeasure of an hitherto friendly Asiatic country, but will also bring disaster to our export trade, especially in rice and cotton, to the great misery and prejudice of our agriculturists. If such a state of things really happens our trade depression will augment fourfold and our financial difficulties will be heightened beyond measure. England herself dare not discriminate against Japan. So I do not understand why England is taking advantage of our dependence upon her and inflicting this wrong upon our people.

The Bill is thus a mischievous measure and I oppose it.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab: Non-Muhammadan): I made it clear, Sir, on the day that the discussion of the General Budget was going on that I was not opposed to Imperial preference. At that time, Sir, I was under the impression that the fiscal autonomy convention which was given to India was a reality. Since then, the Honourable Sir George Rainy the other day in the Assembly gave an interpretation of this autonomy which meant nothing short of a negation of the spirit underlying this famous convention. The Joint Select Committee and the Crewe Committee both laid down and made it clear that India was free as far as her fiscal autonomy was concerned. I will just read out an extract from their Report:

"Whatever be the right fiscal policy for India for the need of her consumers as well as for her manufactures, it is quite clear that she should have the same liberty to consider her interests as Great Britain, Australia, New Zealand, Canada and South Africa."

It goes on further to say:

"The Secretary of State should as far as possible avoid interference when the Government of India and its Legislature are in agreement."

The Report of the Joint Select Committee was made a part of the Government of India Act and therefore the fiscal convention is a part of the Statute. From the passages I have quoted it is obvious that in fiscal matters the Joint Select Committee wanted the Indian Legislature to exercise the same powers as the Parliaments of the self-governing Dominions. The Honourable the Commerce Member in another place declared that the Government was not prepared to accept any substantial changes even if they were passed by a majority of the Members of the Assembly. This declaration, Sir, has pained us a great deal and, although it is my view that, as far as the various countries under the British flag are concerned and in case India does not suffer from the policy of giving preference to another country, the preference may be given, but that preference should be at the absolute discretion of the Indian Legislature. The Honourable the Commerce Secretary has observed that it was first the intention of the Government to impose an all-round 20 per cent. duty, but in the interests of the consumer it was not considered equitable and just to do that. In that connection, Sir, I must say that the increase of 4 per cent. which the Honourable the Commerce Member has now considered to be a detrimental increase in the interests of the masses, I must say that those poor masses—I mean the consumers—were by one act of legislation of forcing the exchange from 1*s.* 4*d.* to 1*s.* 6*d.*, forced to forego an additional 12½ per cent. in exports. Then the interests of the poor consumers and the agriculturists were not properly given attention to. I cannot understand, Sir, that when a 12½ per cent. hit did not make the Government feel sympathetic, how the increase of 5 per cent. is now making them consider the present situation. As far as the Bombay millowners are concerned, Sir, my impression is that they wanted an increase of 20 per cent. all round as the duty on piece-goods. But now, Sir, as the real fiscal autonomy is not being given us we have no other alternative but to oppose this Bill because we do not want that a privilege which has been given to us once should be withdrawn in this indirect manner.

THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI (Punjab: Sikh): Sir, as far as I understand, three points have been made in the debate about this Bill. One is that the convention of fiscal autonomy has

[Sardar Bahadur Shivdev Singh Uberoi.]

ceased to exist. The other is that by an increase, as proposed in the Bill, there would be hardship on the masses who are the consumers of goods, and the third point is of Imperial preference. As regards the first point, Sir, my view is this, that the Bill has been passed in the other House by a majority of votes which included non-official votes also in favour of the passing of the Bill. This clearly shows that the Government who initiated this Bill is in agreement with the majority of the votes of that House. Of course, what struck me first when I read that a threat had been given in that House that if any substantial amendment is made in the Bill as proposed by the Government, Government will not press it but will withdraw it—my personal opinion is this—that this ought not to have been said. Whatever may have been in the minds of the representatives of the Government, this ought not to have been said and the opportunity ought not to have been given to the Opposition to say that the measure has not been passed by the free vote of the House. As it is passed now by the vote of the House, which included many non-official votes, I do not think that it would affect the convention of fiscal autonomy as it has been urged by my Honourable friends this morning here.

As regards the other point that this increase of revenue duty and preferential duty would be a hardship to the consumer in India, there is a great deal of truth in it, but I wish to say that the dearer the imported cloth becomes in the Indian market, the better it would be for the consumer to stick to Indian-made cloth and also change his modes of dress to be more economical and more reasonable according to his purse. The higher the price of imported goods which are imported in to the Indian market is the more impetus it would give for the people to use their own country-made things which are cheaper and therefore economical for the consumer to use. Let those who preach and say that this measure would be a great hardship to the consumer preach amongst the people to use home-spun cloth or Indian made cloth which is decidedly cheaper than cloth made in Lancashire or Japan in many respects.

As regards the other point, Sir, that it involves the principle of Imperial preference, it has been said plainly on behalf of the Government that this is a temporary measure which would have effect for only three years at present. But it has also been said by the Opposition that a tax once imposed is very hard to be abandoned, and the fear exists that after three years perhaps this may not be modified and this may continue. I personally am not in favour of preference to any country at the sacrifice of India, but I say that if the destiny of India is to remain with the destiny of the British nation and if both the nations in the world have to prosper in harmony with each other, in response to each other's interests, I would not say that this is a very great fatal blow to the Indian industry. If the condition of trade in England is such that it requires protection at the hands of Indians and if at the same time that measure gives protection to the indigenous industry—the cloth industry of India—on this ground I would not object very strongly to this temporary measure of protection. On this principle I will not think that this is very objectionable. The circumstances and the times through which we are passing now are such that I think it is of very great vital importance that the goodwill between Indian politicians and the Indians and the British politicians who consist of very many trades people should not only exist but should be promoted, and if this measure is to develop the goodwill of the British Government for India, I would not object to it but welcome it.

