

Reports—Official & Non-Official 1921.22

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Reports
Official & Non-official
1921-22

The Munitions Fraud Case

(For the details of the case, see Vol I page 259)

The Government of India in the Industries Department issued a lengthy statement reviewing the Munitions Board Case.

It appeared that Sir Thomas Holland first consulted a D. I. G. of Police on special duty on the question of withdrawing the case and afterwards two members of Council who agreed to the withdrawal, only apparently to avoid protracting the proceedings.

It was pointed out that the Chief Controller, Surplus Stores, the officer best acquainted with the papers, was then absent on tour, and hence Sir Thomas Holland had to deal with the matter himself.

The Government in conclusion emphasised that it was impossible to justify the withdrawal of the case on the grounds given. The withdrawal however was then irrevocable.

The Government also condemned the assertion of the guilt of the accused when the case was being withdrawn.

The following is the text of the communique :—

1. The attention which has been directed both in India and England to the withdrawal of Government from the prosecution in what is known as the Munitions Fraud Case, makes it incumbent on the Governor-General-in-Council to state the circumstances attending that withdrawal and at the same time to declare his attitude regarding certain aspects of the case and in particular the reason assigned in Court for the action taken.

The Facts of the case

2. The main facts on which the prosecution was initiated have been prominently before the public and do not require a re-statement at any length. Four persons, namely, C. S. Waite, Rai Bahadur Sukhlal Karnani, J. C. Banerjee and H. Stringer, were implicated. The charge was one of conspiring to cheat in regard to the supply of a quantity of wire rope to the Munitions Board in August, 1918. The original decision to prosecute these four persons was arrived at by the Board of Industries and Munitions in the summer of 1920. That decision was taken with the cognisance of the Government of India. The actual inception of the prosecution in India was delayed by the proceedings for the extradition of C. S. Waite, and though orders to this effect were eventually secured his transfer to India

has up to date been delayed owing to the condition of his health. While the extradition proceedings were still in progress a certain measure of sympathy had manifested itself in favour of the accused among some sections of the public, particularly in Calcutta. Sukhlal Karnani is the Managing Director of the Karnani Industrial Bank, an institution which is understood to finance a number of minor industrial undertakings. J. C. Banerjee is also connected with various industries in Bengal. A number of meetings were held at which it was represented that the prosecution of these two accused would involve serious consequences to indigenous industries in Bengal. Much publicity was given to the fact that one of them had made considerable gifts to War charities and that his generosity in this respect had been recognised by Government.

3. The Board of Industries and Munitions ceased to exist as a separate body in February, 1921. While many of its functions were taken over by the newly constituted Department of Industries the work connected with the closing of the war commitments of the late Munitions Board (among which this case was included) was by a Resolution of the Government of India allotted to a separate temporary organisation under the Chief Controller, Surplus Stores, responsible to the Member-in-charge, the Hon. Sir Thomas Holland. The case did not therefore come within the scope of the regular proceedings of the Industries Department. Prosecution having once been decided on the arrangements necessary for the conduct of the case did not call for any further reference to the Governor-General or the Orders of Council, and it was not until the developments about to be described occurred and which resulted in a modification of the original decision that the ordinary rules of procedure necessitated such further reference. The failure to seek these orders is a regrettable fact in the history of this incident and the progress of the case at this stage must be given in some detail. Sir Thomas Holland in the full and unreserved explanation of his conduct of the case which he has rendered to the Governor-General states that up to June last he was himself convinced of the desirability of continuing the prosecution, having discounted the agitation in favour of its withdrawal. In June, however, during a visit to Calcutta he was informed that the Karnani Industrial Bank was already suffering seriously in credit owing to the prosecution and was furnished with details showing heavy withdrawals stated to be due to the same cause. He was also informed that a number of the Directors had resigned their seats on the Board, that the Bank financed no less than one hundred and twenty Indian industrial concerns, and that if it were unable to continue to finance them they would fail with all the attendant consequences of distress and

discontent. On the question of fact it may be stated here that the Bank, which was registered in 1919, has an authorised capital of five crores of which three have been issued but only sixty lakhs paid up. Sir Thomas Holland did not, however, at that stage see sufficient reason to change his view of the case. Sukhlal Karnani had at the time a contested claim against Government amounting to over two lakhs of rupees for the supply of munitions unconnected with the present case and the Hon. Member had made it clear to those who approached him in the matter that Government would not consider the question of withdrawal so long as a suit for these claims was threatened.

4. Early in July intimation was received from the solicitors of Sukhlal Karnani withdrawing "without prejudice" but at the same time without conditions the civil claim preferred by him, and soon after the receipt of this intimation the Hon. Member called for a fresh appreciation of the situation from the Deputy-Inspector-General of Police who had been placed on special duty at Calcutta for the investigation and conduct of the case. He was consulted on the advisability of withdrawing from the prosecution of Sukhlal and as to the consequences which such withdrawal would involve in regard to the other accused in this and similar cases then pending, but he was informed that it was thought unnecessary at that stage for him to consult the counsel on the matter. The counsel in charge of the case on behalf of Government was the advocate-General of Bengal with whom was associated Mr. C. Ross Alston, Barrister at Law, Allahabad. The reply to the letter, while dealing with the general considerations above indicated, called attention to the conclusion at which the Deputy-Inspector-General had himself now arrived and which he stated to be also the opinion of counsel that the case as now developed could not be disposed of by a Magistrate but would in all probability have to take the more protracted and in consequence far more costly course of a sessions trial. This fact inevitably introduced some element of uncertainty as to the issue, more particularly in a complicated case of this description. The circumstances seemed to Sir Thomas Holland to point to the advisability of some reconsideration of the case and he therefore consulted two of his colleagues on the Council. It is not consonant with the practice of the Government of India or with the constitutional position on which that practice is based either to disclose the identity or to publish the individual views of the members of Government who have taken part in its proceedings. But it is fair to state on this occasion that both of the colleagues consulted by the Hon'ble Member agreed to the withdrawal, though not on wholly identical grounds. It should further be noted that at this stage of

the proceedings the Chief Controller, Surplus Stores, was absent on tour and as the case was due for hearing on the 30th July it was necessary for Sir Thomas Holland to deal with the matter himself without the advice of the officer best acquainted with the proceedings papers. In doing so he made it clear that he was in his own mind much influenced by the information he had received regarding the possible effect on the concerns connected with the Industrial Bank which might ensue from the failure of the latter. If the prosecution succeeded he thought that Government might suffer from the sinister imputation that it had deliberately done harm to Indian industrial development by striking at this bank, while if it eventually failed Government would have to face the additional criticism that it had unjustifiably wasted public money. In any case he considered that a protracted trial would disturb the public mind and create many additional enemies of Government. Sir Thomas Holland thereupon decided to withdraw from the prosecution and an official letter was on the 21st July addressed to the officer in charge of the case at Calcutta stating that the Government of India having been made aware that the prosecution might seriously affect widespread commercial and industrial interests had decided that it would be good in the public interest to withdraw from it. He was accordingly directed to instruct the Public Prosecutor to present the necessary application to the Court for permission to withdraw on the grounds above stated. An adjournment of the case having been secured, a consultation took place between the Deputy Inspector-General of Police and the two Counsel in Calcutta. It will be clear that the withdrawal had been announced to Counsel as a decision already arrived at and the consultation referred chiefly to the manner in which that decision should be announced. It is proper to state also that the Advocate-General has subsequently announced that had he been consulted he would not have advised withdrawal. No copy of the precise statement which Counsel finally agreed to make in Court was received in Simla, but it should be noted that the Officer in charge of the case had forwarded a letter, dated the 1st of August, from the Advocate General in which the latter stated his desire to make it clear that the prosecution was not withdrawing because it could not prove the case. He had advised the prosecution and in justice to himself and to the police who had worked on the case, he thought that something of the sort should be said in Court. He requested that a copy of his letter should be sent to Simla, and instructions asked for by wire. The telegraphic instructions issued to the Deputy Inspector-General on the 4th of August which may be taken as the final order relating to the case may be quoted in full: "Government agree to withdrawal on the ground that the prosecu-

tion will result in widespread financial disturbances but as Government may be challenged in Assembly regarding cost of proceedings to date it seems desirable unless Counsel definitely advise the contrary to make the fuller explanatory statement of case as such statements cannot be made after Magistrate permits withdrawal."

The allusion to the fuller explanatory statement of the case was intended to refer to a statement of the facts drafted by Mr. Ross Alston. Government at a subsequent date received a copy of the full instructions given to the Advocate General on the early morning of the 5th August (the date of the adjourned hearing) by the Deputy-Inspector-General after consultation with Mr. Ross Alston. This also may be quoted in full since it will be seen that it employs a somewhat different terminology from that used in the other issued from the Department: "The Government of India desire that the case should be opened with sufficient detail to show the strength of the prosecution and that it should be stated that the Government of India have been informed from various sources that if the prosecution of Karnani and Banerjee were proceeded with widespread commercial and industrial interests would be seriously affected by reason of the association of these persons with various business concerns, many of a *Swadeshi* character. Influenced by this consideration the Government have come to the conclusion that in the interests of the public it is not advisable to proceed with the prosecution against Sukhlal and Banerjee. The Government consider that it is preferable that these men though guilty should escape punishment than that a large number of innocent persons should suffer loss."

It is to be regretted that the telegram despatched on the 4th did not deal definitely with the passage above mentioned in the Advocate-General's letter of the 1st August in which he expressed his desire to emphasise the fact that Government was not retiring from the prosecution because it could not prove its case.

The conclusions of the Governor-General in Council

6. The Governor-General in Council has now set forth the material facts relating to this case and to the circumstances under which the prosecution was withdrawn. He regrets, however, that it is impossible to confine the treatment of the matter to a simple recital of the facts. He considers that it is incumbent on Government to state whether it accepts the responsibility for withdrawal from this case and in particular for the ground put forward for such withdrawal. He further considers it necessary to examine the question whether the existing procedure of Government is such as to provide an adequate safeguard against a purely Departmental decision, in a matter of public importance such as this under discussion. Finally, he thinks it necessary to state whether, apart from the

merits of the decision arrived at, Government is prepared to endorse the action taken in Court which resulted in a strong expression of the guilt of the accused in spite of the fact that it was intended to withdraw from the prosecution.

7. The preceding statement of the facts will have made it clear that the withdrawal from the prosecution cannot be treated as the result of a considered decision by the Governor-General-in-Council. Sir Thomas Holland has from the outset unreservedly accepted full responsibility for the action taken and has in particular expressed his deep regret at the omission to invite attention of the Governor-General to the case during the period of its reconsideration or to take his instructions before issuing orders in modification of the previous decision. The circumstances in which Sir Thomas Holland was constrained to come to an urgent decision in the absence of the Chief Controller, Surplus Stores, have already been explained, and it must in justice be added that he was at the time seriously over-taxed with urgent work. Pending a re-allocation of the Departmental duties attached to the old Commerce Department and the new Industries Department he had borne the undivided burden of both Departments since the departure of Sir George Barnes. The necessary reallocation of duties has since been carried out.

8. As the decision to withdraw has been taken and is irrevocable it is now useless to discuss the question whether Government should or should not in any circumstances have withdrawn from the prosecution. Different opinions may not unreasonably be held as to the course which Government should pursue when it realises that a costly prosecution may fail for reasons inherent in the case itself at any stage in the judicial proceedings; but, while the Governor-General-in-Council agrees that circumstances may render it justifiable to withdraw a prosecution on a reasonable doubt arising as to the attitude which a Court may assume on the facts placed before it, he desires to make it clear that it is impossible to justify the withdrawal on the specific grounds given in this case. It is the more necessary to emphasise this as an implication has been drawn from this incident that, even where proof is believed to exist of palpable fraud, Government will be prepared to save the offender from prosecution on the ground that a section of the financial or commercial community will suffer from his conviction. This is a doctrine so inconsistent with the principles on which justice should be administered as to call for the most emphatic repudiation from Government. In particular, Government must take the strongest exception to the suggestion that it may be preferable that men though guilty should escape punishment rather than that a large number of innocent persons

should suffer loss. It is seldom that the conviction of an offender fails to involve loss or suffering to innocent persons and a consideration of this nature cannot be permitted to influence the course of justice.

9. The second of the points noted for mention is the question whether this incident has been rendered possible by a defect in the system which calls for remedy. The Governor-General in Council has carefully reviewed the rules regulating the procedure of the Government of India and is of opinion that no such defect exists. The statutory rules framed under the Government of India Act require that every case, which in the opinion of the members in charge of the department to which the subject belongs is of major importance, shall be submitted by him to the Governor-General with the orders proposed by him. An additional safeguard is provided through the position occupied by the Secretaries to the Government of India who, while they are charged with the duty of seeing that the rules of business are duly observed, are at the same time given a status independent of the Members with the right of referring at their discretion any case at any stage for the Governor-General's orders. As has been explained no responsibility attaches to the Secretary in the Industries Department in this case, since, by virtue of the resolution passed in February 1921, it did not come within the scope of the proceedings of that Department, but the case was entirely exceptional in that respect. These are the safeguards and the Governor-General-in-Council considers them fully adequate ; but no rules can provide against human error and that the Hon. Member in this case committed an error of judgment in failing to submit the matter to the Governor-General he has himself admitted.

10. There remains the final point. The circumstances in which an assertion was made in Court of the guilt of the accused in this case have already been explained. It is, the Governor-General-in-Council believes, entirely contrary to the usage observed in such cases and it is, he strongly maintains, contrary to the spirit of justice that a definite assertion should be made of the guilt of the accused when it is intended to withdraw from the prosecution and thus to deprive him of the opportunity of testing or rebutting the evidence alleged to exist against him.

Government of India proposals for the Purchase of Stores

Early in May 1921 the Government of India addressed two letters to Local Governments on the subjects of recommendations made in the report of the Indian Stores Purchase Committee. The first of these letters dealt with the proposals for organisation of the Indian Stores Department and the second with the alterations which it was proposed to make in the rules for the purchase of articles for the public services.

In the first letter the Government of India state that subject to one or two modifications of importance which are generally in the direction of allowing greater freedom to Local Governments they are provisionally inclined to follow the recommendations made in the minority report signed by Messrs. Collier and Ryan, where it differs from the view taken by the majority of the committee. It is explained at the outset that, in response to an urgent request from the Secretary of State for an expression of the Government of India's views regarding the allocation between Central and Provincial of the subject of stores and stationery, the Government of India submitted certain proposals on the subject, and that in accordance with them the following classification has been approved.

CENTRAL SUBJECTS.—Stores and stationery both imported and indigenous required for Imperial Departments.

PROVINCIAL SUBJECTS.—Stores and stationery subject in the case of imported stores and stationery to such rules as may be prescribed by the Secretary of State in Council.

LIST OF PROVINCIAL SUBJECTS OF TRANSFER.—Stores and stationery required for transferred departments subject in the case of imported stores and stationery to such rules as may be prescribed by the Secretary of State in Council. The previous sanction of the Secretary of State in Council is necessary to any expenditure on the purchase of imported stores, or stationery otherwise than in accordance with such rules as may be made in this behalf by the Secretary of State in Council.

Restriction on Imported Stores

The intention of this classification is, it is explained, that all departments of Local Governments, whether reserved or transferred, should be able to make their purchases either through agencies set up by themselves irrespective of any limitation of quality or price or through the Central Stores Department. In the latter case purchases will be subject to certain limitations which are explained in this letter and in the letter dealing with the division of the stores purchase rules. The only restriction which the Government of India propose on the purchase of imported stores by Local Governments is that if ordered from the United Kingdom they must be obtained through the London Stores Department. The Government of India observe that, as the central departments including State-worked railways are responsible for a very large proportion of the stores requirements of Governments which are obtained locally, the proposed Indian Stores Department is not likely to be affected in its scope by the extent to which Local

Governments may desire to utilise it. The necessary equipment of expert, purchasing, and inspecting officers cannot with due regard to efficiency be allowed to fall below a certain minimum even if the total work of the Department proves to be somewhat less than the Committee anticipated.

While dealing with the subject of the relations between Local Governments and the proposed Central Stores Department, the Government of India call attention to certain important features of their proposals. It is hoped that Provincial Directors of Industries will be able to assist the Stores Department with information regarding the extent of local manufactures and the currency of local prices. It is intended that the services of the inspecting and purchasing officers of the Stores Department and its organisation for the collection of intelligence shall be fully available for the use of Local Governments, should they desire to employ them. The making of running contracts for large quantities of materials or articles required by indentors will be encouraged. It is proposed that permission should be given under the rules to indenting officers to detain or obtain articles covered by running contracts direct, subject to the proviso that purchases of importance are reported to the Central Stores Department and that deliveries are in all cases subject to inspection by the officers of that Department. Provision is also made for supplying the Indian Stores Department with duplicate copies of indents made on the London Stores Department, so that the former may be enabled to advise indentors for their future guidance as to what articles included in such indents can be obtained from indigenous source. It is explained that materials which are invariably obtained in the country, such as sand, lime, bricks and Indian timber will be excluded from the scope of the Stores Department. The purchase of stationery is not dealt with in the present letter but will be the subject of a separate communication.

Levy of Departmental Charges.

For the reasons given in Para 96 of their Report the Committee recommended that no charge should be levied on Imperial Departments, Provincial Governments and railway companies for the services of the Indian Stores Department; but they considered that Indian States and local bodies should be asked to make a reasonable payment for the services of the Department. In view, however, of the new relations between the central and provincial revenues and of the fact that full recovery will be made in the case of agency work undertaken by the provinces for the Central Government, the Government of India consider, that it will be necessary to levy departmental charges in the case of supplies made by the Indian Stores Department to Provincial Governments. It has accordingly been decided tentatively to levy a charge of 2 per cent in the case of supplies to Provincial Governments through the Indian Stores Department. Similar percentage is proposed for recovery from the Indian States and local bodies who elect to make use of the Department and the same principle will be applied in the case of stores supplied to railways and the commercial and quasi-commercial departments of the Government of India.

Location of Head Office.

The question of the best location of the headquarters office of the Stores Department is discussed and the Government of India express their inability to acquiesce in the far from unanimous conclusion of the Committee in favour of locating it at Calcutta. Calcutta presents certain obvious advantages in the close and constant touch with important markets and manufacturing centres which it affords, but on the other hand an organisation with a large commercial centre as its basis of operations will, it is thought, to some extent tend to favour that centre at the expense of others. The Government of India consider it to be of great importance that the scales should be held evenly between all centres of manufacturing and trading interest throughout the country in the allocation of

Government purchaser. They have therefore decided in favour of the location of the central office of the Stores Department at the headquarters of the Government of India, a location which will have the additional advantage of facilitating the rapid disposal of questions relating to the working of the Department and of enquiries and complaints with which the Government of India will have to deal.

No Provincial Agencies.

The Committee recommend the creation of provincial agencies at Calcutta, Bombay, Madras, Cawnpur, Lahore and Rangoon. The recommendation the Government of India are unable to support. In their view it will be impossible to appoint a local officer with special knowledge of more than one class of articles. For other classes of articles the knowledge of the local officer of the Stores Department will contrast unfavourably with that of local officers of the Public Works and Industries Departments, and is, therefore, not likely to command the confidence of or render assistance to indenting departments of the Local Government concerned. The Local Governments will, it is expected in many cases, desire to create their own local stores organisations, and while they will doubtless welcome the advice and assistance of an expert and fully-equipped Central Stores Department they are not likely to employ non-expert agents of the Central Department. The provincial agencies proposed by the Committee are moreover inadequate for the work to be performed at large centres like Calcutta and Bombay, while they are probably in excess of the requirements in some of the less developed centres. The Government of India propose therefore to locate a stronger and a more specialised staff at the main purchasing centres and to postpone for the present any attempt to create a local agency elsewhere, relying in the meantime for the collection of intelligence on the Directors of Industries and the local Commercial Intelligence staff. For the present they propose to locate in Calcutta three purchasing officers for engineering and miscellaneous stores, in Bombay three officers for textiles and engineering, and at Cawnpore one officer for leather and textiles; and to employ inspecting officers at each of these centres and at Jamshedpur.

The Government of India do not consider it possible in the present circumstances to give effect to the Committee's recommendations regarding the purchase and inspection of timber, including railway sleepers, the main objection to the recommendation being in their view the impossibility under existing conditions of securing adhesion of company-worked railways to such a scheme. They therefore propose to maintain for the present the existing organisation created for the purchase of sleepers by the Railway Board and to await the falling in of the contracts entered into by company-worked railways. The elimination of the purchase of sleepers from the Committee's scheme leaves too small a balance of other timber purchases to justify the creation of a special agency for the purpose under the Stores Department.

The Government of India agree with the conclusion of the Committee as expressed in Para 160 of their report that there are certain classes of stores for which centralised purchase in bulk presents great advantages; but they would add to the classes of articles enumerated in the para cited above the important class denoted by steel and iron as produced by the blast furnace, steel hearths, or rolling mills, and not further manufactured into articles but including steel intended for structural work.

The Committee made definite proposals regarding the financial powers to be given to the head of the Stores Department whom it is proposed to designate as Chief Controller of Stores.

Government of India are of opinion that the Chief Controller should obtain their sanction to any transaction falling under one or more of the following heads ; (a) any contract involving the expenditure of more than Rs. 16 lakhs in one year, (b) purchases in excess of actual indents, (c) any purchase involving the payment of an amount in excess of the market price with a view to encouraging indigenous production or the grant of a bonus on production, (d) contracts exceeding 3 years and involving expenditure of over Rs. 1 lakh in any one year, (e) writing off losses owing to mistakes in purchase or inspection which cannot fairly be debited to indenting departments.

In order to avoid subsequent delay the Government of India have obtained the sanction of the Secretary of State to the appointment on a temporary basis of the chief departmental officers proposed by the Committee, viz., the head of the Department and the Chief Inspector and the Director of Contracts and Intelligence, who will be the heads of the purchasing and inspecting branches. They propose that these officers when appointed should proceed at once to work out details of organisation, recruitment, and accommodation, and should be available for personal consultation with Local Government. Regular recruitment to the Department should when the initial appointments have been made be entrusted to the Public Services Commission.

Question of encouraging locally made articles

The particular attention of the Local Governments is drawn to the difficult question dealt with in para 103 of the Committee's report, viz., whether the payment of prices higher than the ordinary market prices for a locally made article is justified on the ground of encouragement of indigenous manufactures. The alternative proposal of accepting goods of inferior quality, the Committee rightly condemn, as likely to lead to abuse. Under the classification of subjects between the central and provincial governments to which reference has already been made, Local Governments will have full powers to pay whatever prices they may see fit for indigenous or even imported stores. The Government of India, however, feel it necessary to point out the dangers attending the use of this power. The working of the Stores Department, whether Imperial or Provincial, should be regulated strictly by business standards both as regards price and quality, and any departure from the standards may lead not only to extravagance or possible corruption but to the grant of support to a provincial manufacture to the detriment of a similar industry in an adjoining province. The only check on the procedure of Local Governments will be provided by the Committee on Public Accounts. So far as the Government of India are themselves concerned they would only permit special assistance to indigenous industries in extraordinary cases. In their view if it is desired to encourage an indigenous industry by any form of purchase on favourable terms this should take the form of an openly declared bounty applicable to the whole country and to the entire production of the industry in question wherever it exists, not by the payment of a bonus only on the articles consumed by Government. Such a bounty is a form of fiscal protection and it is therefore necessary that its precise terms should be made known to the public. The grant of a bounty of this kind should not be undertaken lightly since it would involve a careful check over the number for value of articles actually produced in order to avoid fraud generally. The Government of India feel that attempts to encourage local industries by any such methods as those described above are fraught with serious difficulties and dangers and should not in any case be undertaken without the most careful consideration.

Local purchase of imported stores

The local purchase of imported stores is a matter on which the Committee exhibited considerable divergence of opinion. Though, as pointed out already, Local Governments will be free to purchase all kinds of stores either through the central Stores Department or their own agency, the Government of India consider that the operations of the Central Stores Department should be governed in the matter of the local purchase of imported stores by the existing rules with the few relaxations which are proposed as the result of the Committee's recommendations. Those rules have in the past operated generally in the direction of economy, although as the Government of India are well aware they have entailed not inconsiderable difficulties. They trust that the relaxations in the rules which it is proposed to make will remove the most serious objections to them.

With regard to the main principle of the local purchase of imported stores the Government of India find themselves in general agreement with the minority of the Committee, whose recommendations they propose to adopt for the following reasons. To free local purchase of imported stores will tend to discourage the replacement of imports by local manufactures and to strengthen the existing vested interests which have preferred in the past an easy profit from the sale of imports to risking their capital in attempts to produce locally. The Government of India also doubt whether the free local purchase of imported stores will be in the interests of economy. The question which has in the past been the subject of much dispute can only be settled effectively with the help of such a local agency for purchase and inspection as it is now proposed to constitute.

As regards manufacture in Government factories the Government of India propose to lay down the principle that the manufacture of articles which can be purchased from private producers should not be carried out in Government factories unless special military considerations exist or unless special reasons exist which must be reported to the Government of India. The Stores Department should watch how far compliance is made with this condition. As regards the position of the London Stores Department, the Government of India agree with the memorandum signed by Messrs. Collier and Ryan in holding that two separate Stores Departments, one in England and one in India, with entirely separate responsibilities and fields of action, one controlled by the Government of India through the High Commissioner and the other through the Department of Industries, is an arrangement which can be worked without difficulty or friction. They see obvious objections to dual control of the London Stores Department, by the High Commissioner in London and by a subordinate Department of the Government of India in India. So the appointment of a High Commissioner in London subordinate to the Government of India renders it possible to secure that the London Stores Department shall work in accordance with the declared policy of the Government of India in favour of obtaining an ever-increasing proportion of their requirements from Indian manufacturers and shall confine itself to the necessary duty of supplying such stores as have still to be obtained from overseas with the greatest possible economy, efficiency, and despatch.

Alteration in the Rules.

The Second letter indicated detailed alterations to be made in the Stores Purchase Rules.

The rules have been divided into two parts, namely, those applicable to the Govt, of India and to provinces other than Governor's provinces and those which apply to Governors' provinces alone.