THE HONOURABLE SIR JAHANGIR COOVERJEE COYAJEE (Bengal: Nominated Official): Sir, I submit that the main issues in the controversy relating to the present scheme of protection for the Indian textile industry are reducible to three. First, have we by the proposed arrangement accepted the principle of Imperial preference and inaugurated a policy based upon that principle? Secondly, how far does the United Kindgom stand to gain by the proposed policy of differential duties? Thirdly, how far is there a possibility of any loss to India as the result of the employment of such duties? I am quite aware, Sir, that other issues have been raised, but they are mere corollaries and results of the notion of Imperial preference. The question of fiscal autonomy, for instance, would not have been so keenly debated but for the suspicion of Imperial preference. If any proof was required of this fact, there are the speeches of the Honourable Mr. Surput Sing and the Honourable Rai Bahadur Lala Ram Saran Das.

I submit, however, that we have not accepted by the present measure the principle or policy of Imperial preference. Many countries employ differential duties entirely in their own interests and without a thought of preference to any other country. It so happens however that in India we have not had much occasion to make use of differential duties, while there has been a prolonged controversy about Imperial preference. Consequently, whenever differential duties are proposed, suspicions regarding Imperial preference are aroused at once.

I shall now bring forward some considerations to show that in their essence the proposals before us are of the nature of differential duties. I am quite aware, Sir, that in some other places such a proposition has been greeted with laughter. But then it is only, " the loud laugh that speaks the vacant mind ". My first contention is that the scheme of differential duties in the Budget is the necessary and logical result of the arguments urged by (as distinguished from the conclusions of) the Millowners' Association before the Textile Tariff Board and those of the Tariff Board itself. That Board emphasised in paragraph 18 that

" The Bombay Millowners' Association have dwelt almost entirely on competition from Japan. Competition from other countries has been mentioned incidentally "

added the Board,

" but it is clear from the trend of evidence that it is not regarded as serious ".

Such an argument on the part of the millowners was nothing less than a virtual demand for differential duties. Then again so far as the arguments of that Board went they also pointed to the desirability of the employment of differential duties. Thus in paragraph 91 the Board argues that

" a moderate measure of protection can be justified for such period as the labour conditions of Japan continue inferior to those of India ".

In fact the demands of the Millowners' Association and the reasoning of that Board as well as of the Hardy Report lead inevitably and unanimously to the employment of differential duties such as are now proposed. Shall we then shrink from employing such duties as have been virtually suggested by ourselves and our best experts merely because they can be taken or mistaken for Imperial preference? Shall we miss the solid gain for fear of the obsession?

My second contention is that the scheme of differential duties is not based on the idea of Imperial preference but is founded upon the basic and scientific conception of discriminating protection. It is in fact the very negation of a judicious and discriminating protection to levy the same duties on the products

[Sir Jahangir Cooverjee Coyajee.]

of countries which enjoy unfair as well as overwhelming advantages and upon those of a country of which the competition has been dwindling away for many a year. Nor is it wise to tax the local consumers needlessly or to extend to the local industry the dubious—nay harmful—boon of over-protection only in order to gratify a prejudice against the policy of differential duties. The employment of protection can be likened to that of defensive armour in combats. Each portion of the body should be guarded by just that weight of armour which is necessary for it, otherwise an indiscriminate heaping of heavy armour all over the body will heavily and needlessly oppress the wearer.

12 NOON.

One more consideration can be urged to show that the Bill does not embody Imperial preference as a policy or serve as a precedent in that line. For it is perfectly consistent with the principle of the Bill that if ever in future the competition from Lancashire assumed the character and the intensity of that from Japan we would put higher duties on the imports from the former. The only precedent that the Bill creates is that of employing differential duties against a country from which competition becomes unfair and overwhelming. If even Lancashire could get back to its former dominating position in the textile industry, if its competition became (like that of Japan at present) "nearer, clearer, deadlier than before", then Lancashire would certainly not relish any reference to the present tariff precedent. That is the acid test which shows that the project under consideration is not so much that of Imperial preference as that of a discriminating employment of differential duties and of adapting the relative level of protection to the comparative intensity of competition from abroad.

But then it is contended that great benefits will accrue to Lancashire as the result of the proposed duties. Sir, it is easy to exaggerate the benefit that might accrue to Lancashire from the system of differential duties. I have sufficient confidence in the enterprise and initiative of the Indian mill-owners to trust that most of the gap left by the reduction of Japanese imports will be filled by the increased production of this country caused by the much larger measure of protection. I am confirmed, Sir, in this belief by the undoubted fact that even with the duties at 11 per cent. the output of upcountry mills rose by 60 per cent. in the five years from 1923-24 to 1928-29. Moreover, it is not likely that with the mere prospect of a temporary advantage of less than 5 per cent. for three years only, Lancashire will or can do much to reverse the course of development of the British textile industry towards the finer textures.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Are you certain of those three years not being extended?