The first rule says that all articles which are produced in India in the form of raw materials or are manufactured in India from materials produced in India should, in preference to articles not manufactured in India or wholly or partly manufactured in India from imported materials, be purchased locally, provided that the quality is sufficiently good for the purpose and the price not unfavourable. In presenting this rule to Local Governments the Government of India assure that the expression "not unfavourable" calls for a comparison of prices but does not prevent purchase of indigenous stores at a negligible excess cost. It also permits other factors of economy, such as promptitude of delivery being taken into account.

The second rule lays down that all articles wholly or partly manufactured in India from imported materials should, in preference to all articles not manufactured in India be purchased in India, subject to the following conditions: (a) that a substantial part of the process of manufacture of articles purchased has been performed in India (b) that the price is as low as that at which articles of similar quality can be obtained through the Stores Department, London, and (c) that materials employed are subjected to such inspection and tests as may be prescribed by the Government of India.

Rule three enjoins that articles which are not manufactured in India should be obtained by indent upon the Stores Department, London, except in the following cases—(a) when articles are already in India at the time of order or are already on their way out and their price and quality are not unfavourable as compared with those at which similar articles could be obtained through the Stores Department, London, and the cost of supply does not exceed the limits prescribed in a subsequent rule. When the total value of articles required is trifling it is generally desirable to purchase them locally (b) in case of important construction works let out on contract, articles not manufactured in India required for construction of such works may be supplied by a constructing firm, provided the firm is approved by the Government of India and materials are subject to current specifications and tests prescribed by Government. It is further laid down in this rule that plant and machinery and component parts thereof may be purchased from branches established in India of British manufacturing firms borne on the list of the Stores Department and approved by a Chief Controller of Stores, India, provided that plant and machinery are of standard patterns such as are ordinarily manufactured by the firm and have actually

been so manufactured, provided also that actual price of articles exclusive of any expenditure representing cost of erection is as low as that at which articles of the same make can be supplied by the Stores Department, and that cost of supply under any one order or detailed estimate in respect of any one type of standard plant or machinery does not exceed Rs. 50,000, etc.

With reference to the general provisions of this rule in favour of purchases from branch firms, the Government of India are in full agreement with the views of the Industrial Commission and of the Stores Purchase Committee that setting up of branches of British manufacturing firms in India will encourage development of local manufacture and is indeed the only practical means of introducing certain specialised forms of manufacture into the country.

The next rule states that, provided the usual conditions such as requisite quality and not unfavourable price are present, certain articles whether manufactured or produced in India or not should be purchased in India, and these include those of a perishable nature, viz, explosives, black tin wines and spirits and English bottled beer, kerosine oil, plant and materials for electric installations, Australian timber and Australian copper.

The sixth rule has it that nothing in rules is to be deemed to prohibit purchase of stores of European manufacture by one department of railway from another. The next deals with the method of obtaining stores not purchased in India and expresses that all articles which under foregoing rules are not to be brought in India should be obtained by indent on stores department except any which the Secretary of State may have specially authorised the Government of India or its officers to purchase direct outside India. Other rules relate to the method of comparing prices, tests of specifications, approved firms from which iron and steel may be bought in India, financial limits on powers of officers to make purchases in India and the Government of India's power to sanction departures from rules in cases in which such departure is absolutely unavoidable, subject to a report to the Secretary of State if expenditure exceeds, Rs. 50,000. The sanctioning powers of purchasing officers are increased partly due to general rise in prices.

There is only one rule applicable to Governors provinces and it runs as follows:—In case of purchases made by Local Governments none of the above rules shall apply, provided that any such purchases if from the United Kingdom shall be made from the London Stores Department in accordance with any rules that may be made from time to time by the Secretary of State, Government of India or the Director-General of Stores.

Sir Henry Wheeler's Report on the Chandpur Gurkha Outrage

The following is the full text of the Report issued by the Bengal Govt. on June 7th 1921, (Sir Henry was then the 1st. Executive Councillor in Bengal) in justification of the notorious Gurkha Outrage at Chandpur detailed in Vol I, Pp. 194—205.

I left Darjeeling on Saturday, the 28th May, reaching Goalundo on the 29th item by the Mail. I found there that the ordinary steamer had struck, and proceeded to Chandpur with Mr. O'Sullivan, Deputy Inspector-General of Police, Bakarganj Range, in his launch, arriving about 9 p.m. at night. Next morning (the 30th), in company with Mr. K. C. De (Commissioner, Chittagong Division), Mr. Wares (Collector of Tippera), the Hon'ble S. K. Sinha (Subdivisional officer, Chandpur), Mr. O'Sullivan and Dr. Batra (of the Health Department—on deputation to Chandpur) I visited the coolie camp on the north bank of the *khal* and went all over it. Returning to the south bank, I visited the three local hospitals, namely the Railway, Elgin and Baptist Mission hospitals; the rest of the day was spent in interviews with the local officers and others, noticeably with Dr. Pemberton, Medical Officer, A. B. Railway, the Bishop of Assam and Mr. Goring of the New Zealand Baptist Mission. On the 31st, in company with Messrs. De, Wares, Sinha and Batra, I walked all through the bazar on the north side of the *khal* to the outskirts of the town and saw the residue of the coolies who were still scattered throughout numerous houses and in a small market shed. In the bazar I questioned Dr. Sur, a private medical practitioner, who had seen some of the injured coolies, and completing the circuit of the town, went all over the railway yard and the surroundings of the Ghat, and saw Mr. Rope, the local steamer agent. I then had a lengthy interview with Mr. Sen Gupta, Babu Hardayal Nag and four other gentlemen representing the local non-co-operation party at which Drs. Sur and S. C. Bauerjee (in medical charge of the coolie camp on their behalf) were also present. After this I recorded regular statements from Mr. Purcell, the District Traffic Superintendent, A. B. Railway, the jamadar with the party of the E. B. Frontier Rifles who had come from Dacca, Captain Sheppard in charge of the same, Mr. De the local Government sub-assistant surgeon, Mr. James (Supervising station master), L. D. Baveiro (a guard), Mr. Wares and Mr. Sinha. In the evening I met the European non-official residents,

some 15 gentlemen. On the 1st along with Messrs. De, Wares and O'Sullivan, I walked over the bazar to the south of the *khal*, returning through the coolie camp where I again stopped some time. The Rev. C. F. Andrews arrived from Goalundo late in the morning, and after a lengthy interview with him I left, arriving back at Darjeeling on the 3rd June.

My information, in addition to what I saw for myself, is based on the statements of the gentlemen named above, as also of Messrs. Hogg (Collector of Faridpur), Stein (Superintendent of Police, Faridpur), Burton (of the River Police) and Blackmore (Agent of the Steamer Companies) whom I saw at Goalundo.

The Opening Events

For the due understanding of what happened at Chandpur, it is necessary briefly to outline events since the early part of May. The arrival in Chandpur of destitute coolies from Assam first began to attract the attention of the local officers about the 9th May, and on the 16th idem Mr. Wares reported to Mr. De that they were coming through to the average number of about 200 daily. Mr. Wares (who had previously discussed the matter with Mr. De on the 13th) visited Chandpur on the 15th May and found about 1,600 coolies squatting on the railway land, whereupon (with Mr. De's cognisance, but without the knowledge of the local Government) he arranged for a special steamer which conveyed some 1,000 (plus children) to Goalundo, the cost being paid from charitable funds in official hands (noticeably one known as Mrs. K. C. De's Relief Fund.) He then understood from the coolies that from Goalundo they would be able to get on for themselves. On the 16th, 450 coolies (plus children) and on the 17th, 937 (including children) were similarly despatched by the local officers, on a Government guarantee for their fares. On the latter date information of events reached the local Government who informed the Commissioner that the cost of repatriation was not a charge which they could properly accept, and since the 17th no coolies have been despatched from Chandpur at Government expense. Meanwhile, however, others in large numbers were continuing to arrive. Mr. De went to Chandpur on the 19th May, when he found about 1,500 coolies in the railway station and yard, while 500 more were expected. He called a conference of the local residents etc., and the decision being arrived at to locate the coolies on the football field to the north of the station (separated from it by a strip of waste land only), arrangements were put in hand to erect shelters, summon medical assistance and make sanitary arrangements. The Indian Tea Association made an offer of Rs. 2,000 for the erection of sheds, while

the local people represented the difficulty of moving the coolies who would not leave the station for fear of being sent back. Large numbers poured in on the 18th and 19th, and by the evening of the latter date there seem to have been about 3,000 collected all over the station yard and its surroundings. The railway yard and terminus at Chandpur are parallel to the *khal*, at the extremity of the north bank the ghat being alongside and reached through a gate which remains open and unfastened

Mr. Macpherson Hustled.

On the night of the 19th Mr. Rope (the Steamer Agent) aroused Mr. Sinha (S. D. O.) about 11 p.m. with the news that about 400 (Goalundo gave the figure at 478) coolies had rushed the Goalundo mail; while a much smaller number had got on the Narayanganj mail; others had crowded on the receiving flat, and the rush had only been stopped by casting the boats off into the stream. Mr. Sinha went at once to the ghat, accompanied by three European gentlemen, among them Mr. Macpherson, a representative of the Tea Association, who had arrived on the 17th to investigate the situation. They found an excited and shouting crowd of coolies, and while Mr. Sinha was forming up what constables were available at the gangway, the other three went on the flat where Mr. Macpherson was badly hustled. The police were brought on to the flat which was cleared, the crowd standing shouting on the bank with cries of "Gandhi Maharaj ki jai," and incited by local town-people who were moving about them. Some space was cleared, but while Messrs. Sinha and Macpherson were attempting to open up a further passageway the coolies turned and one raised his stick to strike the former. A constable caught his arm and Mr. Sinha struck him on his leg with his cane, but the coolies pressed on armed with sticks, and the two had to beat a retreat to the ghat, Mr. Macpherson being struck on the arm in the process. The constables there managed to keep the coolies back, and eventually the Subdivisional Officer and those present retired to the flat and disconnected the further end of the gangway. Word was sent to the Collector (Mr. Wares) who arrived about 2 a.m. The excitement continued throughout the night and when the Chittagong mail came in, about 5 p.m. on the 20th, another attempt was made to rush the gangway, which was only frustrated by lining up the armed guard on the gangway. Eventually the steamer got off and the tumult subsided.

The events of the night of the 19th have a distinct bearing on those of the night of the 20th. The salient points are the excitement among the coolies and display of violence, and the attitude

of the young men from the town, large numbers of whom seem to have remained till the incident of the early morning, inciting the coolies.

Medical Opinion

Dr. Pemberton, the Railway Medical Officer, arrived on the morning of the 20th, and gave it as his opinion that it was absolutely essential in the interests of public health that the coolies should not remain where they were. The station master states that, that morning the rumour spread among the coolies that if they stayed on the football field they would miss the steamer, and they moved in closer, all over the platform, where they were lighting their *chulas*. The premises had become grossly insanitary; there were 5 cholera cases among the railway staff, and 9 cholera cases of coolies in the Railway Hospital. The Commissioner, finding the police on the spot to be insufficient, wired for assistance and 50 men of the Eastern Bengal Frontier Rifles were moved from Dacca under Captain Sheppard, due to arrive that evening. These men, usually known by their old name of Military Police, are mostly recruited in Assam, though there is one Gurkha Company. Nothing particular happened during the day, but the coolies looted coal stacks and broke down the bamboo railings for fuel. Mr. Purcell (District Traffic Superintendent) saw a cholera case close to his carriage in the afternoon.

Young Men Inciting Coolies

4. Towards evening youngmen from the town began collecting at the station in considerable numbers, crowding on the over-bridge and moving among the coolies. There was shouting of "Gandhi-Ji Ki-Jai," and when the two mail boats came in (from Goalundo and Narayanganj) and the passengers had to carry their own luggage, there was jeering and mocking from the townsfolk. After the military police were landed from the Narayanganj boat they were first of all lined up with fixed bayonets on either side of a passageway across the rails to enable the passengers to reach the trains; the ordinary route across the overbridge was discarded as it was crowded with the people from the town. Mr. De had decided, as soon as he had heard during the day that reinforcements were being sent, to clear the station on their arrival. He could not do so during the day for want of men; his reasons for proceeding at once at night were the urgent necessity of getting the premises cleared on sanitary grounds, and the fear of a second rushing of the steamers, as had taken place on the previous night. Consequently he, Mr. Wares, Mr. Sinha and Mr. Shallow (Superintendent of Police, Tippera) were at the station when the boats came in.

Moving the Coolies on

As soon as the trains had got off Mr. De asked Mr. Purcell to collect his staff in the station rooms so that they might not be mixed up in the crowd, and the word having reached the townspeople that the station was about to be cleared they proceeded to leave the overbridge. Mr. Sinha and Mr. Shallow were sent to put a guard on the power house, as the lights looked like going out and it was feared they might be tampered with; these two officers were not present at the subsequent events. Along with the others some coolies began to move away, but a number proceeded to sit down in and around the third class waiting shed. It is denied that any were asleep, and with the noise and bustle that were going on this is at least unlikely. When it was seen that this band of coolies did not intend to vacate, Mr. Wares, at Mr. De's request, gave the order to Captain Shéppard to move them. The men unfixed bayonets and Captain Sheppard went forward with one Section (either eight or ten men) and the jemadar. Seeing that this number was likely to prove insufficient, he doubled back and brought up another section. The others did not participate. The evidence is that both the officers present and the men shouted to the coolies to go, but they refused to do so. Men stood up waving their arms, with shouts of "Gandhi-ki-jai," and the police began pushing them; this proving ineffectual, the police picked up the coolies' own sticks and bits of firewood and began striking their bundles and bedding. From that they began to strike the coolies, when first in twos and threes, and then in a general rush (in the course of which some fell), the coolies went off towards the football field; Mr. De states that he stopped a man who was using the butt of his rifle, and Captain Sheppard speaks of seeing one or two severe blows and of telling his men to desist, but otherwise the statement indicate a general scuffle rather than particular assaults. The witnesses agree that the coolies would not have moved unless force had been used, and that the force used was not, in the circumstances, excessive. The relative numbers of the crowd and of the police are to be borne in mind in judging of the merits of the question. Mr. Purcell specifically denies a statement, which has appeared in the press, that he remonstrated at the brutality being shown. When the coolies had left, the whistle was sounded and the men formed up promptly. The estimates of the time occupied by this incident vary from 5 to 10 minutes; all seems to have been over by about 11-30 p.m. The various officers slept on the steamer lest there was any repetition of disturbances, but in the morning the coolies had disappeared. It is said that the local residents induced them to move into the town during the night. In the morning Mr. De sent the local sub-assis-

tant surgeon to the town to see if any coolies had been injured and to render help.

Hartals and Strikes.

5. On the 21st May a general hartal was declared in the town and has continued since, in protest against the events of the night of the 20th and the refusal of the local Government to pay for the repatriation of the coolies. At midday on the 24th a railway strike was declared in Chandpur, on the 25th at Laksam Junction and on the 26th at Chittagong. A strike of the steamer service commenced on the 27th at Chandpur, and spread to Goalundo and surrounding centres. Sympathetic hartals were declared at Chittagong, Comilla, Noakhali and other places in the division and elsewhere. After the night of the 18th the wildest rumours were in circulation in the town and throughout the division, one being that many men had been drowned on the night of the 18th. These stories which are wholly without foundation are dealt with later. At the time of my visit the railway was managing to get through one train a day to Chittagong, but otherwise was at a standstill; the Goalundo steamer service was suspended and others were gradually following suit. A system of chits countersigned by the "local leaders" (I use the expression by which they habitually refer to themselves) had been introduced, without which the shops would not supply, and the Europeans and Government servants were being put to considerable difficulties. A Government store had been opened to meet their needs. Most of the Europeans had lost their servants. From all sides, as also at Goalundo, there were stories of intimidation of men willing to work but being threatened with boycott etc., if they did so.

Mr. C. F. Andrews.

6. Mr. C. F. Andrews arrived on the night of the 21st May. On the 24th idem he despatched 450 to Goalundo from funds at his disposal. On the 25th he was prepared to take 250 more adult tickets (with children this would represent a larger party), and the men were actually on the flat ready to start, but the local leaders having told him that there would be a steamer strike he ordered them back. As a matter of fact the steamer did run that night, and the Company were prepared to carry these men.

The Enquiry into the Events.

7. The above account gives a brief outline only of events. The estimates of the numbers of coolies who left Chandpur vary, as was inevitable; the number of tickets taken was no safe guide, as others crowded on to the boats, while children were difficult to count. The Goalundo figures are probably as accurate as any, and

Mr. Hogg's estimate is 3,750 all told. When I was there the number in Chandpur was probably between 1,900 and 2,000; between 1,400 and 1,500 in the camp on the south of the "Khal," and some 500 scattered throughout the town on the north bank.

8. Cholera and disease made their appearance at an early stage, though here again absolutely accurate figures were unobtainable. Up to the morning of 30th May they were :—

Admitted to the Railway Hospital	...	68	
Deaths in the Railway Hospital	...	30	
Other diseases.—			
Admitted to Elgin and Mission Hospitals	...	105	
Deaths in Elgin and Mission Hospitals	...	23	
In Cooly Camp.—			
Illness	...	...	85 (not returned for 29th and 30th.
Deaths	...	...	35 (not returned for 30th).
Total deaths		...	88

On the 29th, 30th and 31st the cases in the cooly camp (the weather had turned wet and cold) showed a distinct rise being 16, 20 and 31 respectively, with deaths 10, 13 and 14 (mostly cholera). Dr. Batra estimates the deaths during the last half of May at 160 at least.

9. The points to which I directed particular attention were the following :—

(a) The number of men injured in the affair of the 20th and the nature of their injuries.

(b) The efficiency of the sanitary and medical arrangements.

(c) The causes underlying the "hartal" and strikes.

I deal with these seriatim below.

No help from Non-co-Operators.

10. As regards the injured it was represented before me as a matter of complaint by the non-official deputation that the Commissioner had not had them attended to there and then on the football field; but neither was any medical man there at the time (nearly midnight), nor did any of the officers present think that any severe injuries had been inflicted. Mr. De did send a sub-assistant surgeon next morning, and he was given no facilities to see the injured. His statement is that Dr. Sur told him that after having been given first aid they had scattered about the town. Dr. Sur said that he had given first aid to 26 and showed a list bearing

that total. He asked the sub-assistant surgeon why he wanted the list, and when told it was to make a report, said that he would not show it and took it back. The sub-assistant surgeon had, however, seen the total. Dr. Sur stated that he could not take a photograph of any serious wound for publication, but the sub-assistant surgeon gathered that he did not wish to give any details. He asked that a Dr. Karmakar had seen cases, but this gentleman, on being questioned by the sub-assistant surgeon, stated that he had only seen those which Dr. Sur treated. These with Dr. Hossein of the Mission Hospital, are the leading private practitioners, and it was not alleged that any one else had given treatment. No patients had been sent to the Elgin Hospital, though this is the ordinary recipient of injury cases. Before me Dr. Sur said he had seen between 50 or 60 cases. Mr. Sen Gupta stated that he had heard there were about 100, of which 50 or 60 were serious. I asked the local leaders how many had broken bones! They said they could not say off-hand. I asked if any with broken bones were in Chandpur now; they said they could not say. I asked if their doctors were attending any broken limb cases; they answered in the negative. They admitted that there was no evidence that anybody had been killed on the 20th, or drowned on the 19th. When I asked Babu Hardyal Nag whose allegations of drowning had been telegraphed to Calcutta, he said he had been careful to state that it was only "rumoured."

Wherever I went I asked to see the injured, but I only succeeded in seeing the following:—

1. A woman with a small wound in the right elbow about an inch deep. The joint was not injured. It was alleged that this was a bayonet wound.
2. A woman who complained of being hit on the ribs with the butt-end of a rifle; no bones were broken.
3. A man with a healed scar of a fair-sized cut on his knee.
4. A woman with a small scar on the head.
5. A man with a small wound on the top of his head. He... said this had been inflicted with a bayonet; if so, the assailant must have been remarkably tall.
6. A woman with a tiny scar on her elbow. She said she had been struck with a piece of firewood.
7. A boy of about 12 with a superficial abrasion.
8. A man with a small scar on his forehead.
9. A man with a scar on his shoulder.
10. A woman with a largish bruise on her thigh. It ran more vertically than across the thigh, and was of a curious curved shape.
11. A man with a small abrasion on the tibia.

12. A man with a wound on his foot.
13. A woman with a small abrasion on her ankle.
14. A woman with a small scratch on the hand.
15. A girl of about eight years with a largish scab under the right eye. The eye was not hurt. It was said that this was a punctured wound with a bayonet; if so, it was miraculous that more injury was not done.

16. A man with a small superficial wound on his head.

I was shown several men on whom I could see no marks, and one man came forward with a palpably open sore on his ankle, and was sent away by the Swami in charge for lying. All the injuries except number 1 had healed; that and numbers 10 and 15 were the most serious that I saw. I would not describe any of the others as serious. Mr. Andrews, who was on the spot just after the occurrence, saw no broken limbs or bayonet wounds. It is noticeable that all those who alleged bayonet injuries spoke of triangular punctured wounds: the ordinary armed police carry a triangular bayonet, but the military police bayonet is sword-shaped.

When I asked where were the rest of the injured I was told that they had either gone away among those repatriated by Mr. Andrews or were scattered in the surrounding villages. As Dr. Batra passed the first named batch as fit to travel, and noticed no one seriously injured, it is unlikely that there were any such cases. A small injury might, of course, have escaped attention.

11. With reference to the sanitary and medical precautions, Dr. Batra of the Health Department arrived at Chandpur on the 21st May. A medical staff was drafted in as quickly as possible, and at the time of my visit he had three assistant surgeons, and 11 sub-assistant surgeons, besides a local staff of five sub-assistant surgeons: he also had a staff of vaccination inspectors and the like. The local leaders were unwilling to receive his help and discussed the matter at length. In the evening of the 22nd he was told that he might intervene, and volunteers were promised, though no definite list was put under his orders. The local leaders admitted this to me, but said that it was impossible for them to arrange otherwise. Dr. Batra proceeded to endeavour to set up an organisation, his general plan being to treat the sick on a receiving flat on the south bank of the "khal" and in the three hospitals on the north. He received invaluable help from the Bishop of Assam and Mr. Walsh, from Mr. and Mrs. Goring of the Mission, and from Dr. Pemberton. Some 1000 coolies were moved on the 22nd to the south bank of the "khal," where they were accommodated in some dis-used jute godowns. Dr. Batra had the jungle there cleared, the coolies assisting willingly on payment; some clothes were also distributed to them. The

residue of some 500 coolies remained in the town, the local leaders expressing their inability to transfer them despite Dr. Batra's protestations on the score of the danger of an epidemic in the town. To have moved them by force would inevitably have led to trouble. They are undoubtedly a source of danger where they are, and I found two cases (either of cholera or dysentery) lying untended there on the 31st. Dr. Batra gave Rs.200 (through Mr. Andrews) for chlorinating tanks and clearing the town, and the water supply received attention. Altogether up to the 29th he had spent further Rs. 1200 for feeding and comforts; Rs. 1200 for the erection of sheds in the compound of the railway hospitals, while materials for others, if required in the Mission hospital, were ready; and Rs. 800 on medicines and disinfectants. Cholera equipment and vaccine were sent in from outside, and I took down 16 boxes of medical stores which I found stranded at Goalundo. The Commissioner and Collector testify to the energy and efficiency of Dr. Batra's arrangements, and Mr. Andrews admits his efficiency though complaining of his sharp tongue. But it is established that he encountered great difficulties from the non-co-operation party. The "hartal" of the 21st impeded the getting of all things noticeably milk and vegetables, and he was allowed to buy nothing without the signature of the local leaders. I saw an order for sugar returned to him from a shop with an endorsement to that effect, and the facts are admitted. He personally tried to get 20 seers from the shop of Dr. Karmakar, and was reluctantly given 10 seers after withstanding the cross examination that he wanted it for the local Europeans. Sweepers were difficult to obtain, and they and the *Doms* were told that they must take orders from the non-co operators. There was a delay in getting butting materials and improvised mattresses could not be secured at all. The townspeople undertook the supply of food, but Dr. Batra criticised its insufficiency and the absence of fuel to cook it. Matters came to a head on the 28th May, when Dr. Batra sent to Babu Hardyal Nag for milk that was wanted at the Elgin Hospital, and received the following note:—

"On account of the repeated complaints by our medical officers and volunteers we have made separate arrangements for the treatment of the coolies. Necessarily our volunteers are withdrawn from your flat hospital."

(Sd.) Hardyal Nag.

At the Commissioner's request Dr. Batra went again to the camp on the 29th, but learnt that the Marwaris (of whom a party of helpers had arrived) said that they would carry on, and that Dr.

Batra might look after the sanitation, though the sweepers were not to be under his orders. In these circumstances he withdrew, with his staff consisting of 3 assistant surgeons, 4 sub-assistant surgeons, 2 vaccination officers and 2 health department inspectors. Dr. Batra's statement is that on the 28th the local helpers were willing to work under him: the opposition came from outside. Mr. Wares stated that on the 28th the coolies were distinctly more cheerful and contented.

12. When I saw the camp on the 30th the directing officer in charge was Swami Biswanand of the Ram Krishna Mission, who had arrived on the 27th. The actual medical officer in the cholera camp hospital (a tattered mat-building close to the latrines) was a student of an unrecognised medical school. Dr. S. C. Banerji, lately holding a temporary commission in the Indian Medical Service, was in medical charge, and he said he had three homeopathic and three allopathic practitioners under him and 76 volunteers. These men seemed to be working keenly and willingly, and I, in no wise, wish to underrate their help, which Dr. Batra had himself cordially acknowledged, though he understood that it was a complaint against him that this fact had not been mentioned in the Government communique of the 26th May. His complaint was that he never succeeded in getting a regular number placed under his orders. But I think it is undeniable that the available official medical staff was better qualified and far better equipped. I pressed this point repeatedly both in the camp and to the local leaders on the 31st, saying that Dr. Batra and his staff were there ready to give every assistance, and that less efficient control must infallibly react on the coolies. I said the Government staff would be left there, and could be called in if wanted, but that, in that event, Dr. Batra must be in charge, though he would welcome any help. The local leaders, however, said that they declined to work with him and asked for another man to be sent. This I declined to recommend as all the evidence was as to his efficiency. I pointed out more than once that the responsibility of refusal would be theirs. I invited them to state their complaints against him, and I set these out below in the order in which they were put forward together with the gist of Dr. Batra's replies and some comments:—

Speaking roughly to the volunteers.—I particularly asked them if there was any allegation that there had been abuse and this was not made. Dr. Batra admits that he might have spoken sharply to the volunteers in giving instructions, but denies anything like habitual discourtesy.