THE HONOURABLE SIR JAHANGIR COOVERJEE COYAJEE: I must go by the scheme which is before us. It is to be noted also that if at all Lancashire took to the spinning of coarser cloth, her demand for Indian cotton is bound to increase *pro tanto* and this must benefit our agriculturist. The most probable result is that, if with an 11 per cent. duty the exports of Lancashire to this country stagnated for years, she cannot reasonably hope to make progress with a four per cent. increase in her handicap. If we have beaten Lancashire and gained ground so largely at its expense with import duties of 11 per cent. and less, she is not likely to turn the table on us with much higher duties.

Coming to discuss the third issue in the controversy, we find it asserted that our scheme of duties amounts to a taxation of the Indian masses in the interests of Lancashire. Indeed, amateur statistics have been brought to bear upon the matter, and the supposed loss to India has been computed at over 2 crores. However, it can be shown that such reasoning is based upon not a few fallacious assumptions. In the first place, Lancashire cannot raise the prices of her imports by 5 per cent. without materially lowering the Indian demand for her goods. Since, as we have already noted, even at the present low prices of Lancashire goods the demand for them has been on the decline, we cannot conceive that it would choose to follow a policy of high prices which would lower the demand still further. The whole export policy of our day is based not on the suicidal conception of raising prices but on the true principle of lowering prices, increasing exports and making mass production possible.

Sir, it is a deplorable thing that, instead of preparing to make the utmost use of the protection placed at our disposal and to gain a march on our Japanese rivals, we are employing our energies in discussing subtle and sentimental distinctions about the nature of the differential duties. It can be inferred from this mental attitude that we are underestimating the difficulties of our task of reorganisation as well as the new menace to our cotton industry. The advantage of Japan is not all due to unfair competition, though some of us in India would fain believe so. I am afraid, Sir, in the absence of a great and decisive effort for reorganisation, even a 20 per cent. duty might fail to achieve equality between the most go-ahead and the most conservative producers of textiles. And if the task to be achieved is a difficult one for the rest of India it is doubly difficult for Bombay. For she has to re-establish her former position of comparative advantage not only with respect to Japan but *vis-a-vis* the upcountry mills. We are all aware, Sir, that the name of Bombay has been synonymous in the past with skill, enterprise and initiative. But in order to succeed in her difficult task she will have to draw on every ounce of her strength and resources. It is to be expected that instead of wasting time on preliminary issues of a sentimental character she will put her shoulder to the wheel and begin her great task of the rehabilitation of the foremost industry of India.

THE HONOURABLE SIR GEORGE RAINY (Commerce Member): Mr. President, the first speaker, Mr. Surput Sing, opened out a very wide field for debate, for he touched, lightly it is true, on a large number of important topics not directly relevant to this Bill. The only one of these points to which I should like to refer is this, that it was with some surprise that in this House of all places I heard the statement that Delegations to the League of Nations had invariably been headed by Englishmen. I should have thought that there could not be a Member of this House who did not know that it was the Leader of this House, Sir Muhammad Habibullah, who headed the last Delegation at Geneva. (Applause.) Now, Sir, had not the point been admirably dealt with by my friend Sir Jahangir Coyajee I should have wished to have said something about the charge that this Bill is designed in the interests of Lancashire, in order to put large sums of money into the pockets of the Lancashire millowners, and not in the interests of India. But I do not think I need dwell upon that point, because, as I say, Sir Jahangir Coyajee has dealt with it effectively. The plain fact of the matter is that in the opinion of Lancashire—and as Lancashire is very closely interested its opinion is probably of some value—this Bill far from being beneficial to its interests inflicts on them a very serious blow. There can be no question at all about that, and it is only true that the Bill benefits Lancashire in this sense

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that, with the additional 5 per cent. upon non-British goods, Lancashire will be better off than if that 5 per cent. were not imposed, but it is a great deal worse off than if the duties had been left unchanged at 11 per cent.

Now, Sir, something has been said to-day about the fiscal automony convention. I dealt with that matter at length in another place and I do not wish to cover the same ground again. But I should like to refer briefly to what fell from my Honourable friend Lala Ram Saran Das. He referred to the Report of the Crewe Committee. A great deal of use was made in the discussions in another place of the report of that Committee, and I think it is worth while to make it clear to the House what exactly the question was with which that Committee were dealing. The point they considered was this. If a Bill has been passed by the Indian Legislature and it has received the assent of the Governor General, in what circumstances, if any, ought the Secretary of State to advise His Majesty to exercise his power of disallowance ? It will be obvious, Sir, that in the case contemplated Government and the Legislature have already reached agreement, for otherwise the assent of the Governor General would presumably not have been given ; and what the Crewe Committee said was that if such a Bill had received the support of a majority of non-official votes in the Assembly, it would not be right for the Secretary of State to advise His Majesty to disallow it. But obviously this is a totally different proposition to what comes up in connection with this Bill. The circumstances supposed are that Government and the Legislature are in full agreement, and that a majority of the non-official Members of the Assembly have supported the measure. I cannot see that this passage in the Crewe Committee's Report has any relevance whatever to the interpretation of the fiscal convention.

The interpretation which, I think, my Honourable friend Lala Ram Saran Das favours and which certainly found a great deal of favour in the other House was this. Since the convention lays down that the Secretary of State will not exercise his powers of interference when the Government of India and the Legislature are in agreement, it is the duty of the Government of India to ascertain the opinion of the non-official or of the elected Members of the Legislature and thereafter to agree with that opinion. If that theory were accepted, Government and the Legislature no doubt would always be in agreement, but the agreement would not be a real agreement, because it would mean that Government had surrendered its own judgment altogether. What I tried to make plain in another place was this, that this was an interpretation of the convention which Government could not accept, because in their view the agreement must be a real agreement and not on the part of Government an abandonment of an important duty.

Before passing on to another point, I should like to refer in passing to one remark which fell from my Honourable friend Lala Ram Saran Das. He said that the fixing of the exchange at 1*s.* 6*d.* meant an increased burden of 12½ per cent. on the consumer. What I have always heard previously is that it means a lower price to the extent of 12½ per cent. to the producer. But if it is going to operate both ways, if the consumer pays 12½ per cent. more and the manufacturer gets 12½ per cent. less, I want to know where that extra 25 per cent. has gone, because it has not gone to the pockets of the Government of India, I can assure my friend, and the Finance Member would repudiate that. I think he would be wise if he were to reconsider that particular point, because I do not think that it can plausibly be argued that the 1*s.* 6*d.* ratio imposes an extra burden on the consumer.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: On a point of explanation, Sir. I meant by observing that that the decrease in the price of the rupee brought in 12½ per cent. less to the Indian exporter and to the Indian agriculturist, as most of the consumers are agriculturists, who form more than 80 per cent. of the population.

THE HONOURABLE SIR GEORGE RAINY: Then may I put it this way: My Honourable friend wishes to say that in his capacity as a producer the consumer has had an additional burden of 12½ per cent. imposed on him. I do not want to enter into that field of argument, but the actual wording of his statement led to a rather different impression, which I thought deserved a moment's notice.

Now, Sir, I should like to turn to what Mr. Shivdev Singh Uberoi said when he remarked that he did not think that the attitude taken by Government in another place was right. I am glad to have an opportunity of saying something about that, because owing to circumstances entirely beyond the control of Government a convenient opportunity did not present itself of dealing with that matter in another place. The charge brought against Government is this, that it is treating the Legislature unfairly to present them with the alternative of accepting the Government scheme as it stands or of getting nothing at all. The first point I want to make is this, that it is quite an unfair description of what actually happened. In the first place, an integral part of the Government plan was the increase of the revenue duty from 11 per cent. to 15 per cent. and that has been accepted by both Houses of the Legislature and has been passed into law. There is no use therefore saying that the industry would get nothing, for it has actually got the 15 per cent. duty which was included in a separate Bill and could therefore be dealt with entirely separately. Again it is not correct to suggest that Government maintained an absolutely obdurate attitude and was unwilling to make any change in its original proposals. A very substantial change was made in the original scheme in order to meet non-official opinion. The application of the specific minimum duty to plain grey goods of British origin was not a small charge but a large one. It is in that class of goods that the inroads of the Japanese mills into the sphere where British goods formerly possessed a very large share of the trade, have been most serious. Now, what Government found was this, that on the one hand there was a great deal of apprehension in non-official circles that if the specific minimum duty were not made applicable to this class of goods produced in the United Kingdom, the result would be that Great Britain would recapture a large part of the trade which had been lost to Japan, while on the other hand it was pretty clear that the manufacturers in Lancashire did entertain hopes that with reorganisation and mass production they might in fact be able to recover at least part of that trade. Government's own view was that both the hopes and the apprehensions expressed were likely to be falsified, because they did not believe that with the handicap of a 15 per cent. duty it was at all likely that in the class of plain grey goods the British manufacturer would be able to re-establish his position. Nevertheless, they accepted an amendment moved in another place which had the effect of making it absolutely impossible in this class of goods for Lancashire to recapture any part of the trade which it had lost. Now, that, Sir, was a definite concession to non-official opinion. It was an important concession because the imports from Japan and China in this class of goods amount to about 220 million yards, and in the other classes the imports from these countries are only about 150 million yards. I think that is a pretty convincing reply to the charge that this Bill is conceived in the interests of Lancashire. What then did Government do? There were

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two important amendments of which notice had been given in another place. One was for the application of the 20 per cent. duty to British as well as to non-British goods. As my Honourable friend, Mr. Woodhead, has explained, the view of the Government has been made clear and unmistakable from the start. They could not accept that scheme because the benefit to the industry was altogether incommensurate with the burden on the consumer. The other amendment is the same as one of which notice has been given in this House, namely, that on goods from all countries the duty should be 15 per cent. with a specific minimum duty of 3½ annas a pound. Government examined that proposal very carefully. They found that for practical reasons it was unworkable and would lead to intolerable congestion and delay to trade in the Customs Houses. They also found that the scheme tended to give protection where it was not needed and to give inadequate protection where it was needed. They came clearly to the conclusion that they could not accept that amendment either. In these circumstances, was it unreasonable, was it unfair that Government should make their position clear so that Members of the Legislature should not be misled as to the consequences of the votes they might give? In every constitution framed on the British model, occasions are apt to occur when Members of the Legislature are faced with very similar dilemmas. When the Government of the United Kingdom or of a self-governing Dominion makes a particular measure a question of confidence, then Members of the Legislature have to choose whether they will take what Government offers or risk the defeat of the Government and the consequent danger to the whole policy which the Government represents. As I pointed out in another place, the only difference is that in a Dominion or in the United Kingdom the Government can be removed by the Legislature and at present in India this result cannot follow. But in a Dominion Legislature or, if you will, in the United Kingdom, the final decision rests with the Legislature, not in the sense that it can shape all the details of the plan and compel the Government of the day to accept them, but in the sense that when Government has gone as far as it can to meet divergent views, to choose whether it will accept the Government scheme or not. I might remind the Honourable Member who spoke first that, if he were a Member of the British House of Commons and a similar Bill came before it, it would be impossible for him to move the amendment, because the Parliamentary practice is that an amendment for an increase in taxation can be moved only by a Minister of the Crown. Government, Sir, cannot admit that, by taking up the attitude which they did take, they were in effect preventing the Legislature from deciding by its own free vote. If that were so, it would mean that in no constitution framed on the British model can the Legislature decide major issues by a free vote, for they must always take into account the fact that an adverse vote may bring down the Government with the consequent risk—or it may be the certainty—that the policy for which the Government stands will be endangered.