That cholera cases were taken over in the north bank, thus endangering their lives.—Dr. Batra was of opinion that efficient

treatment could only be given in the hospitals on that side, and that it was impossible in the sheds such as I have described. Speaking as a non-medical man, this opinion strikes me as reasonable.

He had placed cholera cases on the flat, thus endangering their lives.—Dr. Batra considered that the flat was far less crowded and more healthy, since it can be properly disinfected, and he intended it as a clearing station for emergency treatment. Here again, speaking as a layman, his views seem reasonable.

That he did not build any latrines.—Dr. Batra admits that he had carried on with temporary arrangements, specially as there were difficulties about buying materials. He would have provided latrines as soon as possible.

That he did not build any huts.—Dr. Batra explains that he located these at the railway hospital, and no patients had been kept in the open.

On the 27th, 28th, and 29th between 7 and 12 (noon) and 3 and 6 p.m. Dr. Batra was not seen in the camp.—I particularly asked the local leaders whether any other medical assistants were there, and they replied that they were unable to say. Dr. Batra explains that, consistently with his other duties on both sides of the *khal*, he could not always be in the camp, but he alleges that he was at the flat on the morning of the 27th; that on the afternoon of the 27th and 28th he was there accompanied by Mr. Wares and Mr. Goring (who both corroborate him) and on the 29th accompanied by Mr. Goring. This is also corroborated by the latter.

That he showed by his conduct that he did not want to go over to see things for himself.—This is not admitted by Dr. Batra, and it is not borne out by what I was told by the local officers.

That on the 27th certain local gentlemen asked him to go to the camp between 4 and 5 to discuss arrangements, and that he replied he would see them in the Dak Bungalow and would send a launch which did not go. No meeting accordingly took place.—Dr. Batra states that he received this note about 7 p.m. when he had just returned to the flat having been at work since 6 a.m. It was admitted by the local leaders that his written reply was courteously worded, but they said that he had spoken rudely to the messenger. Dr. Batra was not in charge at the police launch; in any case local gentlemen usually cross the *khal* by country boats.

That on the 29th he had taken away lanterns from the camp.—Dr. Batra explains that he did this as they were Government property and he was relinquishing charge; also because four had been lost on the previous day.

I expressed the opinion to the local leaders that in all the circumstances the complaints did not strike me as very substantial.

Causes of Hartal.

Some reference has already been made to the causes of the 'hartal' and strikes, but I asked the local leaders on the 31st to let me know what they were. I give them below again in the order in which they were advanced, and so far as possible (I made notes at the meeting) in the actual words used by Mr. Sen Gupta. It may be mentioned that Mr. Sen Gupta admitted that he had called the railway strike (he added with the unanimous consent of the employees at Chandpur and Chittagong); it appeared to be unquestioned that the local leaders called the 'hartal', while the steamer strike was described as sympathetic and controlled by Mr. Nurul Haq, president of the connected union.

(i) The "atrocious" assault by the Gurkhas with the knowledge and consent of the railway authorities.

(ii) Placing Gurkhas at the railway station and intimidating the staff.

COMMENT.—When the railway struck, the station officers asked for protection for the valuable goods stored in the sidings etc. At the same time Mr. Andrews was pressing Mr. De to remove the military police from the town as their presence, he said, was exasperating feeling. (They were quartered on the morning of the 31st in an empty school building.) The Commissioner accordingly sent half the number to the railway station.

(iii) Criminal assault on the railway staff.

COMMENT.—I was handed the printed statement of the chief transshipment clerk in which it is alleged:—

(a) That on the 21st a Gurkha had assaulted one of the loco. staff named Washed at Kalibari station. (This is the town station, just outside the main terminus.)

(b) That the Gurkhas took water from the taps at Kalibari to the annoyance of the staff and their families.

(c) That on the night of the 21st "a Gurkha roughly handled me and said "Mat jao." Fortunately the agent of Messrs. Bird and Co. intervened and I was allowed to go."

(d) That on the 24th a transshipment clerk was pushed by Mr. Rope.

COMMENT.—The latter admits turning him off the flat where he considered he had no business. It is admitted that later Mr. Rope said he would express his regret.

(e) Suppression of facts throughout the line relating to the occurrence at Chandpur, and the allegation by the staff at Chittagong that there had been no assault.

COMMENT.—I observed that I had just seen a telegram from the Collector of Noakhali asking what had actually happened as "he" did not know, and that ignorance at Chittagong might be intelligible. It was, however, asserted that the suppression was deliberate.

(f) Forfeiture of pay of railway employees in respect of the 4th May (when there had been a previous strike) and other railway grievances.

COMMENT.—I did not go into details.

(g) That they wanted to change the policy of Government with reference to the refusal of help towards the repatriation of the coolies.

(h) That they wanted to compel Government to stop interfering with steamer and railway companies from giving facilities and concessions in connection with these coolies.

COMMENT.—I explained that Government never had interfered, had no power to interfere, and no wish to interfere. That there had been some misunderstanding of a letter from the agents by the local steamer staff, but that this had been explained to Mr. Andrews in Darjeeling on the 26th May.

I asked Mr. Sen Gupta to which of these reasons he attached the most importance. He replied that he would rather not say, but added that if the attitude of Government changed with regard to repatriation, other things might be settled. On the 1st June Mr. Andrews confirmed that the repatriation question was the crux of the matter.

Question of Repatriation

I had been previously told by Mr. De that Mr. Indu Bhuan Dutt, M. L. C., had visited Chandpur and offered to give a further Rs. 1200 from Mrs. K. C. De's Relief Fund for the repatriation of the coolies, his offer being refused. I asked the local leaders if this was correct, and it was admitted. The explanation offered was that any money connected with Mr. De's fund would not be taken; that on account of Mr. De's behaviour they did not wish to take Mr. De's money. I asked them if this was true of the coolies themselves. Mr. Sen Gupta said that it was; the coolies said they would not touch Mr. De's money; they had not told him so, but this was the impression he got from the local leaders. He continued that his impression was that they would not take Government food or Government money. Hence Mr. Andrews proposal (of a Government contribution to a general fund). I asked Mr. Sen Gupta what would happen if I took a steamer up to the camp and said that it was a Government steamer. He said, he thought the coolies would refuse to use it, "though the leaders might persuade or compel them." The actual words used are significant. Babu Hardyal Nag gave it as his opinion that the coolies were so distressed that they

would accept. This was after I had remarked that if the strike was to last till Government repatriated the coolies and if the coolies would not be repatriated by Government, there was somewhat of a deadlock.

Interview with Mr. Andrews

Lastly I should mention my interview with Mr. Andrews on the 1st June. As is known, the proposition put forward by him was that Government should contribute Rs. 5000 towards the general subscription for the repatriation of these coolies. I explained to him the objections as we saw them, to our doing so. He said that he was anxious that Government should participate, but he also stated that in Calcutta the Marwaris has assured him of "unlimited" funds. I went through with Mr. Andrews the interview I had had with the local leaders, and impressed on him that if he repatriated the coolies Government would be quite willing to send medical help along with them and to warn officers "en route" to help them. I may mention that both the Railway and Steamer Companies have promised concession rates to Mr. Andrews. It is also noticeable that between the 21st and 30th, Rs. 4096 had arrived in Chandpur by money order to the address of Mr. Andrews and Baba Hardyal Nag, apparently from sympathisers.

On my way through Goalundo on the 29th, the steamer strike being then in progress, I was told that Swami Biswananda and the son of Mr. C. R. Das were in charge. The former was reported to have stated that he intended to bring Government to its knees. On my way back Mr. C. R. Das and a party were there. There were more boats anchored there and the non-co-operators were feeding the crews and the coolies of Messrs. Bird and Co. The local officers thought they must be spending some Rs. 600 or 700 per diem. The local non-co-operators had wired to Babu Hardyal Nag for funds, and some had been sent, though not as much as had been asked for.

Conclusions

In the light of all these facts—merely to deal with the question in its aspects as they concern these coolies—I think it is impossible to resist the following conclusions:—

(1) These coolies had to be moved away from the railway premises; they would not have moved had some force not been applied to them; it is impossible in a melee to assess the weight of each blow, but however regrettable it is (and it undoubtedly is) that some were hurt, the force used was, looking to all the circumstances, not excessive. The whole incident has been the subject of malicious exaggeration, and I am satisfied on the evidence of the

eye witnesses of the scene whom I examined that the story that bayonets were used is wholly without foundation.

(ii). For the local relief of these people the officers of Government did all they could. They were impeded, and finally frustrated, in their efforts by the action of the non-co-operation party. Mr. De reported on the 21st May, "I offered them (the local leaders) every possible help in men and money towards housing, sanitation and even feeding them (the coolies), but the offer was not accepted." The offer of help is still open but has still been refused.

(iii). The calling of a 'hartal' and the two strikes has seriously prejudiced the welfare of the coolies, while the time of Government officers which should have been devoted to these coolies has necessarily been diverted to counter measures, and all relief operations have been gravely hampered.

(iv) The hartal and strikes in their present form are instigated by political aims, and are merely a form of direct action. The welfare of the coolies has become a subsidiary issue with the local leaders. In this connection it is impossible to ignore the easy success gained by the non-co operation party in a general strike in Chittagong on the 4th May; there is every indication that this result encouraged a similar policy in Chandpur.

(v) By their action the local leaders on two occasions (in connection with the second batch which Mr. Andrews wished to repatriate, and the offer of Mr. Indu Bhusan Dutt) have definitely prevented the removal of some who might have been conveyed elsewhere. The continuance of the steamer strike absolutely prevents any further movement of these coolies. Mr. Andrews at the moment is in a position to arrange for the repatriation of those men at once. If anything prevents him, the responsibility is with the local leaders.

Mr. Andrews made a point of asking me that if a second communique was issued it should be made clear that Government had no objection to the exercise of private charity and that the object was deserving of private charity. Government, of course, have not, and could not have any such objection, while the miserable condition of these men can only excite the sympathy of all.

Attitude of Government

19. In a communique dated the 26th May the Governor in Council expressed the opinion that he could not properly undertake from public funds the repatriation of those coolies from Chandpur, and he thinks it desirable to state plainly the principles upon which that decision is based. The principle by which the policy of Government is determined is that in the case of labour disputes to which Government itself is not a party and of the merits of which this

Government is not the judge, its attitude should be one of neutrality. It is not the duty of the Bengal Government to side with one party or the other. To do so would be to intervene gratuitously in favour of one party to an industrial dispute and to create a most dangerous and unjustifiable precedent for the future. That is not to say that Government does not recognise the duty of ministering to the sick and actually destitute in accordance with the dictates of humanity. Throughout the controversy excited over the exodus of these coolies from Assam, Government has acted consistently in accordance with these principles. From motives of humanity and in the interests of the health of the province, they have already incurred considerable expenditure in relief of these coolies and in the prevention of disease. In the interests of public health they have been forced, as the lesser of the two evils, actually to move those coolies who, in one way or another, have reached such distant places as Naibati and Asansol. But these cases can be differentiated from the position at Chandpur and Goalundo. The initial action of the local officers in sending off some coolies at the public charge was instigated by the quite intelligible wish to prevent a situation of much difficulty, and it will, of course, be ratified. Such action, however, cannot be accepted by Government as justifiable as a normal procedure.

The conduct of the local leaders, with such outside help as they are deriving from the non-co-operation party, has rendered far more difficult a situation which was already difficult enough. In the alleged interests of the coolies they have seriously prejudiced their health and welfare. Government has never attempted, nor does it propose to attempt, to prevent charitably disposed persons from repatriating such coolies as are fit to travel without danger to the health of the province. The sole obstacle to their repatriation at the present time is the action of the local leaders and other non-co operators in engineering strikes on the railways and steamer lines with the intention of achieving a purely political purpose. Of the disinterestedness or otherwise of such action Government is content to leave it to the public to judge.

The local Government gladly recognise the philanthropic help which many of the volunteer helpers have rendered. That great suffering has prevailed among these coolies since their arrival in this province is undeniable and must be a matter of regret to all; the risk to the general health of the province is also undeniable. That risk the local Govt. are endeavouring to mitigate, and any private charity in the relief of all this misery is to be commended.

Non-official Enquiry Committee Report on The Chandpur Gurkha Outrage

The following is the Report of the Non-Official Enquiry Committee appointed by the Tippera Congress Committee to enquire and report on the Chandpur events of the 19th and 20th May 1921.

To The President,

Tippera District Congress Committee.

Sir,—In pursuance of a resolution of the District Congress Committee, dated 9th Jaistha, 1328, B. E., corresponding to 23rd May, 1921, electing us as members of a Committee for an enquiry into the alleged assault on certain ten garden coolies at the Chandpur Railway Station on the night of Friday, the 20th of May last, we proceeded to Chandpur and began to hold our sittings from the 23rd May. Before starting the enquiry we sent notices to (1) Mr. K. C. De, the Divisional Commissioner, (2) Mr. D. H. Wares, the District Magistrate of Tippera, (3) Hon'ble Mr. S. K. Sinha, Sub-Divisional Officer, Chandpur, (4) and Mr. MacPherson of the Tea Districts Association, intimating that they might cross-examine the witnesses giving evidence against them and also offer any evidence they chose.

The notices addressed to Mr. Shallow and Mr. MacPherson came back unanswered as they were reported to have left the station already. The other notices were served on the addressees personally. The enquiry was a public one and everybody who desired to attend was allowed to do so. At the conclusion of the examination of each witness, the people present were given an opportunity to cross-examine him whether on behalf of the public or on behalf of the gentlemen concerned. In a few instances the witnesses were cross-examined on behalf of the public, but none appeared to cross-examine on behalf of the gentlemen concerned.

We held altogether nine sittings and examined 47 witnesses. They include 22 coolies of whom 18 received injuries, and the rest were in the party of the assaulted, 13 persons of the railway staff who saw the occurrence, 2 outsiders who also saw the occurrence, 2 gentlemen who attempted to make list of the people missing, 4 doctors who examined the injuries on the following morning and 4 gentlemen who saw the injuries immediately after the occurrence or shortly afterwards. The D. T. S. of the A. B. Railway, Mr. Purcell, who appeared to be an eye witness of the occurrence was served by us with a notice to appear and give evidence, but that gentleman did not choose to give his evidence.

We have been asked by the Congress Committee—(a) to collect a detailed account of the alleged assault on the coolies at Chandpur Station on the night of Friday, the 20th of May, by Gurkha soldiers; (b) to ascertain who among the officials are responsible for the alleged assault and, to what extent; and (c) to ascertain all other matters connected therewith. The subject of our enquiry naturally divides itself into five heads, viz. (1) The events of the night of the 19th May with special reference to their bearing on the events of the 20th night, (2) the events of the night of the 20th May, (3) the object of the assault, (4) the nature of the assault with respect to its gravity or otherwise, and (5) the responsibility of the officials for the same. We propose to deal with these points in the order mentioned above.

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From about the middle of May last, large number of coolies, who made up their mind to go back to their village homes in U. P., O. P., Behar, Madras and other provinces, began to come down from the Assam Tea Garden, apparently destitute and unable to pay their fares for the journey. The local officials at first tried to make arrangements for their repatriation and this they appear to have done on their own responsibility. Some coolies were actually despatched in a steamer chartered for the purpose. But soon after a change came over their policy, consequent upon the Government attitude towards repatriation of the coolies at their cost. Mr. MacPherson, a representative of the Tea Association came to Chandpur and with the S. D. O. approached the local leaders including Babu Haradaya! Nag, with a request to try their influence in inducing the coolies to go back to the gardens. This attempt to induce the coolies to return to the garden failed and on the 19th May appeared as determined to go home as before. The number of coolies who had got assembled at Chandpur by that date was over 2,000. The local officials being apprised of the Government attitude had made no arrangement for transport of the coolies or any of them on the 19th. But it does not appear that any attempt was made to communicate this fact to the coolies concerned. As a necessary consequence there was a great rush for boarding the steamer that was to leave for Goalundo the next morning, and this attempt was possibly intensified by the presence of Mr. MacPherson at Chandpur trying to induce the coolies to go back to the gardens.

We get it from the evidence of witness No. 14 and witness No. 37, that between three or four hundred coolies had already got on board before the S. D. O. arrived to stop the coolies from boarding the steamer. Mr. MacPherson of the Tea Association also accompanied the S. D. O. and was allowed to take an active part in preventing the coolies from getting to the steamer. The gangway between the steamer and the receiving flat was removed. On account of the removal of the gangway some coolies, two according to witness No. 14 and a few according to witness No. 37, fell into the river. According to witness No. 37 these coolies were subsequently rescued by local coolies in the employ of Messrs. Bird & Co. A very large number of coolies who were occupying the flat as also the gangway between the flat and the riverside, were then driven towards the Railway Station by the Police under orders of the S. D. O., both the S. D. O. and Mr. MacPherson accompanying and helping the Police. The coolies squatted themselves on the ground as soon as they got to the river-side. But they were not allowed to remain there. They were again driven towards the 3rd class passengers' waiting shed at the Railway Station. Here again they began to take their seats on the ground just as they got in front of the waiting shed. Unfortunately, the Sub-Divisional Officer in his anxiety to get the coolies enter the passengers' shed, happened to strike with the stick he had in his hand an old woman who was with the coolies. The woman caught hold of the stick and began to cry. This had the effect of exciting some of her male companions, who took up the cane sticks which they had with them, and began to pursue the S. D. O. and possibly Mr. Macpherson also towards the flat and in a threatening manner as we get it from witness No. 37. This witness further states that the S. D. O. fell down tumbling on something on the way. He then got back to the flat where he was quite safe. This is about the incident of assault on the S. D. O. that took place on the night of Thursday, the 19th May.

The Commissioner, Mr. De, in his conversation with Akhil Babu on the 21st morning referred to an assault on the S. D. O. and Mr. Macpherson. On Akhil Babu's question regarding the nature of the assault on the S. D. O. Mr. De said that one lathi blow was aimed at the S. D. O. but some body who was there warded it off. Of the witnesses we have examined, two were eye witnesses of Thursday night's occurrence. But they do not support this story of a blow aimed and warded off.

The stranded coolies were at Chandpur Station during the whole of the following day. It does not appear that the local authorities took care to inform them that no further arrangement was going to be made for their passage at the instance of the local officials. On the contrary we find that the coolies were deluded with false hopes by the police on the night of Thursday, that arrangement would soon be made for their transport. Babu Hara Doyal Nag realising the acuteness of the situation created by the presence of so many helpless coolies stranded at Chandpur had written to Akhil Babu, President of the Congress Committee to come to Chandpur. On receipt of the letter Babu Akhil Chandra Dutta, Babu Anang Mohan Ghosh, Secretary, Congress Committee and Babu Basanta Kumar Majumdar, left Comilla by the down morning train, reached Chandpur at 12 a. m. and went to see the coolies at 5 p. m. Being reminded of the occurrence reported to have taken place on the previous night, they took care to go to every batch of coolies and informed them that there was no arrangement for their passage that night, and told them they must not attempt to board the ordinary passenger steamer and that they must wait till suitable arrangement could be made for their transport. The coolies appeared quite willing to listen to this advice and all the witnesses on the spot say that they were all very peaceful on Friday. They began to cook their meals with rice etc., supplied by the local people in the afternoon and went to sleep not long after dusk either in the passengers' shed or in front of it. It is in evidence that the police asked the coolies on the river side to get together in the passengers' shed or its immediate vicinity. Neither these helpless creatures, nor the people who befriended them in their forlorn condition, that is to say, the local people, knew what was in store for them that night. The matter of the assault on the S. D. O. and Mr. Macpherson was brought to the notice of the Divisional Commissioner Mr. K. C. De who, it appears, immediately wired for a batch of Gurkhas from Narayanganj.

The Gurkhas arrived at 7-30 p. m. and were marched to the station. There were two trains to leave, the Mail at 8-10 p. m. and the mixed at 9-30 p. m. The second of the two trains appears to have left a little later than the usual hour of departure, and 10 or 15 minutes after, at about 10-30 p. m. or so, the Gurkhas were ordered to clear the station of the coolies who were sleeping there—male, female and children. The beginning of the assault is thus described by witness No. 38, Babu Chara Gopal Ghosh, Head Transhipment Clerk of the A. B. Railway. "The Gurkhas at first gently kicked the coolies and asked them to get up. That was only for a very short space of time; then the Gurkhas became furious, began to kick more violently and to beat the coolies with lathis and butt-ends of their guns." As the gentlemen of the Ry. Staff felt shocked at the atrocities and complained to the D. T. S., Mr. De at first wanted to minimise matters saying that the Gurkhas were "beating at the 'maie' of the coolies." But as tangible instances of severe assault began to grow in number and as even Mr. K. C. De could not stop excesses, he had to carry through the S. D. O. a message to the Commander of the Gurkhas to order discontinuance of the assault. And when at last the Commander sounded his whistle, the assault stopped. With regard to the period during which the assault lasted, it is given variously as five to fifteen minutes by the witnesses who have spoken to its duration.

We get it from the eye witnesses of the occurrence and also from gentlemen who came up and saw the coolies immediately after the assault, that some of them including females and children, were very severely assaulted. Some 7 or 8 in number were left disabled at the 3rd. class passengers' shed. Some of the coolies who were being led towards the town had among them persons who had to be helped while walking. Some feeling exhausted, sat down on

lay down on the road side. A good many were bleeding and some profusely, but the responsible officers of the Government under whose orders and in whose presence all this was done, did not care to enquire what injuries were caused or if any medical help was necessary. The only instructions Mr. De left was to ask some of the Railway staff to allow the coolies to come that night or the following morning once only and that for taking away their belongings and to ask the Police to see that the coolies might not return to the station obviously for a sojourn.

We do not know if the officials at Chandpur were of opinion that the coolies had committed an offence because they refused to go back to the gariens. If they were not of this opinion, then apparently the Gurkhas were requisitioned for the purpose of teaching a lesson to the entire stranded coolie-folk for the fault or supposed fault of one or of a few among them. We cannot say that the assault on the S. D. O. on Thursday night was altogether unprovoked. But it seems that the responsible officers of the Government immediately on report of the assault on the S. D. O. and Mr. Macpherson made up their mind to wire for Gurkhas from Narayanganj. That the assault through Gurkhas was of deliberate character is clearly brought out in the following portion of the conversation between the Commissioner and Akhil Babu :—

" Akhil Babu—Where did they (the Gurkhas) get the lathies from ?

Mr. De.—These were the lathies which the coolies had with them—precisely those ones with which the S. D. O. was assaulted on the preceding night.

Akhil Babu—But did you not tell me that only one lathi blow was aimed at the S. D. O. ? It is quite clear that it was an unjustifiable and unnecessary attack. Besides, the hour selected for this purpose was very improper. Could you not wait for a few hours more and disperse them the next morning ?

Mr. De.—We were waiting for the arrival of the Gurkhas. After their arrival the two trains left and almost immediately after we dispersed them."

The gist of the above in plain language is this :—Without the Gurkhas a sufficiently effective lesson could not be taught. So Mr. De and others had to wait till the arrival of the Gurkhas and then there were the impediments of two trains and their passengers leaving the station. As soon as these impediments were removed, not a moment's time was lost.

We get it from witness No. 17, Basanta Babu, that the Narayanganj steamer carrying Gurkhas arrived at 7-30 p.m. and the Gurkhas were marched to the station yard at 8 p. m. This gentleman and other witnesses say that the station began to be cleared of all outsiders from after the first train had left. By the time the second train, the last for the night, left Chandpur Station, the compound was practically cleared of all outsiders. Basanta Babu with two companions managed however to stay in a hotel, 50 yds. distant from the passengers' shed. The D. T. S. gave instructions to the people of the Railway staff to see that persons off duty, should not remain at the station at all and those on duty should either be in the station building or be in uniform. One gentleman, a Transhipment clerk, who resides on the flat at the steamer ghat attempted to come to the scene on hearing cries but was prevented by the Police from doing so. Thus we find that not only was the station compound sought to be cleared of all outsiders but special care was taken to post Police guards to see that outsiders could not come to the scene when the assault was being made. Add to this the fact that the station lights were put out, at least for a few minutes just as the assault was going to be made. Mr. De said that it was the doing of a 'budmash.' There is no doubt that it was the doing of a 'budmash,' but what remains to be explained is why should the 'budmash' be playing pranks just at the psychological moment when a dark deed was to begin.

The deliberate character of the assault is also clear from certain admissions of the District Magistrate and the Commissioner and from certain circumstances connected with the assault. When Akhil Babu remarked that the impression of the people was that it was done deliberately in retaliation, Mr. Wares said: "This was done to produce an impression." And again in reply to Akhil Babu's question:—Why disperse them by force?—Mr. De said, "Before dispersing them we declared them to be an unlawful assembly under the Criminal Procedure Code. I found out the section for the District Magistrate at 5 P.M. Thus, before the arrival of the Gurkhas the Commissioner and the District Magistrate laid their heads together for finding out under what particular Section of the Procedure Code the coolies would be declared an unlawful assembly in case of their failure to perform an impossible condition. A large gathering of practically sleeping people with babies and children among them and some luggage too, is disturbed in their sleep at dead of night and asked to get up and go, nobody knows where. Naturally they would remonstrate as some of the coolies, particularly female, say that they did. It does not appear that the poor coolies offered or were able to offer any resistance beyond expressing an unwillingness to depart at once. Mr. Andrews says that they had neither the power nor the heart to offer any serious resistance. To understand what Mr. Andrews means by saying that the coolies had not the heart to offer any resistance we need refer only to that portion of his evidence where he speaks of the coolies particularly female laying themselves prostrate at his feet and also placing their babies at his feet, the very first time they met him. It was merely a kindly look from Mr. Andrews which enabled him to win their hearts at the very first sight of himself. Considering their famished condition and also the fact that there was so much consternation among the coolies that even mother left their babies behind it is unthinkable that any resistance should have been offered. Mr. De admitted in his conversation with Akhil Babu that the coolies offered no resistance either before or after the assault. They were called on to depart without being given a moment's pause and were declared an unlawful assembly on failure to depart immediately and a brutal assault was at once begun. That no time was given is admitted by Mr. De in the following portion of his conversation:—

Akhil Babu.—"Was there any interval between the moment when they were asked to clear and the moment when the beating actually began?"