In conclusion, Sir, I will only add one word with reference to what fell from Mr. Surput Sing. He spoke of a plan adopted at the direct instigation of the Government in England. I have contradicted that statement and my Honourable friend, the Finance Member, has contradicted that statement in another place. I should like to do so once again to-day and to make it quite clear to this House that the scheme in the Bill originated with the Government of India entirely, and that no suggestion, direct or indirect, that it should take this form came from anywhere else.

THE HONOURABLE THE PRESIDENT : The question is :

"That the Bill further to amend the Indian Tariff Act, 1894, as passed by the Legislative Assembly, be taken into consideration."

The motion was adopted.

THE HONOURABLE MR. SURPUT SING : Sir, the first amendment that I propose to move with regard to the Indian Tariff Bill, 1930, is to the following effect :

"That in sub-clause (*1*) of clause 2 of the Bill, for the proposed Item No. 156A the following be substituted, namely :

'156A. Cotton piece-goods. *Ad valorem* . 15 per cent. or 3½ annas per pound, whichever is higher'."

My object in this amendment is that there should be a revenue duty of 15 per cent. on all imported cotton piece-goods with a minimum of 3½ annas per pound irrespective of the country of origin. This proposition, if accepted, will satisfy the Indian requirements. (1) It will protect Indian production ; (2) it will not involve any discrimination and therefore does not endanger India's export trade with non-British countries ; (3) it will not injure Lancashire, which possesses the natural advantage over India of specialising in fine counts.

The Indian cotton industry which has been so hard hit of late by a combination of causes near and remote needs undoubtedly some immediate relief. Such a protective duty as is proposed will go to ameliorate the situation. But the industry must not forget that every protective duty eventually hits the consumer. So for safeguarding their position the preferential duty in favour of British goods should not be accepted, as that will mean ultimate hardship to the Indian consumer inasmuch as about 2 crores will be mulcted from Indian consumers for the interests of British producers and that for the next three years. Again, this policy of Imperial preference brings in a question of invidious distinction against non-British countries. Japan being the next of the supplying countries of textiles to India will be vitally affected by the discrimination. If she feels aggrieved by the policy she may introduce a policy of retaliatory tariff against her Indian imports and then will follow an era of dismal trade depression in our exports to Japan. We should, therefore, seriously ponder over such a step as we are asked to take in the Bill before us.

Lancashire which is perhaps the oldest place for cotton weaving and which enjoys the speciality of turning out the finest counts of cloth may easily spare us the discriminatory policy in the present state of our political and financial troubles and thus earn our goodwill.

The Secretary of State for India has openly denied that it was at his instigation that the policy of preference had been adopted. He has also added that so far as India is concerned, she has a free choice in the matter as she enjoys full fiscal autonomy in such things. The Government of India have been unable to substantiate what they have so long asserted that the British Cabinet wanted some such preference to be adopted for them.

In view of all these facts, I should think that an all-round 15 per cent. duty, irrespective of the country of origin, will fully and satisfactorily meet the situation. With these words, Sir, I beg to move the amendment for the acceptance of the House.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Sir, I rise to support this amendment as I do not like to buy protection for the Indian cotton industry at the sacrifice of fiscal autonomy. In this connection, Sir, I might say that although I am for Imperial preference, I am only for Imperial preference in case India is given in reality autonomy in fiscal matters. On this occasion, I might also explain, Sir, how Lancashire enjoys an indirect protection in the way of 1*s.* 6*d.* exchange ratio. I think I have not been quite clear in my explanation of this point before, so I want to explain it now. The Lancashire manufacturers were unable to sell their goods at the exchange ratio of 1*s.* 4*d.*, but the Government by forcing the ratio to 1*s.* 6*d.* made their goods sell, because in rupees it meant a lower price although in the sterling price it meant no change. As far as the difference to the masses between imports and exports in India was concerned, I calculated it to be only about 3½ per cent. for the rural population and in view of this difference, an indirect bounty of about 8½ per cent. was given to Lancashire. Sir, if real fiscal autonomy does not exist severe resentment ought to be shown by this House so that the violation of the fiscal autonomy convention should be set right like the later interpretation of declared Dominion status was included in responsible government, so that it may not add to the discontent in the country.

THE HONOURABLE SIR JAHANGIR COOVERJEE COYAJEE: Sir, I did not intend to speak again on this occasion, but I should like to add a word about the views propounded relating to the exchange ratio and its bearing upon the scheme of protection. While asserting the advisability of extending protection to our textile industry, I deny as emphatically that either the 1*s.* 6*d.* ratio or the currency policy of the country were factors which contributed in any measure to the condition of things which made that protection necessary. Those who hold the view that the new rates harmed the textile industry might be invited to explain why for full four years after the inauguration of the new rates, the production of piece-goods in India as well as their exports went on making new records. If the ratio was hindering our exports and helping imports from abroad, how is the long stagnation of Lancashire imports and their fall since the year 1924-25 to be accounted for ?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: What were the profits during this four-year period accruing in India to the Indian mills ?

THE HONOURABLE SIR JAHANGIR COOVERJEE COYAJEE: We are dealing, Sir, with the period of depression, in which very few mills in any country were making any profits. The great expansion of the textile industry in India shows however that even after the new ratio was introduced, the prospects of profits seemed quite good.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Can you say how many new mills were started during this period of depression ?

THE HONOURABLE SIR JAHANGIR COOVERJEE COYAJEE: I could not say that, I am sorry; but from Mr. Hardy's report you will find that after the introduction of the ratio, in about four years, the increase of

production of the Bombay mills was over 60 per cent. Even within the last two years, about 10 new mills have been set up in Ahmedabad and several in Madras.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: What was the corresponding decrease in production in the Bombay mills ?

THE HONOURABLE SIR JAHANGIR COOVERJEE COYAJEE: The Bombay mills had special difficulties of their own in the matter of labour and in the matter of taxation. I would refer the Honourable Member to the report of the Textile Tariff Board. But, Sir, was it the fault of the ratio that between the years 1923-24 and 1928-29 the output of the upcountry mills increased by 60 per cent. ? It is obvious also that Japan does not owe its present dominance in the Indian market to the ratio. For the growth of Japanese exports of textiles to other countries than India is at least equally striking. Obviously the remarkable increase of Japanese exports to so many countries simultaneously cannot be accounted for by a local factor like the ratio which can apply only to India. But it is the reward of her superiority in organization, technique and labour.

THE HONOURABLE SIR GEORGE RAINY: Sir, I would only say a very few words in replying to this amendment, and I do not think the House will expect me to speak at length, because I notice that both the mover of the amendment and his supporter, though they had several things to say about the Bill, said nothing whatever about the probable effects of their own amendment. Government, Sir, are unable to accept this amendment for two reasons. In the first place, the administrative difficulties in applying the 3½ annas minimum specific duty to all classes of goods would, as I have already said, lead to intolerable congestion and delay in the Customs Houses. That matter was very fully explained in another place by Mr. Hardy who of course speaks with first hand knowledge in such matters. In the second place, Government are definitely of opinion, and I may say incidentally that all the millowners are also of the same opinion, that the protection given, if this amendment were adopted, would be inadequate and would be much inferior to the scheme of the Bill. Finally, there is this objection that the effect of the amendment would be to subject to higher taxation with no advantage to anybody a considerable volume of non-competing goods, the import of which does not in any way affect the Indian industry. For these reasons, Sir, Government cannot accept the amendment.

THE HONOURABLE THE PRESIDENT: The original question was :

"That clause 2 do stand part of the Bill".

Since which an amendment has been moved :

"That in sub-clause (*1*), for the proposed Item No. 156A the following be substituted, namely :

'156A. Cotton piece-goods. *Ad valorem* . 15 per cent. or 3½ annas per pound, whichever is higher'."

The question I have to put is that that amendment be made.

THE HONOURABLE MR. SURPUT SING: I call for a division, Sir.

(The Honourable the President then ordered a division.)

The Council divided :

AYES—5.

Khaparde, The Honourable Mr. G. S.
Nirmal Kumar, The Honourable Mr.
Pakrashi, The Honourable Mr. Suresh Chandra.
Ram Saran Das, The Honourable Rai Bahadur Lala.
Surput Sing, The Honourable Mr.

NOES—24.

Abdul Majid Khan, The Honourable Khan Sahib Khwaja Muhammad.
Akbar Khan, The Honourable Major Nawab Mahomed.
Akram Husain Bahadur, The Honourable Prince A. M. M.
Charanjit Singh, The Honourable Sardar.
Chettiyar, The Honourable Dewan Bahadur K. Sundaram.
Coyajee, The Honourable Sir Jahangir Cooverjee.
Dudhoria, The Honourable Raja Bijoy Sing.
Dunnett, The Honourable Mr. J. M.
Fazl-i-Husain, The Honourable Khan Bahadur Mian.
Graham, The Honourable Sir Lancelot.
Macmillan, The Honourable Mr. A. M.
Maqbul Husain, The Honourable Khan Bahadur Sheikh.
McWatters, The Honourable Sir Arthur.
Megaw, The Honourable Major-General J. W. D.
Mehr Shah, The Honourable Nawab Sahibzada Saiyad Mohamad.
Middleton, The Honourable Mr. A. P.
Muhammad Hussain, The Honourable Mian Ali Baksh.
Shillidy, The Honourable Mr. J. A.
Suhrawardy, The Honourable Mr. Mahmood.
Thompson, The Honourable Sir John.
Uberoi, The Honourable Sardar Bahadur Shivdev Singh.
Upton, The Honourable Mr. T. E. T.
Yahya, The Honourable Khan Bahadur Muhammad.
Woodhead, The Honourable Mr. J. A.

The motion was negatived.

THE HONOURABLE THE PRESIDENT : Does the Honourable Member desire to move his amendment ?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Yes, Sir.

THE HONOURABLE THE PRESIDENT : I do not know if the Honourable Member realises the effect of his amendment.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : I, realising the atmosphere, say that it will not pass.