Mr. De.—"No hardly any."

Then there is the additional circumstance that prisons of the Station staff were warned through the D. T. S. about the occurrence that was likely to take place long before it actually took place. So there is absolutely no room for doubt that the assault was a premeditated one and in retaliation for the assault on the S. D. O. and Lr. Macpherson.

That there was some assault more or less severe on the coolies is now admitted. But as to this also the gentlemen concerned do not appear to have been able to make up their mind immediately after the occurrence. According to most of the witnesses of the Station staff the S. D. O. was present at the time of the occurrence. One witness has further said that the whistle for stopping the train was sounded after the Hon'ble S. K. Sinha whispered something to the Commander of the Gurkhas. This gentleman went the next morning to the house of Hardayal Babu and offered help in the form of food for the famished and medical relief for the sick among the coolies. Ananga Babu, witness No. 44, the coolies on the preceding night. The S. D. O. with an air of surprise said that the whole thing was a lie, that the Gurkhas did not raise their little fingers and that Mr. De, was not at the Railway Station at all. Mr. De also expresses some surprise when he heard that injuries had been caused in the assault. But

when Akhil Babu pressed him with his personal testimony of injuries seen immediately after the occurrence. Mr. De remarked that the fact of those injuries had not been brought to his notice. This remark is made by a gentleman who was present at the occurrence giving orders for the assault, trying to prevent excesses and failing to do so, sending instructions to the Commander to order stopping of the assault. The Commissioner said to Akhil Babu, "I pulled back with my own hands one of the Gurkhas whom I noticed causing excessive injury." Referring to the same incident witness No. 3 Probodu Chandra Mustafi, Booking Clerk, says: "I saw a sick coolie, a woman and a child entangled in the wooden bar in front of the ticket office in their attempt to get away and being mercilessly beaten etc. And I also saw the Commissioner preventing further assault. Even after that the Gurkhas assaulted these people twice." Yet another witness viz., No. 38 says: "A coolie had fallen down near the first class ticket window, on being assaulted. He was raised up by the Gurkha assaulting him who began beating again. The Commissioner interfered and seized the Gurkha by his hands. The Gurkha did not appear to give up beating but soon after, the whole assault ceased." Finding it desperate to maintain that there was no assault at all, the officials subsequently thought it prudent to admit it. But while the factum of the assault is now admitted, various other motives have been suggested in the Government Communique and reports issued under the instructions of the District Magistrates of Tippera, Nankhali, Chittagong and other places, shortly after the occurrence. These alleged motives however will not stand scrutiny. One motive alleged was that the Station yard was entirely blocked, all work was at a stand-still and passengers could not get through on account of the presence of the coolies. Two trains passed one after another and no passenger is reported to have been left behind. The people of the station staff who alone could complain if there was any blocking or if work was at a stand-still emphatically deny that it was so. They were rather shocked at seeing people sleeping peacefully being attacked at dead of night and assaulted. One gentleman, Chara Babu witness No. 38 charged the D. T. S. with having connived at what was taking place and the D. T. S. shirked all responsibility by saying that he had "no hand in the matter."

Another motive suggested, and this came to our notice after we had finished the evidence of the Railway staff, was that the station precincts were in a very insanitary condition on account of the presence of the coolies and that cholera had broken out among the Railway staff and had extended to the town. Akhil Babu was questioned by us as to whether any such suggestion had been made by Mr. De to Akhil Babu and the reply was that no such suggestion had been made. There is no evidence before us that cholera had broken out among the Railway staff or that the station precincts were in a very insanitary condition on account of the presence of the coolies. If that was a fact there is no reason why the persons most interested viz., the persons of the Station staff, never complained of any such thing. Besides driving away the coolies to a field close by, but still within the station compound, would not improve matters or prevent cholera from extending to the town, if there was any cholera at all which might extend. If the object really was to clear the station on grounds of sanitation it might have been accomplished merely by a verbal request to the local leaders, or if any show of force was necessary, half a dozen constables or menials of the Railway Staff would have sufficed, if the attempt was made during day-time instead of postponing it for the night.

Everybody admits that the coolies were peaceful on the 20th May and they made an attempt to board any steamer. So, we need not be detained long in discussing the question as to whether the assault was necessary for preventing any attempt on the part of the coolies to board the steamer. If there was any apprehen-

sion of such an attempt being made, it would have been quite sufficient if a detachment of Police or soldiers was posted to guard the gang-way to the receiving flat.

1. Now, while the assault is admitted, it is not admitted that any injuries or serious injuries were inflicted or that any bayonets were used, and the gravity of the assault has been attempted to be minimised.

Those of the station staff that were on the scene of occurrence prove that injuries were inflicted with lathis, butt-ends of guns and bayonets. The injured people were seen immediately after the occurrence by Akhil Babu, Ananga Baba and others. Ananga Baba took notes of the injuries and gave up the attempt when he found that the number was very large. Bamata Baba, who collected the coolies at one place, says that about one hundred people were injured. Dr. Suresh Chandra Sur M. B. personally examined and took notes of nine cases. Doctor Narendra Kumar Brahmachari examined and took notes of 17 cases while Doctor Gura Nath Bose took notes of 7 or 8 cases; the latter's notes were missing at the time of his examination. Besides these there were slight injury cases which were not noted at all. The injury cases were attended to by Babu Jogesh Chandra Sur M. B., Babu Narendra Kumar Brahmachary B. Sc. and a student of the Medical College who has just appeared at the first M. B. Examination, Dr. Gura Nath Bose, a medical practitioner of about 23 years' standing, and Dr. Amir Hamada of the Mission Hospital. They prove the infliction of bruises, sprains, fractures, lacerated cuts and punctured wounds. From the nature of some of the injuries caused they are decidedly of opinion that the point and the sides of bayonets were most likely used in causing them. In addition we have examined some of the injured persons who speak of the use of lathis, butt-ends of guns and bayonets. These are witness Nos. 3, 19, 21 to 36, altogether 18 persons. To decide whether bayonets were used in the assault, let us first take the case of witness No. 8, Asoda. Witness No. 5, who examined her wound on 21st May, says—"She had one punctured wound on the posterior surface of the right elbow-joint probably caused by a pointed weapon, such as the bayonet of a gun looking one of the deep arteries. The wound was bleeding profusely even then. The whole body and major part of her cloth were covered with blood. She was sent to the Mission Hospital as I thought the artery should be ligatured at once, etc." The Mission Hospital Doctor, witness No. 16, referring to this particular wound on Asoda says—"The second inch deep caused most probably by a sharp-pointed weapon such as a bayonet." Besides the evidence of these two medical men, we have the direct evidence of the woman herself who says that she was "struck with something attached to the upper part of a gun." Let us next take the case of Lachmania was being helped by two other coolies, crying piteously and complaining to wound on the head, her scanty cloth being soaked in blood. The wound came to Chandpur on the evening of the 21st May and next morning the coolies then there 5 or 6. One of these he saw was perhaps the girl Golaas deep punctured wound caused probably by the end of bayonet." Though Mr. Andrews seems to be of opinion that it was not caused by a bayonet, he admits extend beyond a mere look at the subject, that his examination did not wound a portion with his finger.

Witness No. 6 records two or three cases of dislocation and fracture. He names Roychali (male), late of the Balisra garden, as having a simple fracture

of the radius at the proximal end below the tubercle. Jugna (male), late of Balisra garden, as having one proximal right ulna fracture and one fracture of the fibula; and Sukolal, late of Kowara line garden, as having a dislocation of the first right metacarpal. Lots of sprains were caused by hitting with butt-ends of guns, one case being that Jhumki (female), witness No. 36, who had a sprain below the right nipple extending over 8th, 9th and 10th ribs up to the costal as we get from witness No. 6. The patient complained to the Doctor of extreme pain and was screaming while being examined. We examined one woman, witness No. 25, who was unable to stand from when she was assaulted and was in that condition when we examined her i.e. about a week after the occurrence. As there was some difficulty in finding out the wounded people we could not examine them all.

As to whether any body got killed as a result of the assault is not very clear. Some babies were left behind at the time of the occurrence and witness No. 13 says that five such were found and were restored to their parents. Witnesses Nos. 9 and 14 speak of some coolies still lying in the waiting shed when the assault was over. Witness No. 14 did not go near to see their condition. Witness No. 22, a cooly, says that he went to bring his luggage from the passengers' shed after the assault had ceased and saw 5 persons, 3 babies and 3 men killed. Witness No. 41, a cooly, says that he had a diseased sister and her diseased husband in the waiting shed at the time of the occurrence and they are missing since. Witness No. 41, another coolie, complains of his brother, brother's wife and their son being missing and not traced since then. It is however not possible to a definite finding as to whether any body lost his life in the assault.

5. The last point we have to consider is who, if any, among the officials are responsible and to what extent for the assault on the coolies. We find that Mr. K. C. De, Mr. D. H. Wares, the Hon'ble S. K. Sinha, Mr. A. Shallow all officials, and Mr. Macpherson a non-official, were present at the time of the occurrence. The Railway staff witnesses say that Mr. K. C. De gave the orders for the assault. Mr. De also admitted to Akhil Babu that he had given the orders, but he qualified his statement saying, "really Mr Wares also accepts responsibility for giving orders." Whoever might have actually uttered the words giving order it is quite clear that the assault was a premeditated one and decided on presumably after conference among the responsible officials present at Chandpur at the time, we mean Mr. De, Mr. Wares and the Hon'ble Sinha. At any rate the responsibility is divided between Mr. K. C. De and Mr. D. H. Wares. The S. P. was present at the time of the occurrence but it is not quite clear what part he actually played or whether he had any hand in deciding on the assault that was to have been made.

With these findings and observations we conclude our report and submit herewith the copies of the proceedings made over to us and the evidence taken by us. One of our colleagues Mowlvi Ashrafuddin Ahmed Chandhury who attended some of the earlier sittings but was unable to attend some subsequently could not join us in drawing the report and signing it.

We have the honour to be

Sir,

Your most obedient servants,

(Sd.) J. M. Sen Gupta

PRESIDENT

(Sd.) Banga Chandra Bhattacharjee

(Sd.) Ujjayanti Chandra Mitter

(Sd.) Radhamani Mohan Datta

SECRETARY

Non-official Committee's Report On the Malegaon Riot

The following are important extracts from the report of the non-official committee of enquiry into the Malegaon disturbances of April 1931. The Committee was appointed by a resolution of the Marbatta Provincial Conference and consisted of the following members: Messrs. N. C. Kelkar, (Chairman) S. M. Paranjpe, V. J. Patel, I. M. Mehta, V. G. Khetkar, N. H. Macji, O. V. Vaidya and Mamlaid Abdul Alim, of whom the last two gentlemen did not accept their appointment. The committee sat for 4 days and examined thirty witnesses on the causes of the disturbances and incidental circumstances. All the witnesses were examined in camera. The report says that under the terms of reference the committee is not concerned with the enquiry regarding the guilt or innocence of any person but has to confine itself solely to the previous history of the occurrences and to ascertain whether, how far, and in what particular manner either Government officers or persons concerned in the political agitation at Malegaon during the previous few months, were responsible for the riot as remote or immediate contributing causes.

The Report

It appears that the town of Malegaon in the Nasik District with a population of some 25,000, a majority of whom are Mahomedans has been the scene of one or two riots during the last 40 years. But while in previous years the line of cleavage lay along religious differences between Hindus and Mahomedans, in recent years they have covered entirely new ground. It has been stated before us that 12 years ago the local Mahomedans were split up into two factions owing to differences in policy. One section took the name of "Hidayat-I-Islam" and the other called itself "Bidahil-I-Islam." The tendency of the "Hidayat-I-Islam party was and has been to be on good terms with the local official world, while the other school has been taking up an independent attitude under the guidance of non-official local leaders. It is easy to see how the working of two such different policies would develop and extend to spheres of activities other than communal. The elected municipal councillors at Malegaon have mostly belonged to Bidahil-I-Islam party while the Hidayat-I-Islam party has generally supplied the nominated men to the Municipality.

Events, which have so deeply stirred the whole of India during recent years, did not leave Malegaon untouched. Here there has already been in existence for several years a Taluka Congress Committee, and a Khilafat Committee was organised 15 months ago owing to the exertion of a Hindu worker Sonu Gowande. Since then Hindus and Mahomedans worked together in all public activities under the auspices of the Khilafat Committee, though no Hindu was actually a member of that body. Hindu-Moslem unity, which is now such a happy feature of public life in India, was also being increasingly cemented at Malegaon. Joint meetings were held to offer prayers for the recovery of the late Lok. Tilak during his illness and subsequently to express public grief at his demise. But a surer test of the Hindu-Moslem unity could be recognised in the determination of both the communities in refusing to apply for permission from the local police for the public immersion of of Ganapati and Taboots at the end of the Ganapati and Moharrum weeks which happened to coincide last year.

It is not surprising that the Moderate element amongst the Hindus and Muhammadans did not altogether approve of the infusion of a new life in Malegaon during the last fifteen months. The Hindu moderate leaders were few in number and they were also educated men. Their activities therefore, by way of opposition to the new workers, were more covert. The moderate Mahomedan leaders of the Hidayat-i-Islam party were less restrained. They openly opposed the Khilafat movement in Malegaon and tried to dissuade the people from attending meetings convened under the auspices of the local Khilafat Committee.

Starting of Khilafat Fund

The differences between the opposing parties would not have perhaps come to a head, had it not been for the starting of a Fund called the "Imdad-ul-Islam Fund." After Maulana Shoukat Ali's visit to Malegaon following the Nagpur Congress, the idea of National Education took root in the minds of the local people; and Mahomedan public opinion began to insist on Government grants to the existing Madrasahs being given up. It was suggested that if all the Momin weavers of Malegaon contributed one pice each to the fund for each sari sold by them to the merchants, the money necessary for the upkeep of National Schools could be easily collected. The suggestion met with ready acceptance by the weavers. The merchants, who purchased the saris from the weavers, were not to be called upon contribution on their part if they deducted one pice per sari from payments made to each Momin weaver, kept the money thus collected with them, and eventually handed it

over from time to time to the collectors or the agents appointed for the purpose.

The Imdad-ul-Islam Fund was started in the month of February 1924. The objects of the fund were among other things the promotion of National education in Malacca and the relief of the distressed in Smyrna. All went on very well for some days. Very soon, however, the managers of the fund were confronted with opposition of two different kinds from two widely different quarters. Complaints began to be made by some of the leading Non-co-operators, both Hindus and Mahomedans, against the administration of the fund. In particular they alleged that part of the fund was being diverted from its original purposes and was spent on defraying the travelling expenses of certain Moulanas, the tone of whose speeches the complainants did not approve. It appears from the evidence that the managers of the fund thereupon agreed that in future the fund would not be so diverted, which promise, however, does not appear to have been kept.

But the more direct and uncompromising opposition to the fund came from the side of the co-operators consisting of the Hindu and Mahomedan Moderates; and the latter formed the bulk of Hidayat-ul-Islam party, including a dozen weavers and merchants. They were opposed to the very idea of the fund as being something inimical to the Government and they complained to the authorities from time to time that coercion and intimidation were being resorted to by the organisers of the fund in collecting it. It was alleged that the volunteers carried sticks in the bazar with a view to terrorise the opponents of the fund. We have stated elsewhere how far these complaints were well founded. But the differences between the supporters and the opponents of the fund were accentuated by the tactless conduct of some of the Khilafat people in publicly ridiculing the opposing merchants by parading donkeys in the streets with placards round their necks bearing the words "don't sell earie to these donkeys." The ill-feeling which was thus generated was deepened by the declaration of a social boycott against the few co-operating weavers and merchants who were opposing the fund.

This had thus gradually advanced to a stage when official intervention might be regarded as a handy solution by the co-operators; and it appears that they made complaints to the District authorities both against the volunteers and the organisers of the fund. These complaints brought Mr. Moberji, the Prant Officer, to Malacca for the purpose of making an inquiry into the whole affair; and after full investigation, both public and private, he declared that no coercion was practised in respect of the Imdad ul-

Islam Fund. Further, Mr. Mobedji declared at a public meeting that it was not the intention of Government in any way to interfere with the fund, so long as its collection did not lead to any breach of peace. This did not evidently satisfy the co-operators who continued their complaints to the authorities—more particularly against the volunteers,—and Mr. Mobedji had again to go to Malakoon to smooth matters. We are glad to note that throughout his stay at Malakoon in the course of his visits, Mr. Mobedji's handling of the situation had been particularly fair and tactful, although of course we are quite ignorant of the actual reports he made to the Collector of the District in this matter.

Carrying of Sticks by Volunteers.

In our opinion no coercion was practised in the matter of the Imdad-ul-Islam Fund and in this we have probably the support of the Deputy Collector, Mr. Mobedji himself. With regard to the carrying of sticks by the volunteers there is no evidence that they were used for the purpose of coercion. There is also very little reliable evidence to show that the volunteers were at all engaged for the collection of the fund. The collection was done by the special agency of men appointed for the purpose by the managers of the fund. We have been told of a procession in which the volunteers carried sticks; but if at all they did so it must obviously be for a spectacular purpose and certainly not for spreading terror among any class of people. No reasonable ground has been shown for apprehension that the volunteers would commit violence with their sticks and we are inclined to regard the objection to their use as more or less fanciful. In fact, we believe, having failed in their endeavour to stop the Khilafat agitation and the collection of the Imdad Fund, the co-operators firmly adhered to this complaint as a mere point of prestige and were insistently urging the authorities to uphold it. The suggestion that the volunteers should carry no sticks had in itself also a plausible colour of reasonableness, and on this point therefore, all further attempts of the co-operators were concentrated.

A Manifesto by some N. C. O. Leaders.

While we are of opinion that no violence or intimidation was practised by the collectors of the fund or by the volunteers, we are bound to say that some of the other activities of the Khilafat workers were not altogether free from blame however slight. We have also some evidence to show that now and then the speeches made at public meetings by some Maulavis were highly inflammatory. It appears that once or twice a volunteer who took a vain delight in affecting a martial spirit carried even a (sheathed) sword in his

belt. It is not suggested that there was an underlying intention to commit violence with the sword, but even apart from the possibilities of violence it would be reasonable to object to a demonstrative conduct of that kind in a public movement which made at least a few people uncomfortable. Then again it is admitted that once or twice meetings of children were held in Malegaon in which Khilafat politics was debated upon and poetical compositions were recited which contained not only some very highly strung sentiments but a few positively objectionable words. We are satisfied that some of the leading Non-co-operators disapproved of these latter activities and they were of opinion that the Non-co-operation movement, including the collection of the fund, should be allowed to proceed without any complication. But differences of opinion arose as to the exact method by which this should be brought about. Some held the view that the intentions of the leaders in the matter should be made clear in writing so that there may be no mistake about them in the minds of their followers on the one hand and of the authorities on the other. Others took a different view; they laid stress on the point that while the things objected to might be stopped in so far as and if they were practised, there was no necessity to make a public declaration about it. It is difficult to say whether the objectors to a public declaration adverted only to the technical and formal aspect of it, or whether they wanted things to go on as before in a loose and therefore convenient drift so that while legal consequences may be taken of whatever happened there should be no ground for a stigma on them of having done an act or acts in direct violation of the written declaration of the Non-co-operation leaders. It is clear at any rate that the question of a public declaration was not deliberated and voted upon in a formal meeting of the Non-co-operation party; and one section of the leaders, probably considering themselves free to do what they thought proper under the circumstances, issued on the 1st of April a manifesto in which while the principles of non-violent Non-co-operation were explained at some length a distinct prohibition was promulgated against the following practices, viz: (1) to attend meetings or parade streets with big sticks and arms, (2) to recite anarchical or seditious songs and versical compositions, (3) speeches by specially invited lecturers inciting to anarchical principles or outrages, (4) use of language likely to wound the feelings of individuals, (5) holding meetings of children for political harangues. This conduct on the part of the signatories—11 in number—was openly objected to and criticised by some of the Maulavis and by other Khilafat workers. The signatories to the manifesto on the other hand regarded that they had done a clear duty which they owed not

only to themselves but to the party and the principles of Non-cooperation. Those who objected to the manifesto contended that they entirely agreed with the spirit of the manifesto but objected to it as superfluous especially as the 11 signatories had not consulted the rest of them before issuing it. It was openly stated before us that the rest of them might have also signed if the manifesto were circulated among them before its publication. But we doubt the statement. We think the non-signatories protest rather too much when they say that their only objection lay in the fact that they were neglected. A mistake of that kind could have been easily remedied by a supplementary manifesto but we believe that the non-signatories never wanted a manifesto of that kind.

Government prohibition to carry sticks

The eleven signatories thus found themselves in a position of isolation and suspicion. Their position became rather anomalous. Some of the co operators doubted the sincerity of the signatories. One witness expressly stated before us that the manifesto was a mere eye-wash. On the other hand their position was so completely misunderstood by the non-signatories and their followers that they came to be suspected as black-legs and tools in the hands of the authorities. And an incident happened on the next day that gave colour to the impression. On the 2nd day of April the authorities of Malegaon published a proclamation issued by the District Magistrate under the District Police Act. (The proclamation has not been produced before us by which one specific item in the manifesto viz., the carrying of sticks at public meetings, was prohibited. The proclamation we are told was really dated the 26th of March. The interval of days between its issue in the Collector's camp and its actual publication in Malegaon cannot be accounted for only by the time necessary for its transmission from one place to the other. The other plausible construction upon this delay is that the authorities wanted a previous non-official declaration upon the subject matter of the proclamation in order to strengthen it when it may appear later on. It may be argued that the Mamlatdar of Malegaon had no choice but was bound to publish the proclamation as soon as he received it, and that even if there was delay in the publication it was due to the course of routine business and not to the contingency of a non-official declaration which was to appear later on. But we are inclined to think that the idea of the non-official declaration must have been mooted some time before the 26th and that both this declaration and the official proclamation must have been simultaneously contemplated. This was all well from the official point of view but it was evidently calculated to put the signatories

in a false position. They were either trusted or not trusted. If they were, the official proclamation was superfluous and the signatories would be entitled to claim a fair trial of their credit and influence with the Malagaon people. If, on the other hand, they were not trusted, it was unfair to them to be called upon to make such a declaration because it was regarded practically of no use by the authorities themselves. In any case the signatories were prejudiced by the appearance of the official proclamation, in that they led the common people to point a finger of scornful suspicion towards the signatories as men in league with the Government and for which eventually they were on the point of paying. From the day of the official proclamation the signatories to the declaration were under a discount and hardly attended any public meeting and later on, one of them was made, we have been told, vicariously to apologise for the supposed sins of the rest. This is not all. They might even have been the first victims of the riot if they were found handy at its commencement and if the Sub-Inspector had not succeeded in drawing all the wrath of the rioters upon himself. It has been stated before us that at the commencement of the riot inquiries were made for some of the signatories as men 'wanted' by the mob and that some of these actually heard future violence threatened upon them by some ruffians while they were seeking safety in some hiding places.

We have already stated that in our opinion there were no concrete cases of violence with sticks before the issue of the non-official or the official proclamation and that the former might have been of some value and importance if it had stood by itself. The official proclamation, however, not only made it worthless for any purpose but unnecessarily brought to a point the conflict between the upholders and the opponents of sticks and drove the whole dispute about the carrying of sticks into the vortex of the Criminal Law. Yet for a time the good counsels of the signatories prevailed though their influence had gone and for some time the proclamation was carefully obeyed. But this was not long to continue. Even the volunteers had given up, since the date of the proclamation, the carrying of sticks in the streets or at meetings, but Moulavi Nazir Ahmed positively advised disobedience to the proclamation as witnesses of all sides have stated before us. It is unfortunate that the loss of influence of the signatories, among whom were both Hindu and Mahomedan leaders, left the field open for other kind of counsels. Probably the Moulavi had his own interpretation to put on the official proclamation. There are sticks and sticks and even the non-official manifesto had made a distinction between big sticks and small sticks. According to the Moulavi again, sticks whether

big or small were not arms, and if, as his own information is said to have gone, swords were allowed to be carried in the sheaths, the proclamation, the Moulvi argued, had no right to prohibit the carrying at least of big sticks. Right or wrong this interpretation was put by the Moulavi on the proclamation. Moreover a sort of a spirit of defiance had arisen amongst the Khilafat workers who bereft of the guidance of the signatories to the manifesto owing to the slap given to them by the official proclamation were led by the Moulavi without any opposition. Accordingly at the meeting held on the 12th and the 13th of April some volunteers did carry sticks with them whereupon the attention of the police was drawn to the violation of the proclamation, and prosecutions were decided upon. Some sticks, it is said, were taken possession of by the police but these we are told did not correspond to the number of the volunteers on duty.

Arrest and Trial of Volunteers

Nothing of importance seems to have happened between this seizure of sticks on the 13th and the day of the hearing of the cases against the volunteers on the 25th. It appears that the volunteers on the morning of the 25th had taken counsel with some of the leaders who advised them to take things as a matter of course and to pay the fines as they would be naturally very trifling. The mere fact of the prosecution of the volunteers had, however, quickened an interest in the Malegaon public and a small crowd had assembled to hear the proceedings in the court; and if the fines imposed upon accused were really as trifling as they were expected they might, perhaps, have been paid on the spot. It has been suggested to us in the inquiry that there must have been a conspiracy on the part of the Khilafat leaders not to pay any fines, however trifling, in order to cause trouble. But this is contradicted by the statements of some of the volunteers themselves who were accused in the case and appeared before us as witnesses.

The starting impetus was given to the mob mind that day by the proceedings in the Court during which, in our opinion, a number of unfortunate incidents happened one after another. The case was decided by the Magistrate on the evidence of a single police witness as against the denial of guilt by the accused. But what happened next was the least expected. The first thought of the Magistrate was to impose only light fines on the accused and these might have been possibly paid on the spot. But the Sub-Inspector of Police, who was present as prosecutor in the case, openly intervened and induced the Magistrate to impose substantial fines. Beyond this none of the witnesses who were examined by us could clearly say what actually happened in the Court. Eventually the accused were convicted and sentenced to pay a fine of Rs. 50 each

Reports—Official & Non-Official

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or in the alternative to go to jail for one month. The accused, being either unwilling or unable to pay the fine, were made over to the custody of the police. In the absence of any definite evidence on the point we are not prepared to charge the Magistrate with having actually changed the amount of the fines once definitely uttered in the Court, but we do say that the heavy sentence of fine was due to the insistence of the Sub-Inspector on a deterrent punishment. We further say that the Magistrate would have used his direction to better purpose if he had allowed the accused time to bring the amount of their fines instead of handing them over straight to the custody of the police for non-payment of the fine on the spot. Under the Criminal Procedure Code when an offender has been sentenced to fine only and to imprisonment in default the Court may, instead of sending the accused at once to jail, issue a warrant for the recovery of the fine, suspend the execution of the sentence of imprisonment, and release him on signing a personal recognizance so that he may have time to arrange for the payment of the fine. We cannot understand why the trying Magistrate did not adopt the more lenient course. It could not be alleged that the accused would have absconded from Malegaon to evade the payment of fine and thus put the police to the trouble of re-arresting them. The Indian Jails Committee have expressed an opinion in their report which entirely supports us in our view. They say: "It seems to be clearly inadvisable that a man should be exposed to the disgrace and risk of contamination involved in committal to jail if his offence is one which would be adequately punished by a fine and if the grant of reasonable time would enable him to pay the fine."

The conviction and sentence created quite a sensation among the people present in court. They were mostly friends and the relations of the accused; they evidently resented the action of the Magistrate and the Sub-Inspector. The Secretary of the Khilafat Committee was present in Court at that time and he does not appear to have made any attempt to pay the fine on behalf of the accused. The result was that the convicts were removed from the Court to the lock-up within the Court premises and the crowd left the court in an excited mood. This excitement was turned into anger by the unwise action of the Sub-Inspector of Police who tauntingly asked the crowd to pay the fines from the rich Khilafat funds and to look to their leader on whom they had acted so long for rescue. The crowd was hit by these sarcastic remarks of the Sub-Inspector and they turned their anger from the Sub-Inspector to the signatories of the manifesto. It is clear from the evidence that the first idea of the crowd was to go back to the town, and to call upon the 11 signatories to the manifesto of the 1st of April to secure the

release of the convicted volunteers as, in the opinion of the crowd, the convictions were due to the proclamation and the proclamation in its turn to the manifesto.

It may be safely stated that the first thought of the excited crowd was not to do any harm to the Sub-Inspector himself. It happened however that the crowd on its way back met and molested a police constable who was identified as the man who had helped in depriving the volunteers of their sticks; and on the news of this being taken to the Sub-Inspector, he came with about a dozen armed constables to put matters right. It appears that the Sub-Inspector and his party met the crowd near the Motor stand or the Islamic Hostel. Here the crowd gathered round the Sub-Inspector but could not arrest his progress. The Sub-Inspector took the road to the town via the Jumma Masjid. Here again he found himself amidst the crowd and it was here that the first firing took place. We are not quite clear as to whether any stones or brick-bats were actually thrown at the Sub-Inspector at this place but even if stones were as a matter of fact thrown at the Sub-Inspector or his men it does not appear that their lives were in any danger. The firing was no doubt intended to disperse the crowd and only small shots were fired. Several persons in the crowd were injured of whom some gave evidences before us and showed marks of injury. The firing instead of terrorising the mob only exasperated it: but even then the Sub-Inspector could proceed as far as the corner of Pophale's house. But at this corner he was met by another crowd and being hemmed in between two crowds he had to seek safety in the temple adjoining the house of Mr. Pophale.

Temple Burnt and S. I. Murdered

It is difficult exactly to say what happened thereafter. With a big crowd collected outside the temple and persistent efforts being made to discover and hunt the Sub-Inspector out, he might have felt reasonable fear for his life; and if he shot or cut down an assailant or two who went in search of him he may be taken to have done so in self-defence. Failing in their attempt to get at the Sub-Inspector, the mob eventually set fire to the temple with the result that the adjoining two or three houses were completely burnt down along with the temple: one of the constables was done to death at the entrance to the temple; the Sub-Inspector in trying to escape from the burning house in the guise of a woman to conceal his identity was recognised, over-powered and brutally murdered. Late at night the bodies of the murdered Sub-Inspector and the policemen were burnt together near the gutter outside the temple.

What happened the next day may only be briefly stated. After the "Dafaa" of the Mahomedans who were killed on the

previous night near the temple, some persons detached themselves from the big crowd of Mominas and proceeded towards the town with the deliberate object of looting. In the meanwhile it appears that out of fear of a renewed riot the convict volunteers in the lock-up were released, though unfortunately too late. The crowd on this occasion was a mixed crowd, and as the evidence before us shows, was made up not only of some people who attended the "Dafan", but also of a considerable number of ruffians from the lowest classes of the population who would any day be out with their fishing rods on the news of troubled waters anywhere.

Conclusions

The report then proceeds to give its conclusions as follows:—

(1) "The Malegaon riots, however tragic, do not appear to have been premeditated."

(2) "The conduct of the Pranth officer and presumably that of the Collector also was, on the whole, fair, tactful and conciliatory."

(3) Coming to the attitude of both the Sub-Inspector and the Magistrate in the Court, the report says: "We feel almost sure in our minds that the crowd in the Court would have left the premises unperturbed if the convicted volunteers had been allowed to go back to town to try and collect the amount of the fines imposed upon them."

(4) "The last contribution from the official side came from the Sub-Inspector himself in the firing near the Masjid which was unnecessary if meant only for the dispersion of the crowd. It is of course a speculation what would have happened if this firing had not taken place and if the Sub-Inspector had only parleyed with the crowd and had assured them of the immediate release of the volunteers on payment of the fine."

(iv) On the non-official side we cannot blame the Khilafat workers for the invitation given to the Moulavis, for it is everywhere the experience that strangers infuse more spirit into the population of a locality than the local leaders. The language and the sentiments of the Moulavis' speeches were their own affair, and they would have certainly taken the consequences, if they had really spoken sedition and were prosecuted. If every organiser of lectures and every member of the audience were to be held responsible for the language of the speakers, there would be an end to all organisation and to all public meetings. So long as Government took no action against the Moulavis, the Malegaon Khilafatists were justified in assuming that they were not exceeding the legal limits of speech; but even so far as mute caution was necessary on the part of the leaders, it was evident in the condition imposed upon the "Imdad Fund", that it could not be spent upon the visits of outside lecturers. We have already expressed our opinion that the use of sticks or

arms was not carried to a point at which its prohibition by a proclamation became necessary. Nor are we inclined seriously to blame the opponents of the manifesto for expressing some sort of dissatisfaction with it as there were two views among the people as to its propriety. If the Khilafatists had implicitly obeyed the proclamation and had thereby avoided all subsequent trouble, their grievance about the manifesto would have deserved appreciation. But in an evil moment they decided upon conniving at the disobedience of the proclamation; and on the non-official side, therefore, we regard this as the first distinct contributory factor to the eventual riot. The crisis was all but reached at the end of the volunteers' trial in the Court. We believe that it was the duty of the officials of the Khilafat Committee to keep some money ready in their pockets to pay off the fines of the volunteers, and we must note that even after the declaration of the substantial fines they did not intervene or actually work for their release. The signatories of the manifesto had obviously no duty to discharge in this respect, because it was entirely the affair of those who had disobeyed the proclamation and the manifesto or had connived at the disobedience.

(v) Coming to the latter stage of the riot, we cannot say whether any Non-co-operators were present among the active rioters. The actual killing of the Sub-Inspector and the arson were absolutely unjustifiable from any point of view. The issue of the proclamation, the trial of the volunteers, their conviction and sentence, the unwise taunt by the Sub-Inspector—not all these could, under any circumstances, be called provocation of any kind justifying or even extenuating the mob excesses. Even assuming that the policy of "measure for measure" proved for the moment more dominant over the minds of the rioters, there was nothing in the conduct of the Sub-Inspector to deserve death, the blank firing notwithstanding, as it had not led to any loss of life. The arson stands on the same footing as the killing. We know that the Mahomedan rioters wavered for a time before they set fire to the Hindu temple but they eventually succumbed to the temptation. From the point of view of the Hindu-Moslem unity which should, if anything, reinforce the discipline of non-violence, they should have thought more of the outrage on the feelings of the Hindu and also of the sacrilege they were committing to a holy Hindu shrine than of the asylum which would be given to even an offending opponent and should have left the temple alone.

(vi) Now we come to the looting of the houses of the co-operators and this we consider to be in some respects even an uglier feature of the situation than the horrible events of the previous day. Twelve hours had elapsed between the riotous action over night

and the looting on the 26th. The authors of the loot had evidently slept over the temper of the previous night and there was no logical connection between even the sentiments raised by the "Dafan" on the morning of the 26th and the act of looting particular houses or any houses at all. The looters had not behind them the same ~~the~~ momentum of the mob mind on the 26th as the perpetrators of the killing and burning may be said to have had. There is also no doubt in our minds that the looting was almost wholly confined to the houses of the co-operators and the anti-Khilafatists—a fact of which the significance is unmistakable.

(vii) We have nothing but praise for the courage, sincerity and earnestness of Non-co-operation leaders at Malagan, both Hindu and Mahomedan. They scrupulously adhered in word and deed to their creed of Truth and non-violence; and although in doing so they incurred the displeasure of the extreme Khilafatists led by the Moulavis they never wavered for one moment from following the right course. We do think that in issuing their manifesto of the 1st April they played into the hands of the authorities, but that only shows their extreme anxiety to keep the moment strictly within the bounds of non-violence. As a result they gradually lost all influence with the majority of the Khilafatists and at the crucial moment they found themselves absolutely powerless to save the situation.

(viii) Without intending to minimise in the smallest measure the enormity of the crimes we do not think that the happenings of the 25th and 26th April, while they undoubtedly brought serious discredit on the Non-co-operators at Malagan and have thereby given a set-back to the Non-co-operation movement, can support any reflection against the whole movement as such. All that they show is that the movement passed in one locality into the hands of certain persons who had not fully understood its implications. In every place Non-co-operators should exercise a ceaseless vigilance in carrying on their propaganda and also in the selection of their workers. We strongly recommend that in future only duly authorised speakers should be allowed to address the public from all Non-co-operation platforms. No popular movement, however, can be guaranteed to be eternally free from incidents of this nature; for, rather than the movement itself sinning, it is often sinned against by some people who join it without entering into its true spirit and yet who cannot be prevented from doing so for the simple reason that no conclusive test of temper can be enforced upon any one before his admission into it. The misdeeds of a few, however, are an exception which only prove the rule laid down by the unquarrelled conduct of the many in any movement.

Non-Official Committee Report on The Chittagong Gurkha Outrage

At the instance of the District Congress Committee, the Chittagong Association and the District Khilafat Committee, a Committee had been appointed for enquiry into the circumstances leading to an assault upon the public outside the Chittagong Railway station on the night of 20th October. The following report was submitted to the Secretary, District Congress Committee, Chittagong, by the Commissioners on October 31 :—

Sir,—At a public meeting convened in the local Moslem Hall grounds on the 21st October, 1931, under the auspices of the District Congress Committee, the Chittagong Association and District Khilafat Committee, we were appointed members of a committee for enquiry into the circumstances leading to an assault upon the public outside the Chittagong Railway Station before the departure of the Mail train on the preceding night. We accordingly held sittings for the purpose from the 22nd October to 30th October 1931 and examined 42 witnesses and accepted the statements in writing of 11 others. We have also in evidence the statements of three more witnesses recorded on the 21st October at the instance of the three public bodies mentioned above. A list of 56 witnesses is annexed hereto (Enclosure A). We have also referred to some of the issues of the local papers, the "Sumit" and "Jyoti" in this connection. The evidence in respect to the matter under enquiry had necessarily to be one-sided as it was not possible to get at and have the version of the parties responsible for the occurrence. The facts elicited by us are detailed below :

It appears that sentence of rigorous imprisonment for three months' was passed upon Mr. J. M. Sen Gupta and 17 others by the Additional Magistrate, Mr. Burrows, at noon on the 20th October, 1931. This fact obtained wide publicity very soon and eventually it came to be understood that the prisoners should be removed from the local Jail the very evening. Quite a large crowd began to gather from about 6 p.m. outside the jail precincts and spread all along the road towards the Railway Station. The sympathy of the public towards the incarcerated persons and the immense popularity enjoyed by Mr. Sen Gupta in particular were accountable for the gathering, and it is in evidence that it was perfectly spontaneous and not the outcome of anybody's attempt to make a show. All

manner of people thronged there, band and Sankirtan parties as well as people bearing torch lights came from various neighbouring quarters, and there was a slight display of fire-works as well. The people seemed to have formed themselves into a procession when the prisoners were being escorted to the Railway Station in carriages. There were no particular organisers responsible for the procession, still it seems to have moved in a quiet and orderly fashion.

No Obstruction of Road

Witness No. 44, Dr. Beni Mohan Das, President of the Chittagong Association and the District Congress Committee and a member of the District Khilafat Committee, speaking on behalf of those bodies disclaims all connections with it and assures us that members of those (bodies) had nothing to do with the procession or the demonstration. His statement is corroborated by other witnesses as well, notably by witnesses Nos. 55, 21 and 12 who were among the band and the Sankirtan parties and the torch bearers. Apart from all the demonstration it appears that there was picketing and burning of some foreign clothes on the road by some street boys. Although such action was neither proper nor justifiable, it does not appear from any evidence that there was any disorder or obstruction of the road at the time. The procession and the prisoners' carriage ended on their way without any trouble till the head of the procession reached the southern end of the north-south path of the Railway Station which lies about 50 yards off from the portion of the main entrance to the station building.

It was about this time that the assault in question took place. Before taking up the subject, however, the state of things in the Railway station itself needs careful notice. People had been gathering in large numbers in and about the compound of the Railway station from before 8 p.m. Some among those who had accompanied the procession appeared to have thought fit to come in advance through short-cuts, and they ranged themselves near about the portion in front of the main entrance. It is in evidence from the deposition of the witnesses Nos. 45, 46 and 51 among others, that policemen had lined the corridor leading to the platform from the main entrance, that C. L. D. Inspector Babu Satyendra Nath who wore a "Lungi" was present there all along, that an Indian officer clad in Khaki and with a Gurkha cap on who introduced himself as a Railway Police Inspector told witness No. 55, Babu Kali Sankar Chakravarty, Editor of the "Jyoti" newspaper, that if volunteers were posted in place of police the latter would be withdrawn and this being done the police fell behind.

It is also sufficiently clear that the people inside and near about the portico were peaceful and amenable to any kind of order or arrangement.

From the evidence of witness No. 16, it appears that upon the request of the Khaki-clad Railway Police Inspector, he could easily manage the crowd assembled about the portico and make them range themselves in lines for facilitating the passage of the carriages. As a matter of fact it appears that two European gentlemen, stated by witness No. 25 to be officers in Messrs. Turner Morrison's firm, with a lady and children arrived under the portico in the pheaton from the east and the latter passed on easily to the other side of the portico towards the west after they had alighted, that three or four Europeans in military dress with muskets and leather bags also arrived there shortly after and entered the corridor through the main entrance.

Unprovoked Assault by Gurkhas

Up to this time we hear of no disturbance of any kind. Just a couple of minutes or so after this, it is stated, some one from behind struck a severe blow upon the head of witness No. 16, Babu Aparna Charan Kanango who was in the portico, and he turned round sharply and fell down seriously wounded and blood-be smeared. He saw his assailant was a Gurkha who had evidently dealt the blow with the upraised butt-end of his rifle. This was followed by the large number of Gurkhas estimated to be about 50 or 60 from the west of the portico who then began to assault the people right and left indiscriminately mainly with the butt-end of the rifle. As the people fled on all sides the Gurkhas chased them all along and struck them all the way. The main path running from the portico lay towards the east, and a few yards to the north-east from the portico lay another narrow path leading from the north towards the said portico. Wire-fencing enclosed the two plots of land lying on either side of this latter path. The people ran pell mell towards this narrow path to the north as well as towards the east along the broader one. Their assailants seem to have divided themselves into two parties and pursued them hotly and hit them hard as the fencing impeded their progress and numbers fell upon one another and upon the fencing while being severely bothered from behind, and the confusion was rendered worst confounded owing to the semi-darkness of the night and want of sufficient light of the portico.

We do not take such of the evidence that the light in the portico had gone out at the time, as it is confused and conflicting. There were some hackney carriages, lying by the side of the wire-fencing

to the north and north-east of the portico, and it is in evidence that furious blows with the butt-ends were dealt upon the carriages and their occupants as well without discrimination. Babu Benode Lal Roy, an Honorary Magistrate with 2nd class powers single bench and the scion of a premier Zamindar family of the District, was the unfortunate occupant of one of these carriages which was struck thru. He saw 2, 3 or 4 Gurkhas approaching with the butt-ends of their guns raised above. He shouted out that he was not a processionist and that he was a gentleman; and the only reply was "what Sala!" and down came the butt-end upon the top of the vehicle as he ducked, but the stroke slid upon the head and caused the serious wound on the middle line of the top of his head; then fell a second blow upon his back. He lost consciousness for a short while. Two of his companions and the coachman of the carriage (witness No. 63) shared the same fate. The procession with the prisoner's carriages had advanced about 50 or 60 yards to the north-east of the portico. The party of the Gurkhas that had proceeded north-wards seems to have fallen upon the people at the head of the procession, as some who were among the band and the Sankirtan parties which had proceeded the carriages and were in front amply testify to with their bandage, wound and broken limbs as well as their broken drum and damaged clarinet. The frightful chapter of events, however, came to an abrupt close as its commencement upon a whistle being blown from near the portico, where the Gurkhas turned back and hastily entered the platform through the corridor and reached towards the east along the platform. The occurrence is variously estimated to have occupied between four to ten minutes.

The Crowd Peaceful

The state of things at the time of the attack seems to have called for no kind of coercive or retaliative action, and the evidence on the point is sufficient and uniform that there was no disturbance or blocking of the passages or display of rowdism in any form. That the crowd was very peaceful is borne out by the above mentioned Honorary Magistrate as well. It appears further that the Gurkhas came from the west of the portico where they must have been waiting, and their very presence there was unknown and unnoticed by the people till they actually came forward after 3 or 4 Europeans in military dress had entered the corridor shortly before the attack. The mere presence of the crowd, peaceful and orderly in its nature, cannot be said to call for or justify a sudden attack upon them without the least warning or order to disperse and in the manner detailed above. It does not appear that there was any such

warning or order and all that we can gather from the statements of certain witnesses Nos. 2, 5, 24, 25, 26 and 52 are that there were shouts of "Vago" and then arose an uproar of "Maro, Maro!" "Hat, Hatao, Sala-loko maro," and people fled madly which way they could, pursued by their assailants behind. We have it from the evidence of witnesses Nos. 6, 8, 13, 15, 17, 23, 27, and 49 among others, who had suffered personally, that it was clearly not a case of dispersion of a crowd but of systematic attack and pursuit, and we regret we cannot take any other view of it in as much as many persons were hit more than once when fleeing or when they had fallen down on the ground or the wire-fencing and in some cases by more than one assailant.

104 Persons Wounded

The net result of the attack is one of great magnitude and as far as we have been able to gather at least 104 persons were hit and wounded, we quote this figure from the list of such persons published in the issues of the 23rd, 24th, and 27th October 1931 of the "Jyoti" newspaper-cutting appended and marked "Encko : B," which gives the details of injuries in each case together with the address and calling of each individual so that there could be no difficulty of identification. These latter details and particulars invest the publication with an air of credibility which it is difficult to shake off. It was not possible for us to examine all these persons, but we have examined several. Of these a boy aged 9 or 10 (witness No. 28 who had to be examined in his own house) had been seriously hit on the head, the wound extending to 5" or 6", and witness No. 16 whose wound was dressed in our presence in his house, had a semi-circle lacerated wound 6" by 5" to the left of the crown of his head. Besides these, witnesses Nos. 1, 3, 4, 5, 8, 9, 10, 13, 15, 18, 21, 22, 26, 27, 28, 31, 40, 42, 49, 53, 55, had wounds several of which were under bandages and witnesses Nos. 2, 6, 7, 11, 12, 14, 17, 19, 20, 29, 30, 32, 33, 38, 39, and 52 had been struck on several parts of the body which bore scars or scratches or swelling. The injuries were found to be mainly on the head, shoulder, back, arms, legs, knees and even back of the knee, some of them clearly showing that they must have been inflicted when these persons had been fleeing. It is needless to enumerate the various kinds of injuries, as their nature can be easily made out from the few cases detailed above. The age of these witnesses ranged between 10 and 42, and witness No. 24 deposed that he noticed a female by the side of the wall of the station-building who was also struck down in spite of her screaming out that she was a woman. Some of these witnesses lost sense for the time and subsequently came out. Others

had still been suffering from the wounds and swelling and were still under medical treatment when examined. Five medical practitioners who have been examined by us attended to 39 injured persons among them, and they are of opinion that the injuries must have been caused by heavy things like butt-ends and barrels of guns.

Motive Underlying the Attack

Now as to the motive underlying the attack. As to the latter we have already remarked that the evidence before us does not point to any occasion which gave rise to the occurrence, the crowd being quiet, peaceful and orderly and perfectly manageable. We cannot omit to notice, however, that we find from the newspaper report a week after the event i. e., on the 27th Oct. last, that 5 persons were arrested and prosecuted on the plea that the occurrence was caused by breach of peace by the public. As the case is *sub-judice* we refrain from noting any opinion on this matter. As to the motive there are no materials before us to warrant our passing any opinion. Private grudge of the Gurkhas is out of the question altogether, and the suggestion of their aid being availed of like that of ordinary Goondas for satisfying the grudge of any private person is too puerile to merit discussion. The only other possible theory suggested is that, the fact that the demonstrations in favour of the punished people rather enhanced their admiration for them, might have nettled persons who wanted to create an impression or nursed an ulterior object of dealing a heavy blow to the Swaraj movement. There being no material before us as to this we can offer no opinion.

Who Gave Order for Assault?

It is now to be ascertained as to who gave the order for the assault. The Gurkhas, the ordinary term by which the Hill-men in the frontier military service are generally known, must be taken to be highly trained men and they are not likely to act up to the command of anyone but their commanding officer. Witness No. 24 deposes that he saw their officer—he says, "Sergeant"—with them, and that he heard the words "Hut, and Hako", but cannot say by whom they were uttered. Witness No. 34 and 52 state that one of the Shahibs who had arrived at the station just before the occurrence said something and the attack commenced. Witness No. 53 states that the town Inspector, whoever he may be, whistled and the attack followed. One Abdul Jabbar, a trader in the local market Baxir Hat, who is stated to have objected to the tearing of his clothes by some street boys that evening and who had threatened to injure the witnesses Nos 2, and 47, is said to have been mixed up

with the Gurkhas at the time of the assault and to have engaged them in an excited manner reviling Swaraj and the Swarnjists in unmentionable language at the time of the assault and to have actually assaulted witness No. 2. This man has been stated by witness No. 44 to be in touch with the police and to have several times been seen in their company. It is, however, hard to believe that the Gurkhas would move at his beck and call or could do so without orders of their officers. Under the circumstances, it is difficult to make out who actually set the Gurkhas in motion. At the same time we are constrained to hold that they would not have moved without the command of their own military officer, unless the latter's authority had been shifted to some civil or other authority. Even upon the supposition that there was any provocation taxing their passions it cannot be imagined that they broke loose for the purpose of retaliation from their rank and file ignoring their commanding officer as could be expected only in cases where they would move about while out of duty. The assault itself, from its *modus operandi* and the circumstances attending it appears to be unprovoked and deliberate if not pre-arranged, and we cannot but characterise it as brutal in the extreme and even cowardly inasmuch as it was directed with unheard of ferocity against a set of unarmed and unresisting people fleeing from them to save their own lives. If it was their own officer who had set them on, the valiant Gurkha corps would perhaps hardly like to add this particular exploit as a fresh laurel to their cap or look back proudly to an exhibition of rare valour.

The District Magistrate.

We are not in a position to fasten blame or liability upon any particular persons or authority as no explicit evidence has been forthcoming in this respect. But we consider that under ordinary circumstances it is the District Officer who would have the authority to call in the military for quelling the disturbances, and the latter would have no right to act without his sanction and directions, and we regret that we cannot see our way to believe that he would not be primarily responsible in a case like this. We find from the evidence of the witnesses No. 35, 45, 51 and 52A that the District Magistrate, Mr. Strong, passed through the portico in a motor car towards the west sometimes before the occurrence and that he was subsequently observed standing on the station platform in company with the Additional Magistrate, Mr. Burrows, and talking with Abdul Jabbar, the Baxir Hat trader referred to above. As to his presence in the station it is further stated that he gave a push to Babu Hansraj, the managing partner in the local firm of Messrs. Karimboy Lalje, because he had chosen to appeal to him for making

a better accommodation for the prisoners whose compartment was rather crowded. We would be loath to believe this episode and to consider that the Magistrate so far forgot his dignity and position as to deal with the men in this fashion even if he were not a person of known respectability. We are convinced that the District Magistrate was present in the station shortly before and after the occurrence, though there is nothing before us to show whether he was aware of or had any connection with it. It is not possible for us to shift the matter further on the materials before us. We beg therefore, to conclude our report and request the favour of your placing it before your committee and the Chittagong Association and the District Khilafat Committee. We beg also to append the evidence marked, Enclosure C.

We have to add that Mr. Khastagir, and Moulavi Nur Ahmed, two of the Members of the committee, desired that the C. I. D. Inspector Satyandra Babu and Sub-Inspector Sachindra Babu, whose names transpired in course of the evidence, should have been requested to make statements before us. But the rest of us were of opinion that it was not likely that they would be willing to commit themselves in any way, nor had had we any authority to compel them to make any statement.

We have the honor to be,

Sir,

Your most obedient servants,
 (Sd.) Rajani Ranjan Sen, *President*.
 „ Surendra Lal Kastagir
 „ Upendra Mohon Pal
 „ Nagendra Lall Das
 „ Gopichand Dugar
 „ Bipin Chandra Guha, *Secretary*.

A.B.—Moulvi Nur Ahmed, the remaining member of the committee having written a dissenting note it is subjoined to this report.

(Sd.) RAJANI RANJAN SEN,
President.