THE HONOURABLE THE PRESIDENT : The Honourable Rai Bahadur Lala Ram Saran Das.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Sir, I rise to move :

"That in sub-clause (*1*) of clause 2 of the Bill, for the proposed Item No. 156A the following be substituted, namely :

'156A. Cotton piece-goods. *Ad valorem* . 15 per cent. or 3½ annas per pound on plain grey goods, whichever is higher'."

My amendment, Sir, differs to some extent from the amendment which my friend the Honourable Mr. Surput Sing moved, because I differentiate the plain grey goods and the imposition of the duty upon them. As regards the definition of plain goods, I give it the same meaning as is given in the Bill itself, which says :

"plain grey, that is, not bleached or dyed in the piece, if imported in pieces which either are without woven headings or contain any length of more than nine yards which is not divided by transverse woven headings",

Well, Sir, I believe that it will be a relief to the Indian cotton industry if my amendment is adopted. I need not dilate much upon it because my amendment is quite clear, and I hope that the House will adopt it.

THE HONOURABLE MR. SURPUT SING: I beg to support the amendment moved by my Honourable friend Mr. Ram Saran Das, as my own amendment has been lost.

THE HONOURABLE SIR GEORGE RAINY (Commerce Member): I do not know, Sir, whether I am right in interpreting a remark which fell from my Honourable friend Lala Ram Saran Das in this way, that if he had a free vote, in the sense in which he wants it, he would not have been able to move this amendment because it might have been carried.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: My meaning was that, as the House had rejected the former amendment, I presumed my amendment would also be rejected.

THE HONOURABLE SIR GEORGE RAINY: I understood he gave that as a reason for moving his amendment, and I inferred that otherwise he might not have moved it. I am afraid I cannot accept this amendment for two reasons. One is that I have not the least idea how it could be interpreted as it stands on the paper, and the second, because I regard it as a reduction in the protection proposed to be given which could not but have injurious results to the textile industry.

THE HONOURABLE THE PRESIDENT: The original question was:

"That clause 2 do stand part of the Bill".

Since which an amendment has been moved:

"That in sub-clause (*1*) of clause 2 of the Bill, for the proposed Item No. 156A the following be substituted, namely:

'156A. Cotton piece-goods. *Ad valorem* . 15 per cent. or 3½ annas per pound on plain grey goods, whichever is higher'."

The question I have to put is that that amendment be made.

The motion was negatived.

THE HONOURABLE MR. SURPUT SING: Sir, the next amendment that I have to move is:

"That in sub-clause (*2*) of clause 2 of the Bill for the figures '1933' the figures '1931' be substituted."

In moving this amendment my object is obvious. I do not for a moment want to commit my country to such a position as will evoke criticism from those who will succeed in the Legislature early next year. Besides I anticipate that the revision of the present Constitution that is to take place before the year is out will bring about a modification of our present commitments and obligations. In view of such considerations I think it would be proper to put in "1931" in place of "1933".

THE HONOURABLE SIR GEORGE RAINY: I regret, Sir, that Government are unable to accept this amendment. They are clearly of opinion that, before the future policy of Government and the Legislature with regard to the

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industry is settled, there should be a Tariff Board enquiry. But if the Tariff Board enquiry is to serve any useful purpose, then there must be time for the Bombay industry to reorganise itself and put itself on a sound footing. However anxious and however zealous the Bombay millowners might be, they could not possibly carry out the reorganization in the course of a few months, and therefore if the amendment were carried, it would mean that the industry would be left in a position of complete uncertainty as to its future and any serious attempt at reorganisation would, I fear, be abandoned. For these reasons, Government cannot accept the amendment.

The motion was negatived.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Sir, I rise to move :

"That in sub-clause (2) of clause 2 of the Bill, for the figures '1933' the figures '1932' be substituted, and consequential amendments be made in the Bill."

As the Honourable the Commerce Member has himself observed that one year will not be quite enough for the experiment, I move a *via media* that the trial may extend to two years. After two years we shall see whether this action of the Government has really benefited the Indian cotton industry, and in case it has, then this point could be put for reconsideration before the Legislature. I think, Sir, that my amendment is a very modest one and ought to receive the favourable consideration of this House.

THE HONOURABLE SIR GEORGE RAINY : Sir, I fear I must oppose this amendment on the simple ground that while two is better than one, it is not so good as three.

The motion was negatived.

Clause 2 was added to the Bill.

Clause 3 was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

THE HONOURABLE MR. J. A. WOODHEAD : Sir, I beg to move that the Bill further to amend the Indian Tariff Act, 1894, as passed by the Legislative Assembly, be passed.

The motion was adopted.

SILVER (EXCISE DUTY) BILL.

THE HONOURABLE SIR ARTHUR McWATTERS (Finance Secretary) : Sir, I move that the Bill to provide for the imposition and collection of an excise duty on silver, as passed by the Legislative Assembly, be taken into consideration.

A few days ago, in presenting the Indian Finance Bill in this House, I took the opportunity of explaining the nature and the necessity for the present Bill which is now before the House, so that on the present occasion I need not say more than a few words. This Bill, Sir, is a corollary of the import duty on silver which has been agreed to by the Legislature. The result of that import duty is clearly to raise the internal price of silver in the country and therefore either a corresponding excise duty should be imposed or the benefit passes entirely to the producers of silver in the country. It is true that when this import duty was enforced in previous days, there was no corresponding excise duty, but that was because the production of silver in India practically did not exist at that time. Since then there has been a great development in the production of silver as a bye-product in the Bawdwin mines in the Northern Shan States in Burma. Other sources in India are very small indeed and are in fact negligible, but the Bawdwin mine production of silver is considerable and therefore the Government have thought it desirable to bring forward this Bill. The Bill provides the necessary machinery for the rebate of the duty in case of export. That is all I need say at the present stage in support of my motion.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: I expected, Sir, that the Honourable the Finance Secretary would explain how the effect of this new duty would be of a permanent nature. I presume, Sir, that it will temporarily increase the price of silver, but as soon as the duty is withdrawn, the price will come to its past level. In the absence of an assurance from the Government on this point, whether this measure is of a permanent or a temporary nature in stabilising the price of silver, I am not in a position to vote either for or against the Bill. I should therefore like to have the information.