- Moul: Nur Ahmed's Minute of Dissent

I am extremely sorry to append this minute of dissent to above finding of my other brother members of the Commi

Sincerely speaking, I have tried my level best to fully agree in their conclusions but the circumstances elicited in the course of our enquiry and the overwhelming materials placed before us are so strong and conclusive that I cannot but differ from my learned colleagues on the two most important and vital questions, *vis.*—(1) What was the motive for that brutal and inhuman Gurkha attack, (2) Whether the said attack was a pre-arranged one?

After expressing his disagreement with the majority, Mr. Ahmed says :—With these exceptions I concur more or less with the rest of the findings of my learned colleagues.

The Nagpur Firing

The following is a summary of the report of the committee appointed by the Central Provinces Government to enquire into the firing on the mob at Nagpur on the 28th March 1921 :—

(a) That the attack of the mob on the police force had been previously organised in order to oppose arrests; (b) that the police would have been guilty of dereliction of duty if they had not proceeded to make arrests; (c) that the employment of a special force of armed police was fully justified; (d) that the firing under the orders of Mr. Armitage, First Class Magistrate, was unavoidable and was delayed till the very last moment possible, (e) that ample warning was given by Mr. Armitage to the mob before firing started; (f) that the firing was not in any way excessive and was stopped the moment the crowd showed signs of retiring; (g) that the firing took place not with the intention of quelling the riot and arresting the ringleaders but in the exercise of the right of private defence conferred by section 100 of I. P. C. for the protection of the police force from the violence of the mob; (h) that even if Mr. Armitage had used force necessary to disperse the mob, he would have been acting well within his powers under Chapter 9 of the Criminal Procedure Code; (j) that the Sub-Inspector Ataulah Khan, who was in charge of the party left behind after the starting of the motor bus, could not have brought off his men without recourse to firing and there is no evidence that the firing was continued longer than was necessary; (k) that the dead and wounded were treated with the utmost consideration. The Committee referring to the conduct of Sub-Inspector Ataulah Khan stated that during their local inspection they were informed by some of the people that two shots had been fired near the tahsil, one killing Harichandra and the second hitting a Burad in the shoulder as he was buying bamboos. The Committee asked those people to give evidence and to save them the trouble of walking to the Victoria

Institute, they sit at tshell but no one came forward to give evidence.

The Governor's Appreciation

In accepting and endorsing the above findings of the Committee the Governor-in-Council desires to acknowledge the great restraint shown by the police under extreme provocation. He regrets the loss of life and injuries received by members of that force. He also desires to place on record his full appreciation of the conduct of Mr. Armitage who acted with much courage and patience under most difficult circumstances and showed the greatest forbearance by delaying the order for firing almost beyond the limits necessary to secure the withdrawal of the police force without serious loss of life to the force and by ordering it to cease at the earliest possible moment.

The Congress Enquiry Committee Report

The following is the summary of the findings of the Baptista Commission appointed by the Provincial Congress Committee to enquire into the Nagpur Police Firing.

The Commission found that Udayaram Pahlwan was not implicated in the riots and the case against him was connected, ostensibly on the information of Rustam Khan who has been condemned by the Sub Divisional Magistrate, that there was no organisation to resist the arrest on the part of Udayaram or any one else, that the Police were baffled and were unable to arrest any one at Udayaram's, that Ataula Khan fired a pistol at Udayaram wounding Kawadya and Kairam, that the conduct of the Police at this place provoked retaliation, whereby the Police were injured including Mr. Armitage, and the Police in consequence lost their temper and were thirsting for revenge, that the firing from motor bus without orders from Mr. Armitage was unjustified and unwarranted, that the orders to fire by Mr. Armitage were unwarranted, either to disperse the unlawful assembly or in pursuance of the right of private defence under Section 100 I. P. C. as there was no ground to apprehend death or grievous hurt to any one of the police party, that mere obedience to the orders of Mr. Armitage to fire is not covered or protected by Section 100 I. P. C., that we doubt that Section 100 empowers any person to order others to inflict injury upon assailants even when it would justify his own personal acts of private defence, that there is no evidence that the killed and wounded were assailants in the sense of Section 100, that firing likely to injure innocent persons could only be ordered, when a contingency specified in Section 106 I. P. C. is present, that killing of Harisbehandra by Daroga Ataula Khan amounts to murder, and that the Government's attitude towards the

temperance campaign and Non-Co-operation movement generally is deplorable and is calculated to encourage unscrupulous underlings to concoct false cases against temperance reformers and Non-Co-operators with the object of inciting people to resist and thus creating occasions for firing and re-adopting repressive measures.

The Matiari Disturbances

The following is the official report of the Committee appointed to enquire into the occurrence at Matiari, Sindh, together with the Government resolution. The committee consisted of Messrs. E. Raymond, Additional Judicial Commissioner, Sindh, Chairman, Harchandrai Vishindas, M.L.A., and Gulam Hossain Kasim, M.L.C.

On 21st July 1921 a disturbance took place at the village Matiari in Hala Taluq, Hyderabad district (Sindh) in connection with the meeting of the Aman Sabha in course of which the police fired upon the hostile crowd and inflicted one fatal and twelve other casualties. The committee took evidence at Hyderabad of thirty-two persons, Khilafatists and Non-co-operators abstained from offering evidence. The committee also visited the place of occurrence and recorded statements there. They came to the conclusion that the Khilafatists were the primary cause of the disturbance as they deeply resented the inauguration of the Aman Sabha at a place which they regarded as their preserve. They attempted to wreck the Sabha meeting by puerile contrivances and molesting the banias who participated, though, undoubtedly, it was the Khilafatist boys who in the first instance provoked the Aman Sabha people—their elders refraining from checking them. The committee are unanimously of opinion that there was no justification for the police firing. No warning was given to the crowd before the order to fire was given and, though after the first shots the crowd had dispersed, firing was unnecessarily continued and resulted in casualties mentioned above. No attempt was made to render medical aid to the injured either by Mr. Hiranand Janjimal Mukhtiarakar (First Class Magistrate) or by the Police Sub-Inspector which was their duty to do. The Committee also held strongly the opinion that responsible police officials like the District Superintendent or the Deputy Superintendent had not told them the unvarnished truth against their own subordinates, and their statements as to the Khilafatists being armed with hatchets and lathies, the incitement by five leaders to kill and beat the Aman Sabha people and the police, and the hearing of the report of a gun, had been shamelessly fabricated by the Matiari police.

NON-OFFICIAL REPORT ON

In his minute of dissent Mr. Kassim dissented from his colleagues that the Khilafatists were the primary cause of the disturbance and was even doubtful of the story of the Sub-Inspector being injured by a stone thrown by the Khilafatists. Mr. Kassim considered Mukhtiarakar guilty not only of wilful breach of duty in not summoning medical aid but of refusing to do so.

The Government Resolution

The Government of Bombay in a resolution expressed the opinion that the Police Sub-Inspector Mohamed Khan was guilty of a serious error of judgment on account of his failure to observe provisions of the Police Manual in respect of ordering and ceasing fire, and should be censured. The conduct of the constable who actually fired under orders of his superior officers did not call for any unfavourable notice. The conduct of the Mukhtiarakar was in the highest degree reprehensible and his services should be dispensed with.

The Non-Official Report

A non-official enquiry was conducted by Messrs. Santdas and Daulatram, leading Pleaders and Municipal Councillors and Mr. Jethmal, Editor, "Bharatwasi". The following is a summary of their report :—

1. The Khilafat organisers did depute certain people to persuade the visitors to the Aman Sabha. One witness told us that he was so approached and told : "If you want to go to the Shaitan Sabha, then go to the official meeting, but if you want to show respect for religion, then come to us." No force of any kind was used. The appeal was in the name of religion and sentiment.

2. On the 21st, in the afternoon, one contractor of Municipal trees sent 5 camels of the Mukhtiarakar to the cattle pound.

3. We saw places where the respective meetings were held. Mr. Tabilram and the Sub-Inspector also happened to be present in the vast area where the Khilafat meeting was held. We found the ground full of dust but not a single broken stone or brickbat. Inside the bungalow, however, we found scattered in a fairly large area a large number of bricks and brickbats. The police alleged that these had been thrown by the crowd. We then measured the distance from the edge and we walked up 25 paces inside the bungalow and found the bricks and pieces of broken jars as far as that distance. We observed that most of the bricks had marks of recent rainfall and so also the dust surrounding them. On turning them over, we found insects and their nests below them. This clearly showed that the bricks could not have been thrown the night before as alleged. This was pointed out by us to Mr. Tabilram, Deputy Superintendent of Police. We also found that some

bricks had been used for the hearths by menials. We however found 3 or 4 clods of earth pieces smaller than tennis balls in size. These appeared to be recent as they had not been soaked by the rain.

4. We saw the Sub-Inspector walking about with a bandage above his eyes but no one else any injury.

5. We saw the following injured persons: (a) Mahamed Rahim who had the mark of a gun shot over his right eye near the temple which proved fatal; (b) Kakhu and his two sons. Khaku had one shot on his left temple and one below the left kidney. His elder son had received a shot in one of his legs which had passed clean through it. His younger son, a lad of about ten, had received a shot in one of his arms which had lodged itself there; (c) Najeem Shab had received three shots. We were told that he is a Zamindar paying about Rs. 8,000 assessment; (d) the cheek of one had grazed by a shot; (e) one or two others had received injuries on their hands. We were also told that some people had gone away to the villages. Out of these wounded, we saw three boys and the rest grown up men.

6. The firing took place at about 8-15 or 8-30 P.M. The Sub-Assistant Surgeon was away, but his compounder was available. In any case, a messenger could have been sent to Hyderabad, the nearest railway station being only 9 miles away. By 10 o'clock at the latest on the next morning, medical aid could have been made available. The Mukhtiarkar and the Sub-Inspector failed to take any steps for medical aid or to visit those wounded and see to their injuries. The officials from Hyderabad arrived at 12 noon on the 22nd and they wired for the Sub-Assistant Surgeon Halla and later at 4-30 P.M., at our request, for the services of an Assistant Surgeon from Hyderabad. As a matter of fact the Sub-Assistant-Surgeon Halla arrived on the morning of the 23rd and he met us at 8 A.M. Thus all people injured received no medical aid for full 36 hours. The state of Khaku when we saw him appeared critical and if he dies his death will be the direct result of culpable negligence. It is probable that Mohamed Rahim might have survived if the shot had been extracted immediately.

7. All accounts are agreed that the Mukhtiarkar who is also the First Class Magistrate was neither consulted nor did he order firing though he was only 100 paces away.

8. Before we left Matiari on the morning of 23rd we were told that the Sub-Inspector stated that he heard a sound like a gun-shot from the Khilafat people and hence he gave orders for firing.

9. By about 10 P. M., we found Mr. Tabilram in an open space behind the school resting in a chair, but he was fast asleep and so we did not disturb him.

10. We learnt that the officials were recording statements of those who were present in the Aman Sabha and we found some of them with the Mukhtiarkar as late as 10 P. M. but no statements of the wounded or of the organisers of the Khilafat meeting were recorded on the 22nd.

The Kumbakonam Shooting

Official Report

The following are extracts from the Report of the District Magistrate of Tanjore on the Kumbakonam Police shooting of 3rd April 1921. The enquiry was undertaken at the instance of the Madras Govt., and in course of the Report submitted on the 15th April 1921, the Magistrate, Mr. P. C. Das, I. C. S. says.—

I first heard of the disturbance at about 8 o'clock on the morning of the 4th when the District Superintendent of Police came to me (to Vallam) and informed me personally of it. He told me that he had ordered despatch of a reserve force of 40 constables under one sergeant and 4 head-constables by the 8-15 train that morning. We started immediately for Tanjore. Owing to the badness of the road and the delay over a railway level-crossing under repair we could not reach Kumbakonam before 1-45 P.M. We went straight to the police station where, however, we saw only a small crowd who did not appear to intend any mischief. There I inquired of the local officers what had occurred the night before. The version I heard then was the version that has been elicited in the inquiry of the Additional District Magistrate (given below). In order to concert measures for the prevention of further incidents of this kind while the strike lasted I thought it advisable to send for the respectable gentlemen, Mr. Bahadur N. Krishnaswami Ayyangar Avargal, Messrs T. K. Sivarama Ayyar Avargal, Pleader and Municipal Councillor, Mooppanar Avargal, Pleader and Municipal Councillor, the Chairman, Municipal Council, the Vice-Chairman, Municipal Council, and also the leader of the strikers, viz., one Ramabhadra Odayar. They all came and met me at the travellers' bungalow at 4-30 P.M. The District Superintendent of Police, the Sub-Divisional Magistrate, the Taluk Magistrate, the Deputy Superintendent of Police and some others were also present at this conference. We discussed the situation for two hours and at the end of it Ramabhadra Odayar volunteered to call back the strike and to see that no further violent act of any kind was committed. We refused to make any kind of promise or hold out any concession to the strikers. One or two non-official municipal councillors, however, undertook to persuade the Municipal Chairman not to prosecute the strikers for not taking out licenses till their petition to the Municipal Council for reconsideration of their resolution enhancing the license fees was reconsidered. No prosecution had hitherto been ordered and none was intended. In this conference it came out clearly that the strikers had been holding up street traffic the day before in the manner elicited in Mr. Watson's inquiry (see below). None, not even Ramabhadra Odayar, had a word to say in favour of the violent methods of the strikers and it was clear that the respectable section of the population of Kumbakonam was disgusted with them. None of the gentlemen, not even Ramabhadra Odayar, present at the conference had a word to say against the police and the methods they adopted in suppressing the disturbance.

The disturbance, as already reported, was due to the arrest of a striker who had been prominent in holding up street traffic. The strike was due to the increase of the municipal licence fees for vehicles and coffee hotels. Such increases have been ordered by other municipal councils, e.g., Tanjore, Mayavaram and there have been strikes or threats of strikes in other municipalities, e.g., Tanjore, Mannargudi. What distinguished the case of Kumbakonam from those of Tanjore, Mayavaram and other municipalities was that the cause of the strikers at Kumbakonam was at once taken up vigorously by the Non-Co-operation party headed by the young and half-educated Ramabhadra Odayar—a man said to possess some money and certainly a good deal of influence among the lower orders of the population of Kumbakonam. Since the Non-Co-operation movement began, this man and few others, some of them being municipal councillors, have now and again been haranguing the masses against the municipality and its officers holding them up to contempt and ridicule. In November last this party practically bounded out of office the Municipal Secretary and made him take long leave preparatory to retirement. Such large crowds used to attend the municipal office at the meetings in which the case of the Municipal Secretary was considered that deliberation was well nigh impossible. I happened to be present for a very short time at one of these meetings and found a large crowd in and outside the Council meeting hall. Police help was asked for to keep order at those meetings and, I believe, the Municipal Chairman and some other councillors were also occasionally pelted with stones. I sent for some of the municipal councillors and others who were responsible for this state of things and I told them that this intimidation of the municipal council must stop. It stopped, but the Non-Co-operation party again created a disturbance at the time of the general election under the Reforms Act. Since then there had been no further disturbance by them and the party appears to have rested quiescent. When it decided to take up the case of the strikers on the 1st instant and proclaimed hartal and forcible stoppage of traffic it played its old and favourable game of violent opposition to the municipality.

There can hardly be any doubt that the strikers left to themselves would have done no violent act. As stated above there have been recently strikes in other municipalities for similar reasons and nothing happened.

As regards the conduct of the local officers in this affair, the Sub-Divisional Magistrate was absent from Kumbakonam on the 3rd. He perhaps at first did not take the strike very seriously and till the 3rd there was nothing to indicate that the strike would take a violent turn. The Stationary Sub-Magistrate, though late in arriving at the police station, did his best to persuade the mob to disperse, and retired when he was wounded on the head. The Inspector of Police appears to have been quite justified in arresting Natesa Chetti and the manner of arrest was such that it did not attract much notice then. The conduct of the police in firing also appears to be quite justified. They failed to disperse the crowd at the first firing and subsequently whenever hard pressed they had to fire. They could have easily dispersed the crowd by firing more, but this would have led to more serious bloodshed.

The following is the report of the Additional District Magistrate who actually held the enquiry owing to the illness of the District Magistrate.—

I went to Kumbakonam on the 7th instant. I found that the Deputy Magistrate had given notice to the Inspector of Police and to one Ramabhadra Odayar, the leader of the strikers, to appear before him with such witnesses as they desired to be examined, but that Ramabhadra Odayar and his party had not attended the inquiry either as witnesses or spectators. The Deputy Magistrate had taken the evidence of the police inspector,

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THE OFFICIAL REPORT

a police sub-inspector, the Stationary Sub-Magistrate and a Revenue Inspector. I had a general notice issued on the 7th that I would hold an inquiry on the 8th and that I was prepared to hear such witnesses as cared to come forward. I also issued individual notices to certain people who, I was informed, were likely to be in a position to give evidence of value.

(We leave out the Adtl. Magistrate's summary of evidence).

There can be no doubt from a perusal of all the evidence that the Inspector was perfectly justified in ordering the firing before the arrival of the Sub-Magistrate. It was a dark night, there was a large crowd demanding the release of the prisoner Natesa Chetti. Stones were being pelted, and a charge by the police in which several of them including the Inspector were struck by stones, had been ineffective. To prevent the forcible rescue of the prisoner and damage to the policemen and the police station it was necessary to fire. This firing, in which probably all but one of the casualties occurred did not result in the dispersion of the mob, which continued in a tranquil and defiant mood, as is shown by the wounding of the Sub-Magistrate, and the Inspector was right in firing later to prevent the station being rushed. It is evident from the small number of shots fired, the long intervals at which firing took place, and the small number of casualties, probably one slightly injured or at most two, that the Inspector used the absolute minimum of force to ensure the safety of his men and of Government property during the later part of the night.

I will now give a brief resume of the facts as ascertained.

Throughout the whole day of the 3rd instant there was organised obstruction by the strikers to all traffic into the town; peaceable citizens in their own carriages were forcibly held up and made to descend and walk; Landies which did not at once obey the orders of the mob were overturned. Many respectable citizens complained bitterly of this obstruction. One of the ringleaders in this mob-rule was Natesa Chetti against whom definite complaints were laid. About 5-45 p. m. this man was arrested by the Police Inspector for offences under Sections 143 and 241, Indian Penal Code, being a member of an unlawful assembly and wrongful restraint, about 7 p. m. a meeting of the strikers to protest against the arrest was held in the Nagaswaraswami temple at which there is reason to believe inflammatory speeches were delivered. This meeting was over about 8 or 8-30 p. m. and soon after a crowd began to gather before the police station demanding the release of Natesa Chetti. The crowd grew in numbers and in violence and began to pelt stones at the police station. The police sub-inspector continually ordered the crowd to disperse but his orders were not obeyed and eventually he had to retreat inside the station. Then the Inspector tried to disperse the crowd by a bayonet charge, but without success and in this attempt the Inspector and several of his men were hit with stones. Finally, about 9-45, p. m., the Inspector after due warning fired the buckshot cartridges. The crowd retired a short distance but did not disperse, and when it showed a disposition again to advance, after further warning, the Inspector fired five or six ball cartridges. In this firing, one man was killed, one seriously wounded (subsequently dead) and, so far as can be ascertained, 4 others were wounded but not seriously. About 8 or 10 minutes after this firing the Sub-Magistrate arrived, ordered the release on bail of Natesa Chetti and tried to pacify the mob. The mob was excited by the rumour that there were two dead bodies inside the police station and would not believe the Sub-Magistrate, sub-assistant Surgeon and 3 or 4 private persons who after a search of the station assured them that the rumour was false. While trying to combat the rumour and sooth the angry feelings of the crowd, the Sub-Magistrate was hit on the head with a stone and received a bleeding injury which rendered him hors de combat and unable any longer to take charge of the situation. The mob still continued

to stand near the station and at intervals, when signs of restlessness were observed, the Inspector after regular warnings fired single shots which prevented the mob rushing the station and which so far as can be ascertained only caused one slight injury. During this period only 4 or 5 shots were fired, and the Inspector clearly was very careful to use the absolute minimum of force to ensure against the risk of his position being rushed and his men and the police station endangered. The mob remained outside the police station all night up to 7.30 a. m. when the Deputy Magistrate arrived and took steps to disperse them.

Finally, it might perhaps be of value to discuss the evidence tendered by the strikers' party and to try to make out the version which they attempt to give. The vakils, who appeared before me, wanted to ask many questions about a powerful light which the police had at the station, whether it was the Inspector's private lamp, whether it was taken to the station only that night for the first time and so on, and several of their witnesses laid stress on this point. I asked them what their suggestion was in asking these questions and was told that it was that the Inspector had deliberately planned a bloody massacre for that night and had specially taken the light to the station to enable him to carry out his fell purpose. This ludicrous story carries its own condemnation. Even more ludicrous was the evidence on this point, e. g., witness 9, a High Court Vakil, says that a searchlight was thrown down the street and that fearing that it was a prelude to fire, he took shelter when, immediately without warning, three shots were fired in quick succession. This was after the first firing, and it is incontestably established that after that only single shots were fired at long intervals. The light was an ordinary hand petrol lamp and an educated man like this vakil could not possibly mistake its light for a search-light. Witness 11, an educated man, described the light as one such that he had never seen the like before, a light brighter than a petrol or Washington light.

Non-official Committee Report

The Non-Official Committee of Enquiry about the circumstances of the Police shooting at Kumbakonam, was appointed at a public meeting held on the 6th April. Seven members were appointed, viz., Messrs. N. Tiruvengadatha Iyengar, G. V. Venkatarama Iyer, S. Mahalinga Iyer, T. V. Venkatarama Iyer, and Abdul Kadir Sahib.

After the Committee was appointed on the 6th, the members came to know that a Departmental Enquiry in the matter was to be conducted by Mr. H. A. Watson, Additional District Magistrate, Tanjore, on the 8th and 9th at Kumbakonam. Just when Mr. Watson sat for the inquiry on the 8th, Mr. N. Tiruvengadathiengar made a request on behalf of the Non-Official Committee that the members thereof might be permitted to sit with him during the inquiry so that the evidence taken might be common, though himself and the Committee might draw up different reports; and also added a request for permission to cross-examine the witnesses appearing at this inquiry, in case he could not sit with the Committee. Mr. Watson replied that he had no objection to the members of the Committee being present during his inquiry and taking the evidence given, and that he would not permit regular cross-examination as his inquiry was a summary one, but that the necessary questions

might be suggested to him for being put to the witnesses. Mr. N. Tiruvengadathiengar with the other members present Messrs. M. K. Vaithinatha Iyer and S. Mahalinga Iyer agreed, as a refusal might prove more prejudicial to the public interest. 20 witnesses were examined by Mr. Watson on the 8th and 9th. The depositions were carefully taken as the witnesses were giving the evidence, by Mr. M. K. Vaithinatha Iyer. Messrs. N. Tiruvengadathiengar and S. Mahalinga Iyer also were taking notes of witnesses' depositions during the inquiry. Though Mr. Watson's notice, inviting the public to come forward with their evidence, was put up only on the 7th evening, and expressly asked them to come at 10 A. M., either on the 8th or the 9th, he chose to declare, in spite of our protest, that witnesses from the public who did not appear before him on the 8th, would not be examined by him. The Police Inspector and his two Sub-Inspectors were present throughout this inquiry. Mr. Watson began to examine witnesses without letting us know the Police version of the incident. The Police Inspector who was also permitted to suggest questions, did not suggest his case in the cross-examination of the witnesses. The Police Inspector, a Sub-Inspector, a constable and the Sub-Magistrate were examined last. Therefore the Committee were obliged to continue the inquiry on the 10th. 17 more witnesses were examined.

The Committee propose to narrate the main incidents that led up to the shooting on the 3rd April. The Hackney-carriage drivers and Hotel-keepers declared a strike as a protest against the enhanced license-fee recently resolved upon by the Municipal Council. The strike had been organised to commence on the 1st April. The Committee do not express any opinion as to whether the strike was justifiable or not, as they have made no enquiries about it. But they deem it necessary to make a passing reference to one or two phases of its working. There appears to have been some instances of obstruction to the entries of carts and carriages into the town. There is also some evidence furnished by complaint to the Police of interference with the entry of the usual supplies of curd, straw, firewood etc.

The next incident was the arrest of one Natesa Chetty, one of the strikers, for alleged obstruction of traffic near the Cauvery bridge. The Inspector of Police accompanied by a Sub-Inspector and a posse of constables arrested Natesa Chetty in his shop at about 5-45 P.M. on the 3rd. Natesa Chetty quietly surrendered himself for arrest, and was sent to the Police Station in the Inspector's carriage. There were two significant incidents immediately after Natesa's arrest. While the arrested man was being taken over the Cauvery bridge, the evidence is that about 20 people followed the party. The

Inspector could not brook it. He drew out his revolver and threatened to shoot them if they followed him. There was no misbehaviour on the part of the crowd, and the Police themselves do not allege any.

The other incident took place near the Porter Town Hall at about 6 P.M. The Inspector, after sending the arrested person in advance, was passing the Porter Town Hall on his way to the station, when his carriage returned to take him after leaving Natesa Chetty at the Police Station. Some people there complained to him that the strikers had prevented their usual supply of curd reaching him. Just then, some others asked him to release Natesa Chetty on bail. The Inspector flew into a fury and burst out that he would shoot a "hundred people" and repeat the Punjab shootings. We put that statement to him when he was in the box. Here also he claimed privilege which Mr. Watson allowed.

The Police version is that at the meeting in the Nageswara-swami temple that evening Mr. Ramabhadra Odayar asked the audience to go to the Police Station in a body, demand the release of Natesa and, if refused, to rescue him by force. Only one witness speaks to this and that a police constable who was examined on the second day of the official enquiry. He says, "I was in C. I. D. work. There were 1,000 people in the meeting. Odayar lectured: "To-day Natesa was arrested. You go and ask for his release. If he is not released, you get into the station and get him released." We are of opinion that this evidence is a glumey concoction. On the other hand, the evidence of persons who were present at the meeting, prominently of Mr. K. T. Seshadri Iyengar, Vakil, is that Mr. Odayar asked the audience not to trouble or vex themselves about Natesa Chetty's arrest but to go home quietly, and said that he would see to his release through proper means. One of us, Mr. Mahalinga Iyer, also happened to be present at that meeting along with Mr. K. T. Seshadri Iyengar and is able to corroborate his evidence.