THE HONOURABLE SIR ARTHUR McWATTERS: Sir, I am not quite sure that I understood the Honourable Member's point. The import duty on silver which has been imposed is a duty not for a fixed period but indefinitely. If that duty were taken off, it would obviously be necessary for Government to remove also the excise duty which we are imposing by this Bill. The two things are complementary one to the other. There is no question of the excise duty remaining and the import duty being taken off.

THE HONOURABLE THE PRESIDENT: The question is:

"That the Bill to provide for the imposition and collection of an excise duty on silver, 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.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

THE HONOURABLE SIR ARTHUR McWATTERS: Sir, I move that the Bill to provide for the imposition and collection of an excise duty on silver, as passed by the Legislative Assembly, be passed.

The motion was adopted.

THE HONOURABLE MR. J. A. WOODHEAD (Commerce Secretary): Sir, I move that the Bill further to amend the Indian Companies Act, 1913, for certain purposes as passed by the Legislative Assembly be taken into consideration.

1 P.M.

The Bill, Sir, is, I believe, non-contentious. But, although non-contentious, it deals with an important matter of considerable interest to the commercial community. One of the main objects of the Indian Companies Act of 1913 was to ensure that the accounts of companies were properly audited and with the growth of Indian commercial and industrial enterprise in recent years it has become increasingly important to ensure that the audit of companies' accounts is effected in such a manner as is likely to inspire public confidence. Under the present law, there are three classes of auditors. First, the members of those Societies specified in the Notification issued by the Governor General who are entitled to be appointed to act as auditors of companies throughout British India. Secondly, the holders of what are called unrestricted certificates granted by Local Governments entitling the holders also to act throughout British India. Thirdly, the holders of restricted certificates who are only entitled to act in the territories of the Local Governments granting the certificates.

So long ago as 1917, the Government of India, in addressing the Government of Bombay on the question of extending and improving the system under which auditors' certificates were granted, gave expression to the view that the ideal system was one by which control is exercised by an autonomous association on the lines of the Associations in England—an autonomous association of professional accountants exercising control over its own members. That is, Sir, I think, the ideal and the ultimate goal which the Government of India as well as professional and commercial opinion in India look forward to. By an arrangement between the Local Governments and the Government of India, the grant of unrestricted certificates is at present limited to those persons who have obtained the Government Diploma in Accountancy of the Accountancy Diploma Board, Bombay. It has always, however, been felt that a system under which the grant of these unrestricted certificates is limited to persons who have passed the examination at one centre and who have undergone their theoretical training at one centre, is not likely to be acceptable indefinitely. At the same time, it is obvious that the existence of several independent authorities, each laying down its own system of training and its own standards of qualifications, would result in a variety of standards, and would tend to the establishment of a system by which admission to act as an auditor in a province would be limited to persons possessing the provincial qualification. Such a development was considered undesirable, particularly as it would render more difficult the attainment of the ultimate ideal of an autonomous association controlling professional accountants throughout India.

Those are the reasons which led the Government of India to propose that the law should be amended in such a way as to centralise the procedure for granting certificates to auditors. And this is what the Bill in principle does. It substitutes the Governor General in Council for the Local Governments as the authority empowered to grant certificates and to make rules to regulate the manner in which and the conditions subject to which these certificates shall be granted. At the same time, while preserving these existing rights to members of the notified Associations who are resident in India, it

abolishes the power now vested in the Governor General in Council to allow a member of a notified Society to act as an auditor in India without the necessity of obtaining an Indian certificate.

The Bill leaves many important matters to be dealt with by rules and perhaps one of the most important of these is the constitution of a central Indian Accountancy Board which will consist of members representing interests particularly affected—that is, professional accountants—and persons having special knowledge of accountancy. The duty of this Board will be to advise the Governor General in Council on all administrative matters and to assist him in maintaining the standards of qualifications and conduct of persons enrolled on the Register of Accountants. In addition to the Central Indian Accountancy Board, provision has also been made for the constitution of local Accountancy Boards at local centres. It is hoped that the Central Accountancy Board will ultimately develop into that autonomous body to which I have already referred. The scheme which underlies the Bill has been prepared after I might say years of consultation with Local Governments and interests concerned. And I believe I am correct in saying that the Bill and the scheme which underlies it has met with the general approval of Local Governments and of both commercial and professional opinion.

Finally, Sir, I might mention that, although the Bill leaves the constitution of the Central and local Advisory Boards to be determined by rules, it is contemplated that, when the Boards are reconstituted after the first period, provision shall be made for an increasing and progressive element of elected members on both the Central and local Advisory Committees.

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 the Preamble were added to the Bill.

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

The motion was adopted.

THE HONOURABLE MIAN SIR FAZL-I-HUSAIN (Education, Health and Lands Member): Sir, this concludes the Government business.

The Council then adjourned *sine die*.

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