The next point is whether security was offered for the release of Natesa. We have ample evidence that security was offered, and that his release was asked for only on bail. A number of witnesses who were present at the spot before the shooting are agreed on this point, and Subramania Pillai, the man on whose security the accused was eventually released; and Vythilinga Nanda state that they offered security at the Police Station even in the evening. Rangaswami Iyer, Sub-Assistant Surgeon and Tiruvengadachariar and Raju Iyer summoned by the Police state that the crowd demanded Natesa's release only on bail. That security was offered is very well probalised by the evidence of the Sub-Magistrate. As soon as he comes he asks the Inspector why Natesa should not be released.

The Inspector's answer does not refer to the absence of any offer of bail. The Inspector does not say that he ever called for a surety when the people demanded the release of Natesa. On the other hand, the evidence of a witness shows that the Police Inspector, for reasons of his own, was putting off this release on the pretext that the order of the Magistrate was necessary. After the Police had shot their first round, there were found people who quite willingly and promptly came forward to stand sureties. The version of the Police as to the immediate necessity for shooting and as to the course of events that followed till 4 A.M. is substantially at variance with the popular version of the events and is not borne out by the evidence on record. It is admitted that four people got into the Station before the first firing took place, of whom two, Tiruvengkatschariar and Raju Iyer, have been examined on Police summons. Tiruvengkatschariar states that the crowd on the west was dispersing, that he was going to the theatre and that as there was a crowd on the east, he entered the Police Station. He was not hurt. Raju says that he received injuries on account of the Police using batons and that while he was retreating he was dealt severe blows on his back by the Police and that he went to the Police Station to complain to the Inspector. Both these witnesses depose that the Police used batons to drive off the crowd. The statement of the Inspector that the crowd was "evidently" intent upon entering the Police Station is entirely unsupported. His own Sub-Inspector who was in the station does not speak to this. The station gate was always open and if that was the object of the crowd they would certainly have done so. The Inspector does not say that the crowd ever rushed on him or into the station or attempted to do so, and in fact, according to him, the crowd was six or seven yards from the station when the Police began to bayonet them. As a result of the bayoneting, the Inspector says, the crowd moved 10 or 15 yards further behind in each direction.

The next point is as to whether the crowd pelted stones as the Police allege. In the first place there are no brick pieces available in the neighbourhood. There are dilapidated building or buildings in construction thereabouts. We satisfied ourselves on the point by going through the whole distance between Uchi Pillayar Koil on the east and the Big Bazaar Street on the west. The Inspector in his statement before the Divisional Officer says that the people threw stones at the entrance and the roof of the station building. We inspected the front portion of the roof and found that no damage has been caused to the country tiles which form the roofing. The walls do not show any signs of hard hits by bricks. We were shown two red marks on the eastern door of the gateway which was

said to be due to stone-throwing. This obviously cannot be true because the Police are positive that the gate was open throughout the night and therefore no stones could have hit the doors. Near the northern wall of the station we were shown small pieces of bricks about 10 or 20 on each side.

While, therefore, we have to discredit the Police version as regards the extent of stone-throwing and the period over which it lasted, our impression is that the crowd did occasionally indulge in stone-throwing though they appear to have done so after provocation by the Police. But we have an astounding revelation in the evidence given by witness No. 25. Vaduvooor Krishnaawami Iyengar, a respectable merchant and mirasdar of this place, which we cannot overlook. He says that he passed by the Police Station as usual on the 3rd night and stopped before the western extremity of the gate where Sub-Inspector Ethirajulu Naidu was standing, and when he was talking with the Sub-Inspector a stone fell near where they were standing. Then he says he moved towards the V.M.'s Office on the other side of the road. He continues: "I saw 7 or 8 constables come with uniforms, others having taken out their dress and keeping them in their hands. One of them pelted a stone towards the station. I shouted out at the height of my voice. 'Do you, Police, want to falsely accuse the people after throwing stones yourselves'; I saw with my own eyes one constable with uniform and two constables without dress throwing stones." This shows that the Police wanted to create a pretext to use force against a peaceful crowd and they themselves acted as agents provocateurs for the purpose. It is quite likely that some mischief-makers among the crowd retaliated. The following facts deserve to be prominently noted in this connection.

The Sub-Magistrate says:—"I had no conversation with the Inspector about the shooting prior to my coming. I saw only a report on the table. I did not ask the Inspector about what happened. I only asked him as to why Natesa should not be released." If the Inspector's story of stone-throwing be true, it is very unlikely that he would have been reticent about it before the Sub-Magistrate. What damage to property or injury to person did he show to the Sub-Magistrate as having been caused by the crowd whom he had shot at? It is also significant that the Sub-Magistrate himself does not speak to his having personally seen the falling of stones either when he went there or during all the time he was going about between the crowd and the Police.

The Sub-Magistrate when questioned about the circumstances of the shooting after his arrival says: "No stones fell into the station (during my stay.) But constables were crying, "Don't throw stones." The Inspector did not come and tell me anything about the disposi-

tion of the crowd. He did not tell me that the people were nearing the station.'

In neither of the two reports to the Sub-Magistrate by the Inspector, the one at 9-20 P.M. and the other at 9-35 P.M., there appears to have been any mention of stone-throwing by the people.

In the statement by the Inspector before the Sub-Divisional Officer on the 5th he explains the circumstances that led to the first collision with the crowd thus :— "The mob was warned by me, the Sub-Inspector and the head constable that they should disperse and, if fire was opened, lives would be lost. The mob continued to show defiant attitude and determination not to disperse at all costs. So I ordered a charge on the crowd with fixed bayonets." There is no reference here to stone-throwing by the people by the bayonet charge. His definition of 'defiant attitude' in the course of his evidence before Mr. Weston as including 'stone-throwing' also is a clear after-thought.

We shall pass on to see why the Inspector opened the first round of fire. He says that some of his men who went out to charge with bayonets were injured by the pelting of stones. So he says he ordered fire. His position therefore amounts to this. A peaceful crowd was bayoneted. There was some pelting of stones and so the people were shot at. There can be absolutely no justification for this cruel procedure. Were the Police in fear of being overwhelmed? No, the Inspector says that there were 52 Policemen in the station; that the crowd was at a distance of 6 or 7 yards at the time of the bayonet charge, and that they were at a distance of 20 yards when buckshots were fired. Was there any injury to his men or, say, damage to property before the bayonet charge? The Inspector does not mention any. Even if some Policemen be conceded to have received slight injuries that won't constitute a justification for the shooting. There is not even a hint that the crowd had the remotest idea of fighting or breaking the peace.

Conclusion

On the whole our conclusion is that the sole object of the crowd was to get Natesa Chetty released on bail, that there is no proof that they had ever the object of injuring police men or attacking the Police Station and that therefore there was no sufficient justification for opening fire at all on the crowd.

As regards the circumstances attending the firings that took place till 4 A. M. after the first shooting at 9-50 P. M. the Inspector's statements and evidence are most unsatisfactory. A mere reading of his evidence is enough to show that he had acted in a most callous manner. In the first place he was asked if he could say whether any of his men were injured after the bayonet charge and during all the hours the shooting is said to have lasted. He said that he could not say. So it becomes clear that the various shootings were not preceded by any actual injury to the police on account of which shooting was ordered. The Inspector says that he drew up his men opposite the station, nine

men with carbines and twenty to thirty men with batons and that the line of the police continued to stand there during all the period that the shooting lasted. If, as a matter of fact, they were subjected to pelting of stones from three directions (the firing was in three directions), it is inconceivable that no policeman was injured in the slightest degree and that the Inspector did not or remember it. The people seem to have realised this and on the 6th some medical certificates have been obtained. They were not shown to us by Mr. Watson and the Inspector himself did not put any of those injured constables into the box and give ocular proof of injury. The Sub-Assistant-Surgeon who was throughout the night within the station does not speak to this and no policeman ever showed any injury to him that night. It is clear that the whole is an after-thought and does not reflect credit on those that prepared those documents.

In fact, a mystery hangs over the whole course of events in the police station after the first shooting, i.e., after about 10 P.M. The Sub-Inspector, Natesa Iyer faints at the psychological moment just before the first shooting and says that a situation must have arisen when the Inspector might "probably" have thought that there was need for resort to firing. It is plain from this that Mr. Natesa Iyer feels that he is not at liberty to speak out all that he knew and so he wants to draw a veil over it. The Sub-Assistant Surgeon, though he was in the station for all the firings after the Sub-Magistrate's arrival, did not see the firing men, the crowd fired at, and could not testify to the exact circumstances under which the Police were led to shoot from time to time. But he says that the Sub-Magistrate was not consulted before shooting. Witness Tiruvankatachari goes to sleep after the first round of firing and was only roused by the later shots. Well did Mr. Watson exclaim:—"I should envy this man who slept with such composure". He does not speak to the rushing by the crowd nor to stones throwing. Witness Raju goes to sleep even before the first round of firing. To crown all, the Sub-Magistrate who was at the station was not even consulted for all the firings after his arrival, in spite of the Inspector's statement that as soon as the Magistrate came he told him, "Since you have come, our responsibility has ceased and we are under your orders."

So we see that it was the Inspector alone who was keeping awake with a feeling of responsibility and acting vigorously throughout that night. But earnestly enough, the Inspector's memory becomes particularly dim and shadowed in regard to the circumstances of the firings that followed the first shooting. His evidence extracted below speaks for itself. "I cannot say how many times before the Sub-Magistrate's arrival I used ball-cartridges. After the Sub-Magistrate came, I ordered firing, because the crowd was defiant. I was warning them. They wanted to rush. I cannot say how many rushed. I do not remember particularly . . . Every time we shot the crowd retreated fifteen or twenty yards. The light of a powerful American mantle-lamp was made to fall on the line of policemen opposite the station with a view to terrify the people . . . I cannot say how many times I fired in all, and how many balls were used each time. At the time of every shooting the nearest man of the crowd of the west was about 50 yards distant from the station gate, and the nearest man on the east was 53 or 58 yards." When questioned whether he consulted or took the orders of the Sub-Magistrate for firing, he claimed privilege which was upheld by the Additional District Magistrate.

The question remains, why did the people continue to stay near the station during the later hours of the night, i. e., after 9-50 P. M. when the first shooting took place? An unfortunate story furnishes the explanation. Just after the first shooting was over, a rumour appears to have got about that, besides Rathnaswamy who had fallen dead opposite the Sri Vydia Press, two more men had been killed and that their dead bodies had been surreptitiously taken away by the police and concealed within the station. As a matter of fact there was

no dead body within the station. But this much has been established by the testimony of a number of witnesses including the Sub-Magistrate and the Sub-Assistant Surgeon that that belief had gained a firm hold on the crowd and that every new-comer to the spot was told about it and that every body believed the story. This belief led to a state of things from which dire consequences followed. The crowd wanted to remain by the side of Rathnaswamy's dead body with a view to guard it. The people told the Sub-Magistrate, "We have wired to the District Magistrate and the District Superintendent of Police. Two more dead bodies have been made away with by the police. We won't give this up till the higher authorities come". Witness after witness have spoken to the fact that a group of people ranging from 10 to 20 was always round the dead body all through the hours during which the police indulged in shooting. Though they were at short range—about 50 yards—they did not feel deterred. They had first a small hurricane lamp by the corpse and then a Washington light brought and placed near it. If groups of people were seen moving to and from the place where the dead body was lying till late in the night, it was only due to excusable curiosity and the anxiety on the part of some of them to prevent its removal by the police. The pathetic persistence with which they lingered near the dead body would have touched any ordinary man's heart. But the Inspector saw in it an unforgivable crime fit to be punished by shooting at close range. It was when going so look at the dead body that the Malayali boy, Raman Nair, received his injury.

The description given above of the situation is thus amply made good by the evidence on record. All witnesses including the Sub-Magistrate and the Inspector agree in saying that the ground on either side of the station was clear of people for a distance, at the least, of 50 yards, during all the time that the dead body was lying on the road. The crowd never approached the station. And the Magistrate himself was injured only after he denied the people's assertion that two dead bodies were concealed within the station, and further proposed the removal of Rathnaswamy's dead body for inquest. Some one in the crowd under the influence of the denials that the Magistrate also had joined the police, must have misbehaved towards the Magistrate. But they were certainly never violently nor riotously inclined. The Sub-Magistrate himself says that after his arrival at the station he had gone to the crowd on either side five times before he was hurt. He says: "I had no difficulty in passing through the western crowd. People arranged themselves on either side and left way for me and the Sub-Assistant Surgeon." The people had apparently another reason for refusing to part with the dead body. Because they kept it where the man fell dead, we are able to know the spot where he was standing when he received the fatal shot. If the dead body had been allowed to be removed it would probably have been given out that the man had entered the station and was killed by a shot there.

We are of opinion, on the whole, that at no time during that night were the Police reduced to a position of being driven to shoot in self-defence of property. Then there is the alternative plea that the Inspector wanted the crowd to disperse; that they did not and so he shot at them. We think that this is neither human nor legal. If the Inspector's purpose was simply to make the crowd disperse, his action would have been different. After the bayonet charge, or at least after the first shooting, he would have sent a posse of constables on each side and scattered the crowd as far as the Big Bazar Street on the west and Uchi Pillayar Koli Street on the east. On the other hand the Inspector seems to be in their place opposite the station and occasionally shoot one side and the other side, whenever the attitude of the crowd became too "defiant" in his eye.

Government Report on the Malabar Reconstruction Scheme

The following report on the Moplah rebellion and on the work of reconstruction in the Moplah territory, up to March 1922 submitted by the Special Commissioner, Mr. A. R. Knapp, to the Govt. of Madras was issued in April 1922.

When my appointment was made in October last, it was, I think, anticipated that actual fighting in the rebellion area would very shortly terminate. This hope was not realised. Martial law continued until the 25th of February, and the extra battalion of Indian Infantry which has been retained in the area, as well as a portion of the Auxiliary Police, are still engaged in completing the suppression of the rebellion. Although schemes for the resumption of normal life and normal administration in the area have been under consideration during the whole period of my special duty, it was not until Martial Law was removed that any attempt could be made to put them into actual execution. Up to that date the administration of the rebellion area was in the hands of the Military Commander.

(i) Resumption of ordinary civil administration.—This has been effected from the 25th of February 1922 when Martial Law was withdrawn, but special provision has had to be made by the Malabar (Restoration of Order) Ordinance, 1922, for the maintenance of the peace, for capture by armed force of any rebels who may remain, and for the speedy trial of the very large number of criminal cases arising out of the rebellion. The powers conferred by the new Ordinance promise to be sufficient for the purpose for which they were intended.

(ii) Housing and relief for homeless and destitute sufferers.—Of the many thousand persons who fled from the rebellion area a large number left the district and took refuge in the adjoining Cochin State where the Darbar generously afforded them relief. The relief of the rest was undertaken by the Malabar Central Relief Committee which organized camps in Calicut, Palghat and other centres. A report on the work of this Committee is being separately prepared by its Secretaries. I will not anticipate its publication, but will merely say that, having been throughout in close touch with the Committee and its officers, I should like to record my admiration of the excellent work which they have done. Relief in the shape of doles of rice was also administered under the auspices of the Congress Committee but I have no details of the extent of their work.

GOVT. REPORT ON

Questions were from time to time raised as to the reason why the relief afforded was apparently confined to Hindus and Christians and ignored to the Mopla population. It was, perhaps not unaccountably, assumed that the military operations carried on over a large area implied the cessation of all ordinary occupation and that the rebel Moplas, as well as Moplah males who took no part in the rebellion, must necessarily be in distress. Up to the end of last year any detailed inquiry into the condition of the Moplah residents was well-nigh impossible seeing that large areas were actually in the hands of the rebel forces, but such official inquiries as were found practicable disclosed no such distress as was assumed. A few Mopla women and children found their way to Calicut at the outset of the rebellion and were relieved by the Congress Committee. A few more were admitted later into the Relief Committee's camp at Qullandy, but there was nothing whatever to support the stories which were spread early in December of thousands of starving Mopla women and children concentrated at various points in the rebellion area. On the contrary, the observation of those who were most in touch with actual conditions in Kerala led to the conclusion that the Moplas as a whole were more than usually prosperous. A large amount of loot both in the shape of money and grain had fallen into their hands.

It was all along anticipated that when the stocks of grain were exhausted and the looted money spent, some at least of the Moplas would begin to feel the pinch, but it was calculated, on the best information available, that this would hardly be before February or March at the earliest. The stories of Moplah destitution, however, continued to be circulated and it was for this reason that I determined, early in January, to appoint a Committee of Mahomedan gentlemen who would inspect as much of the rebellion area and advise me as to the conditions there. The Military Commander kindly granted them facilities for their tour of inspection. The Committee's inquiries were unfortunately not so detailed as I contemplated and wished, but on a cursory examination they came to the conclusion that the time was approaching when relief would be needed by a large number of Moplah women and children whose menfolk had been either killed or imprisoned. This conclusion was communicated to the Relief Committee which has since formed a Special Sub-Committee to deal with Moplah relief. The extraordinary rapidity with which in many instances normal conditions are restoring themselves leads me to hope that the demand for relief in this direction will be less than the Committee anticipated: but the detailed investigation in the various areas which is now being made through the agency of the Relief Committee must be awaited before any final opinion can be formed upon this subject.

Of the Hindus who fled from the rebellion area a considerable number, mainly jentias, have not yet returned. Of the rest many have gone back to their amasams to find their houses either wholly or partially destroyed. Immediately on the removal of Martial Law I took steps to enable these sufferers to start at once on the restoration of their houses. Under a scheme which I submitted for the sanction of Government, advances under the Agriculturists Loans Act are being made to all such sufferers for the purpose of re-building. The money is granted free of interest for a year in the first instance. An establishment consisting of two Superintendents of reconstruction with a staff of seven Supervisors is at work and will, by the end of this month, have dealt with half the affected area. The restoration of houses had already commenced on my last visit to Ernad and, save in the case of the larger houses, will be completed well before the monsoon. In addition to money lent for the restoration of buildings, advances are also being made for the purchase of seed and implements and also for the maintenance of the applicant and his family until the next harvest.

It was suggested in some quarters that the most suitable method of providing the funds necessary to repair the rebellion losses was by means of co-operative societies and the possibility of this was carefully explored in consultation with the local co-operative bodies. But it was not found possible to devise any satisfactory scheme capable of immediate application, and the system of Government advances was therefore adopted on the understanding that an attempt should be made during the course of a year to organise societies which might take over the loans.

A difficult question arose in connection with the restoration of the houses of Moplah rebels which in the course of military operations had been destroyed by the troops. It seemed at first sight inappropriate that the public money should be expended on restoring a house which had been occupied as a rebel strong-hold and in consequence destroyed, but on further reflection it appeared to me that the restoration of normal conditions of life in amasams at the earliest possible date was so imperative a necessity as to override all other considerations. It was impossible to expect the Moplah population to settle down to their ordinary avocations until their houses had been repaired, and though a very large number of them have already begun, from their own resources, to make the necessary restoration, there are probably other cases, particularly where the male members of a family had been removed, in which some assistance will be called for. I have, therefore, with the approval of Government arranged that loans may be granted in such cases also, but with this difference that they will be granted under the ordinary terms of

the Agriculturists Loans Act, the special concession of exemption from the interest for a year not being allowed. Where, however, it is known that the Moplah owner has remained loyal to the Government he is treated in precisely the same way as the Hindu sufferer.

(iii) Damage to public buildings, roads and bridges.—Preliminary arrangements were made in November last for the reconstruction of the more important of the Government buildings. Work on some of them has begun but the progress has not been so great as I could have wished. Detailed plans and estimates have not yet been prepared in all cases, but a rough calculation gives the cost of restoration at 1'25 lakhs. This excludes the forest buildings at Nilambar which have been very badly damaged. The question whether they should be rebuilt is engaging the attention of the Forest Dept.

The repair of the damaged bridge is being undertaken by the District Board. The roads themselves are in far better order than I should have expected, and as soon as rain falls and allows the spreading of the mud which was already collected last year there is no reason why they should not quickly return to their normal condition.

(iv) Compensation to private persons.—The Government have decided that no legal obligation lies upon them to compensate persons who have suffered loss. The correctness of this view has not been seriously questioned. The position therefore is that unless it should be found expedient and practicable to levy fines under the Moplah Outrages Act, no compensation will be legally claimable. But it has also been decided that all fines and confiscations of property ordered by the Courts, in cases arising out of the rebellion, will be set apart to be given as an act of grace to those who have suffered from the rebellion. The amount of fines hitherto imposed has not been very considerable; the latest total reported to me is Rs. 50,000. But the amount available if success attends a scheme for which I have recently obtained the sanction of Government. Under this a large number of Moplahs, who are accused of having participated in a minor degree in crimes committed during the rebellion, will be brought to trial and, if convicted, will have their sentence of imprisonment suspended on condition that they remain of good behaviour and pay punctually the fine which will be imposed upon them and which they will be given time to pay. My present expectation is that the fines thus realized will provide a fund which will go a long way to meet the loss actually suffered. I have received a large number of claims for compensation. Their total at present amounts to Rs. 21 lakhs, but of this over Rs. 7 lakhs represents claims put in by Moplahs, many of whom are probably rebels. Of the balance a great many claims

are almost certainly exaggerated. In practical proof of this I have the experience of my Reconstruction Superintendents who find that the amount which an applicant is willing to take as a loan for the purpose of restoring his house is usually a very small fraction of the amount which he has claimed in the form of compensation for the damage.

(v) Progress of the trial of prisoners.—The arrangements made under the new Restoration of Order Ordinance, and notably the substitution for the Tribunal of three separate courts, has resulted in quickening up the disposal of cases. More Special Magistrates are however needed and for them application has been made. In connection with the special scheme for dealing with minor offenders alluded to in the last paragraph, I am proposing to employ sixteen Summary Magistrates of whom eight have already been appointed. A great difficulty in connection with the trial of offenders has risen out of the want of jail accommodation both for convicts and for under-trial prisoners. Even with the special enclosures which were constructed at the military posts the sub-jail accommodation was strained to sometimes almost dangerous limits and I found it necessary to appoint a Special Officer to take this matter up and organize despatches from jail to jail. The cessation of actual fighting has left the police more free to make arrests, and the problem of disposing of under-trial prisoners has become greater than ever. I have however been able to arrange for a temporary extension of the sub-jail at Palghat and for the constitution of new temporary sub-jails at Calicut and Cannanore. These, I hope, will provide for nearly a thousand prisoners and will allow of the arrest of a large number of persons wanted for serious crimes whom the police have been obliged to leave unarrested in their abodes for want of sub-jail accommodation.

As regards convicts the ordinary central jails were full and the Bellary camp jail had nearly reached its complement when it was temporarily closed. The prospect of there being no room in the jails for convicted prisoners at one time retarded the disposal of cases, but Colonel Cameron has now in hand and is pushing on with schemes which promise to supply all the accommodation needed and I anticipate no further trouble in this direction. The removal to the Andamans of a large number of persons sentenced to transportation will further relieve the position.

(vi) Destruction of registration and private documents.—The question whether any special commission of enquiry or any special legislation is called for by reason of the destruction of documents is still under discussion with Government. In regard to registration, I made recommendations in my letter of the 8th of February. Certain proposals put forward by the Calicut bar have, with my opinion

thereon, also been submitted to Government, and Mr. K. Srinivasa Ayyangar, I understand, intends shortly to examine them in person in Malabar. I have therefore nothing to say at present upon these points beyond remarking that the whole problem involved seems to me to be very much less serious than was originally contemplated.

(vii) Destruction of revenue records and principle upon which remission of revenue shall be granted.—The re-writing of revenue records was being undertaken in December last and so far it does not appear that any great difficulty has been experienced in reproducing those which are essential to the collection of the revenue. The results of this year's Jamabandi must, however, be awaited before it can be decided whether any special measures are required in this connexion. As regards remission of revenue there was at first a general demand that the whole of the revenue in the rebellion area should be remitted. This of course was out of the question, for it was known that over a great part of the area cultivation was proceeding as usual and there was no reason why a ryot who had raised his usual crop should be exempted from the payment of the Government revenue on his lands. The arrangement which I made, and which was accepted as suitable by many jomhis and others whom I consulted, was that the village officers should ask for their kists in the usual course, but that no kind of compulsion should be applied without the personal orders of the Divisional Officers who were instructed not to resort to coercive process in any case in which suspension or remission was reasonably called for. I have had no complaints. On the contrary, the revenue in Ernad has been collected with comparative ease. In one amsam, prominent as a rebel centre, the whole of the March last kist was paid by the due date. In Walluvanad the collections in the earlier kist months amounted to 75 per cent of the normal and this percentage, I am told, will probably be exceeded in March. The question of granting remission or suspension in such isolated cases as may require it may be left for the Collector to deal with.

(viii) Forest administration.—The wholesale mischief and theft which the Government feared in connexion with the Nilambur forests has happily been avoided. There has been a loss of forest revenue owing to the impossibility of conveying timber to the coast, but beyond the destruction of buildings there has, I understand, been no material damage.

(ix) Probable future attitude of the Moplah population.—It would be premature at present to make any prediction as to the future relations of the Moplah population towards Government officials on the one hand and Hindus on the other. Even in parts of the area where the rebellion has been completely suppressed, as for

instance in the neighbourhood of such important centres as Malapuram and Perintalmanna, many Hindus are still unwilling to live in their amsams and confine themselves to visiting their property during the day time. On the other hand the Moplahs, while they remain in uncertainty as to how many of them are going to be arrested, are unable to settle down. Until the police have been able to arrest and send for trial persons accused of serious offences and to deal with the minor offenders in the manner now proposed, it would be useless to expect either the complete restoration of confidence among the Hindus or the return of the Moplahs to their normal life, and until both these conditions have been fulfilled it is impossible to form any confident opinion as to what the future relations of the two communities will be.

I may here make it plain that the scheme for dealing with the minor offenders by suspending their sentences and subjecting them to a fine will only apply to persons whose return to their homes is not regarded as in any way a danger to the peace. Others, that is to say, the persons who are accused of more serious crimes and whose freedom from arrest is one of the causes which prevents Hindus from returning to their homes, will be shown no concession but will be put up for trial in the ordinary course. Similarly, although inquiries are being made as to the possibility of releasing from jail and subjecting to a fine some of the persons already convicted of minor offences, it is not for a moment intended to apply this treatment to any person whose return to his home can reasonably cause apprehension among the Hindu population. I may add that though doubts have been expressed in the Legislative Council as to the safety and propriety of the policy which is being adopted, local Hindu opinion, even among those who have themselves suffered and whose resentment against the Moplahs is still strong, is not opposed to the policy. It is realized that the confinement in jail of the very large number of persons against whom charges have been made is, on the score of accommodation, outside the realm of practical politics and that the only feasible alternative to the policy now adopted would be that which has actually been proposed, but which for good reasons has been rejected, namely, a general amnesty to all except the leaders in crime.

It is not yet possible to say finally what steps, if any, should be taken to protect the forcibly converted Hindus from future Moplah violence. There are some amsams to which the forcible converts can certainly not at present return and many of them are being kept in Calicut in a relief camp specially provided. Proposals for the deportation under the Moplah outrages Act of the ring-leaders in these acts of forcible conversions are being made by the District Magistrate. The present hope is that with the removal of these ring-leaders

the danger of violence by Moplas against the converts who have since reverted to Hinduism will be greatly reduced. Efforts are also being made to find some way of bringing home to the Mopla the fact that the forcible conversions in which he indulges are not recognised by other Muhammedans as consonant with the true principles of Islam. So far the best method of effecting this has not been discovered, and I can at present say no more on this point.

(x) Possibility and expediency of employing Mopla prisoners on extramural public works.—I have investigated a large number of schemes but most of these have unfortunately proved impracticable: The proposal to employ Moplas on the Rameswaram Canal, which seemed the most promising of all, disappears with the refusal of the Legislative Council to sanction funds for that scheme. A project for using Mopla prisoners in the construction of the Pollachi-Udumalpet Railway is in abeyance pending the sanction of the Railway Board to the commencement of work. A scheme for the employment of five hundred Moplas in the quarries of Pallawaram is in the last stages of investigation and will, I hope, be put into effect at a very early date. I had hoped that the construction of the Shoranur-Nilambur Railway might afford employment for a large number of these prisoners, but the scheme, I find, must, on financial grounds, be considered as too far-off to offer at present a practical solution of the problem. This is much to be regretted because, as I have separately reported, I attach very great importance indeed to the construction of this railway as a pacifying and establishing factor in the rebellion area. I have under correspondence a scheme for employing Mopla deportees in the Middle Island of the Andamans where forest development work is in progress.

Proposals to make for the future treatment of the Mopla problem must now be postponed to another occasion. The immediate work of economic restoration has been well started and may be left, under the direction of Government, in the hands of the Collector, who should, however, be given a senior officer as his Personal Assistant for the purpose. The next few months will necessarily be an anxious time for the District Officers. They represent a period when the stock of food stuffs in Malabar is usually at its lowest and when employment is most difficult to find, and it may be that something in the nature of famine relief either by importing grain or even by instituting relief works will be called for. The provision of seed for the next sowing is also a matter which is engaging attention and may demand special measures, in other directions too special Government action may be called for, but as a general policy I would deprecate any attempt to force the pace of "reconstruction."

Non-official Report On the Malabar Disturbances

The following report on the causes of the Moplah outbreak was made by Messrs T. Prakasam and T. V. Venkataranga Iyer at the instance of the Provincial Congress Committee, Madras. The Report which was issued early in September 1921, says :—

"On the 27th August, as soon as the Presidential Address was over, a proposition was placed before the Provincial Conference at Tanjore requiring the assembly at once to take into consideration the disturbed state of Malabar and suggesting the despatch of a deputation to that place to bring about peaceful conditions. The discussions in the Conference showed that there was a unanimous desire that a Committee of Congress and Khilafat workers should go to Malabar but the matter was referred to the Subjects Committee to have the resolutions brought up in proper form. As we were both included in the list of persons to be sent to Malabar and as we thought it was desirable to go early if any real work was to be done, we left Tanjore for Malabar on the night of the 27th August.

We reached Shoranur on the morning of Monday the 29th August and put up for a short while in the station waiting-room but as the Military officers there objected to our stay we removed to the Nambudri Sabha Matam. At the suggestion of Mr. Hammanil Manon, Congress Secretary, we went to Ottapalam on the 30th on which date we also got as far as Chorupulchery to get into touch with the Congress workers who had already proceeded to the disturbed area and about whose safety there was disquieting news. On the 2nd we reached Calicut and left it on the 4th and reached Madras on the 5th morning. During the whole of this period we were in the Martial Law area and in almost all the places we visited we made enquiries as to the events that had transpired. Our report is based on materials thus gathered."

After summarising the events from 20th August to 4th September, the report proceeds :

Causes of the Moplah Outbreak

"It is not for us to deal with the various causes which may have contributed to this appalling disaster. The existence of agrarian disputes in Malabar between landlord and tenant on account of the oppression caused to the tenants by rack-renting and ejection is a notorious fact. At least one of the fatal blunders committed by the

The Munitions Fraud Case

(For the details of the case, see Vol I page 259)

The Government of India in the Industries Department issued a lengthy statement reviewing the Munitions Board Case.

It appeared that Sir Thomas Holland first consulted a D. I. G. of Police on special duty on the question of withdrawing the case and afterwards two members of Council who agreed to the withdrawal, only apparently to avoid protracting the proceedings.

It was pointed out that the Chief Controller, Surplus Stores, the officer best acquainted with the papers, was then absent on tour, and hence Sir Thomas Holland had to deal with the matter himself.

The Government in conclusion emphasised that it was impossible to justify the withdrawal of the case on the grounds given. The withdrawal however was then irrevocable.

The Government also condemned the assertion of the guilt of the accused when the case was being withdrawn.

The following is the text of the communique :—

1. The attention which has been directed both in India and England to the withdrawal of Government from the prosecution in what is known as the Munitions Fraud Case, makes it incumbent on the Governor-General-in-Council to state the circumstances attending that withdrawal and at the same time to declare his attitude regarding certain aspects of the case and in particular the reason assigned in Court for the action taken.

The Facts of the case

2. The main facts on which the prosecution was initiated have been prominently before the public and do not require a re-statement at any length. Four persons, namely, C. S. Waite, Rai Bahadur Sukhlal Karnani, J. C. Banerjee and H. Stridger, were implicated. The charge was one of conspiring to cheat in regard to the supply of a quantity of wire rope to the Munitions Board in August, 1918. The original decision to prosecute these four persons was arrived at by the Board of Industries and Munitions in the summer of 1920. That decision was taken with the cognisance of the Government of India. The actual inception of the prosecution in India was delayed by the proceedings for the extradition of C. S. Waite, and though orders to this effect were eventually secured his transfer to India

District Magistrate by surrounding the mosque for nearly 7 hours so as to interfere with the religious duties of hundreds and thousands of Moplahs is practically admitted in the Press Communiqués issued from time to time. Still it is urged by the District Magistrate of Malabar, the Governor of Madras, the Viceroy, and a section of the Press which is always opposed to the cause of national freedom, that the Khilafat and Non-Co-operation workers have been at the bottom of this Moplah rising. In view of this charge levelled against the Khilafat and Congress movements, we propose to examine the circumstances and find whether it was the blunders of the District Magistrate or of the Khilafat and Non-Co-operation movements that brought about this fanatic Moplah outbreak.

A third of the Mussalman population of the Madras Presidency come from Malabar. In Malabar alone the Mussalmans form 30 per cent of the population. In Ernad, the centre of the struggle, the population is as much as 60 per cent; while in the adjacent Taluks of Ponnani, Walluvanad and Calicut the percentages were 44, 33 and 30 respectively. Tirurangadi is a large centre of Moplah population and is within easy reach of many such centres such as Tanur, Parappanangadi and Tirur on the South, and of Kundutti, Malapuram, Maujeri and Angadipuram on the north.

Prohibition of Congress Preachings

Tirurangadi possesses two mosques, one called Kishikapalli mosque and the other the Mumbrum mosque. The latter is believed to have been almost the first mosque built in the Malabar country and is held in great veneration by all classes of Muhammadans. To Mussalmans in this part of the country a swearing of an oath invoking the name or office of the Mumbrum Thnagal is as binding as swearing in the name of God himself. The Moplahs are a poor but an industrious race and much of the agricultural and trade operations in the District is in their hands. They are simple and honest people and their love for their religion is of a transcendent character. Fanaticism which was a common characteristic of a Moplah in ancient days has died out in most of the important centres. The people there imbibed the spirit of non-violence as almost part of their religion and practised it successfully even when they were subjected to grave provocations, indignities and humiliations. In the present outbreak the people of Calicut, Shoranur, Ottapalam, Palghat and other places have been absolutely peaceful and non-violent notwithstanding the provocation given to them by various blunders and indiscretions of the Dist. authorities. These are the centres where the Congress propaganda and the non-violent aspect of the creed was allowed to be preached by the Congress and

Khilafat workers without any restrictions. The Moplah fanaticism has survived only in portions of Ernad and Walluvanad Taluks which have now formed the scenes of disturbance. It might be noted in this connection that since February last the District Magistrate has, by orders issued by him under Section 144 Cr. P. C. from time to time, forbidden Congress and Khilafat meetings in these areas of Ernad, Walluvanad and Ponnani. This prohibition continued until July last. Even the issue of pamphlets had been proscribed; in short the District authorities had effectively segregated those parts of the District which are now the seats of trouble. Under such circumstances how can the present outbreak be attributed to the activities of the Khilafat and Congress workers?

Besieging the Mosque.

The outbreak is undoubtedly due to the first grievous blunder committed by Mr. Thomas in besieging the mosque, as if it were an enemy's fort, for nearly 7 hours in Tirurangadi and that commencing at a most unheard of hour of the night. Mr. Thomas must have known the Moplah's devotion to his religion and how strictly he observes the injunctions of the Quoran in offering his prayers. The entering of the police into a place of worship for an unjustifiable search and the prevention of the prayers of so many hundreds of people at the enjoined hours of sunrise and noon, upset the fanatic section of Ernad which has been so zealously guarded and kept away from the non-violent programmes of the Congress and Khilafat movements. The news of the obstruction to the morning prayers and the desecration of their place of worship spread into the nooks and corners of Ernad Taluk like wild fire. In the course of a few hours news seems to have reached Tanur, Tirur and other places that the Mumbrum mosque had been fired upon by the military and had been razed to the ground. The fanatic gang would not even wait to examine the truth of the report. This seems to have roused the greatest indignation in the Moplahs of the Taluk."

After referring to other allegations of provocation, the report continues:

"The sudden outburst of the crowd and the brutal murders they committed on the two European officers and the police was so great and terrible at the time that the District Magistrate with his strong military contingent and police force was obliged to withdraw from the place and retire to Calicut on foot. If they had not retreated, possibly the results might have been less disastrous. When the infuriated mob of the fanatics could compel such a military and police force to retreat, what could the poor Hindus

Jemis and others do when their houses were looted or were forced to accept the Islamic faith or compelled to do any other acts which they would not have ordinarily done? The fanatic mob seems to have thought that they had become the masters of the situation. When the military itself was withdrawn there was no limit to the atrocities and plunders committed by them.

When we both started on the 30th of August from Ottapalam by the road to reach the Congress workers, at the 7th mile we were obliged to leave the carts behind, on account of the obstructions caused by the felling of huge avenue trees across the road. Within a distance of two miles, which we had to walk to reach the village of Cherupulchery, we found a number of culverts destroyed and a number of trees felled. We went into the village to see if the public offices were set on fire as was rumoured at Ottapalam and other places. The Sub-Registrar's office and the post office were not attacked. We found the Police station alone deserted. The building was not set on fire but we saw the burnt ashes of the records in front of the station. Benches, tables and other furniture remained intact. No sign of resistance by the police was visible. It looked as if the police had run away before the mob took possession of the station house. Such was the terror created by the fanatics.

Congress and Khilafat Workers.

Under such circumstances, we shall review the conduct of the Khilafat and Congress workers. They grieved and deplored the atrocities committed by the mob, but plunged themselves almost instantaneously into the heart of the disturbed areas and did their best to pacify the mob, running very serious risks for their own lives. Fancy what Mr. Mahomed Kutti Musaliar did at the Tirurangudi mosque after the Tanur mob was fired upon by the military. He is a Moulvi of great learning and a whole-hearted supporter of the Congress creed. He with other Congress workers met the infuriated Moplah crowd at the mosque and made heartfelt appeal to them. In the words of the scripture he bade them disperse and go home. At this some of the angry crowd murmured and protested. Some cried him down, as a Government spy. Some cried out: "Our brethren killed by them are lying on the road; should we not at least bring their bodies and bury them?" The Moulvi said that they must not go even for that. Mr. Hasan Koya, the Khilafat Secretary of the Calicut District Committee, rushed at once by mail train on the 20th to Tirurangudi as soon as he heard rumour of a disturbance there and did his best to pacify the fanatic mob. Mr. Mahomed Abdur Rahaman, Secretary of the Kerala Provincial Khilafat Committee, rushed to Mr. Kesava Menon as soon as he heard of the march of the military to an unknown destination

and at once rushed to Pookotur with another Moulvi Khilafat worker to pacify the mob there, believing that the military were proceeding to that centre of agrarian disputes. When the news of the disturbances at Thirurangudi reached Mr. Kesava Menon on the 21st of August, he proceeded at once with a party consisting of Messrs. U. Gopala Menon, Mahomed and others by a motor to the disturbed area. They had to leave the car at the first obstruction caused by the removal of a culvert, and then walk up to the disturbed areas. They distributed leaflets and addressed the crowds to observe non-violence. When Mr. Kesava Menon appealed to the crowds for peace and order in the names of Mahatma Gandhi, some of the mob cried out that he, the Mahatma, was a Kafir and that they would never follow him: he appealed to them in the name of the Ali Brothers; they replied that they would not follow those who follow a Kafir. Though Congress workers were unable to make much impression on an infuriated mob who complained of their mosque having been fired upon and their hearths and homes invaded, their work was so far successful that it prevented the rebellion spreading and confined it within the narrowest possible limits.

Throughout this troublous period the Congress workers never remained idle. On the 22nd August immediately after his return to Calicut and as soon as his efforts were successful in keeping that place quiet, Mr. Kesava Menon applied to the District Magistrate for permission to proceed again to the disturbed area. Permission was needed as Martial Law had been proclaimed by that time. The District Magistrate reluctantly gave that permission but did not even in times of excitement and distress obtain from having his fling at the non-cooperation movement. Messrs Kesava Menon, Gopal Menon, Abdur Rahaman, Mohideen Koya with Moulvis and Congress workers numbering in all 24 people left for Ernad Taluk and visited towns and villages. They were at one place stopped by the military who threatened to fire upon them but when the District Magistrate's pass was shown the Military officer not only allowed them to proceed but was kind enough to offer the use of his own car to people proceeding on a mission of peace. Before going into the interior Mr. Kesava Menon, in a dignified letter to the District Magistrate while repudiating the suggestion that Congress and Khilafat work was the cause of the present trouble, wisely suggested the abstaining from unnecessary resort to force if the country was soon to quiet down. Once again they rushed into the disturbed area. Wherever they went they addressed the crowds, pacified the people, arranged peace leagues and brought refugees to places of safety, amongst whom there were pregnant women and children. The Congress workers carried the children and pregnant women in Manchals (palanquins) to Calicut.

At Ottapalam.

Mr. Ramuni Menon and Musaliar, the President of the Khilafat Committee, kept the Congress and Khilafat office open day and night, enjoined non-violence on the Moplah population, and encouraged them in preventing inroads from wandering Moplah bands. They sent out a Congress worker to Peruntalamana and Angadipuram who was able to organise a volunteer corps of Hindus and Moplahs which for some time kept the two places absolutely quiet. But they were overpowered later.

At Ponnani.

When a mob was about to enter the town and loot Mr. Kallappa Nair, the Congress Secretary and a Khilafat worker went out to meet the rioters, took a firm stand, and offered to meet death rather than allow the rioters back, and when Khilafat volunteers were immediately organised the town was effectively guarded and has since remained quiet, until some local criminals molested some people later.

At Tirur.

Khilafat worker Mr. Haji saved three European lives and also saved the Nedungadi Bank from being sacked, though some time previous to and shortly after the Tirurangadi firing, an infuriated mob had entered the town, raided the police station and burnt the records of the Munsiff's Court and Sub-Registrar's office.

At Manjeri.

Lastly it is only necessary to refer to Manjeri to see what work was done by Vakil Madhava Nair almost single-handed. When news of the rumoured attack at Nilambur reached him, just at that time Mahomed, Khilafat Secretary of Calicut, and another Moulvi ran up to him. They started for Nilambur, met the gang, and addressed them and persistently addressed to them to observe non-violence. Mahomed returned to Calicut and Madhava Nair to Manjeri. Madhava Nair was obliged to stay at Manjeri as his house was there and disturbance was brewing. He was single-handed. Most of the Moplahs there were anti-non-co-operators. All the forces of mischief mustered there were hostile. One gang asked him to join them after hearing his preaching on non-violence. When another gang surrounded a Hindu house for looting he used all his powers of persuasion and finally prevented looting by taking a firm stand and telling them that he would not allow them to do such a thing whatever they might do with him. They stayed their hand for the nonce. But the same house was looted more than once later. Almost every Hindu house was looted. Some houses were looted twice and thrice. The only houses that were not

approached were those of the Sub-Magistrate, Sub-Registrar and other offices at Manjeri. This is a clear proof that the work was that of those Moplahs who were opposed to the Khilafat and Non-Co-operation. Owing to lootings 3 to 4 hundred Hindu refugees took shelter in the house of Madhava Nair. The little he had in the house was not enough even for one day's rations of the refugees. Under such circumstances one gang sent a messenger to Madhava Nair that he could save his life if he embraced Islamic faith. He refused and said that he would even prefer death. His courage and firmness saved his life. But they could not secure rice and salt for him or those who sought his protection.

Looting and Conversion by the Antis.

The families which were reported to have been forcibly converted into Muhammedanism lived in the neighbourhood of Manjeri. It is clear that conversions were forced upon Hindus by a fanatic gang which was always opposed to the Khilafat and Non-co-operation movement, and there were only three cases so far as our information goes. Many Moplahs whom we met at Calicut and other places deplored with tears in their eyes the harm done to their Hindu brethren and for the murders and excesses committed by a few fanatical mad-men. They are inaugurating a movement amongst themselves to afford relief to their Hindu brethren. The general looting of Hindu houses and conversion of some to Islamic faith conclusively prove that the outbreak is not due to Khilafat and Non Co operation movement. They also show that the national movement could not have contributed even indirectly or remotely to the cause of the present outbreak."

The report then refers to the repressive policy pursued by the District authorities prior to the outbreak and proceeds: "In spite of such acts the Moplahs of all the important centres have always maintained perfect calm and peace and forbearance. Such has been the result of the Khilafat and Congress workers in all places where they could preach non-violence.

It is to be regretted that those who are ignorant of the real situation and the real causes, profess to speak with authority "The Madras Mail" has been thirsting for the blood of the Khilafat leaders and non-co-operators. The Viceroy bases his unfortunate speech of last week on the opinions of the Anglo-Indian Press and one-sided official reports. Mr. T. Rangachariar of Madras, with all the ignorance he could command, asserted his opinion against the Khilafat movement. Such ill-advised pronouncements, just at this juncture when there is a possibility of many innocent people being arrested under Martial Law, will do more harm than good,

To sum up, we are satisfied—

(1) that the rioting was caused by the ill-judged action of the District authorities ;

(2) that only a small fraction of the Moplah population took part in it.

(3) that the respectable men kept aloof from it and that the persons who took part in the rioting were fanatics, dissatisfied tenantry, disbanded soldiers without occupation, persons on the verge of starvation, and rowdies to whom a commotion was always welcome ;

(4) that neither Congress nor Khilafat propaganda was at the bottom of the disturbance and that if the country is to be soon calmed and peace permanently restored, it is necessary to prevent provocative action on the part of the police and to restrain indiscriminate arrests of Congress and Khilafat workers.

At no time was Malabar in a position to produce grain and other foodstuffs for its own consumption, and whatever foodgrains existed or were kept in store have in many places been looted and destroyed. In the interior of Ernad and Walluvanad Taluka communications have been cut off and each ansom has been more or less isolated from the rest. Transport of grain has been rendered difficult and the insecurity of the District renders it also dangerous. Meantime many in the interior of the District are starving. In many places refugees have huddled themselves together in one place and some of the most respectable families are living on one meal a day and that consisting of only congee of rice usually given to servants and dependants in Malabar households. Common necessities such as salt cannot be had for love or money. Moreover many families have been robbed of their all and have not the wherewithal to purchase either foodstuffs or clothing. The time for the gathering of the first harvest has gone and the sowing of a second crop has become impossible. Famine is staring the people in the face and unless adequate measures are adopted there will be a large mortality from starvation and from diseases which starvation often brings forth.

When we left Calicut the Congress Secretaries and others were busy issuing an appeal for funds to ward off starvation. The Khilafat workers were even more keen in the matter and they felt they must repair, as far as in them lies, the dastardly action which their fanatical co-religionists had indulged in. In this work of appealing for relief it is the duty of every Indian to contribute his quota and to prevent death from starvation. This is not the time for making distinctions. Hindus as well as Muhammadans are both starving and charity must be administered to all.

Report of The Knapp Committee On the Mopla Train Tragedy

The following are extracts from Report of the Knapp Committee appointed by the Madras Govt. ostensibly to enquire into the Moplah Train Massacre blacker than the legendary tragedy of the Black Hole. A fuller account of this will be found elsewhere in this volume.

We have examined the van in which the prisoners were carried. It is a luggage van with walls of wood. The internal measurements of the van are as follows:—

Length	...	...	26'	4 & half inches
Breadth	...	...	8'	5"
Height to the centre of the roof			7'	6"
Height to the top of the walls	...		6'	11"

The roof is double and is composed of wooden planking inside and an outer covering of ruberoid or some similar substance. The van consists of three compartments. The partitions which divide them are of wooden planking to a height of 3' 3" from the floor; above that they are composed of iron bars set at a distance of 3" apart and allowing free passage of air from one compartment to another.

There are two double-shuttered doors in each compartment, one on each side. The upper part of these doors consists of louvres or fixed venetians covering a space measuring 2' 7" x 1' 8" and one-fourth inches. The venetians are, however, entirely covered inside by a lining of fine wire gauze with about 18 meshes to the inch. This gauze has evidently been painted over and the greater part of it is clogged with paint and dust. The doors are fastened by a bolt inside reaching from floor to ceiling and outside by a hasp and staple. If the inside bolt is pushed home the doors fit tight but otherwise there is a certain amount of play in them. Beyond a few chinks in the walls and flooring there is no other entrance for air, and though a small quantity of air must have entered during the journey from Tirur to Podanur—otherwise none of the occupants of the van would have survived—we regard as justified Doctor O'Connor's description of the van "as practically air-tight"; in the words of General Gifford it was "practically a closed box."

How then did it come about that this van was employed on November 19 for the conveyance of 100 prisoners to Bellary?

The answer is clearly—

(1) that the general use of luggage vans for the transport of prisoners had by that date become an established practice at Tirur.

(2) that a hundred or more prisoners had on various occasions been transported without mishap in vans of a similar pattern :

(3) that, assuming the safety of the practice to have been established by experience, the vans were used without any special inspection or consideration of the ventilation which each provided : and

(4) that when L. V. 1711 was tendered and accepted on November 19th for the carriage of a hundred prisoners, it was not observed that, owing to the condition of the ganse and the practical absence of ventilation, it was in fact unfit to carry a hundred prisoners.

The Use of Luggage Vans.

The practice of using luggage vans for the conveyance of Moplah prisoners first started on September 2nd, when L. V. 1716 was selected for the conveyance from Tirur to Coimbatore of Ali Mussaliar and his fellow prisoners, 39 in all. An account of this selection is given us by Mr. Reeve, Traffic Inspector at Tirur (witness No. 1). He states that the question how Ali Mussaliar and his gang should be removed to Coimbatore was discussed in the presence of Colonel Humphreys, Mr. Evans and other officers. He suggested that they should be taken in an ordinary third class carriage but this proposal was rejected as unsuitable as it entailed the use of a very large escort. He next pointed out a cattle truck which was also rejected as the only means of ventilating it would have been by leaving the doors as well as the windows open. This could not have been done without grave risk of the prisoners escaping. Finally he pointed out luggage van No. L. V. 1716 of the Madras and Southern Mahratta Railway. This was visited, looked at and accepted as suitable.

The decision of September 2nd to despatch Ali Mussaliar and his gang in L. V. 1716 was followed by the similar use of other luggage vans for the transport of prisoners and became established as a regular practice. Between September 2nd and November 19th, 2,549 prisoners were carried from Tirur in luggage vans on 33 different journeys. Eleven different luggage vans were used, some of them belonging to the South Indian and other to the Madras and Southern Mahratta Railway. Particulars of the measurements and ventilation of these vans are given in Appendix 11 (Not quoted). While all the vans were of the same general type there were variations in actual measurements, in the number of doors and in the number and dimensions of the roof ventilators. The vans also varied in respect of the lining which, in some of them, was placed inside the venetians. Three of the vans had no such lining at all. One had a wire gauze lining with five meshes to an inch and three others of similar gauze with eight meshes to an inch.

Three were lined with zinc with comparatively large perforations: this material is easily torn and in the case of one van which we examined we found that a large part of the lining had been removed. Two vans (L. V. 1711 and L. V. 3) were lined with wire gauze of very close mesh, namely, eighteen to an inch. In both these vans the gauze had been painted over and was almost completely choked.

The number of prisoners carried in single vans varied from 30 who travelled in L. V. 1 on September 10 to 122 carried in L. V. 8 on September 23, both journeys being made to Coimbatore. Five different Sergeants escorted the prisoners on various occasions and Sergeant Andrews who was in charge of the ill-fated van on November 19, had himself previously taken as many as 112 prisoners to Cannanore and 100 to Bellary.

Vans not Unsuitable

The view has been put forward in the press and elsewhere that the use of luggage vans for the conveyance of prisoners could not in any circumstances be considered as safe or suitable. In this view we do not concur.

We have ourselves inspected several of the vans used, and the conclusions at which, as laymen, we have arrived is that the vans though not intended for passengers are not "per se" unsuitable, within certain limits, for the conveyance of human beings. They are not closed trucks but ventilated vans. Where the ventilation through the venetians is not obstructed there is sufficient perforation to enable a considerable number of persons to be carried in them with safety. This is the case where the venetians are not lined at all or where they are lined with gauze of the larger meshes which, as we have found by experiment, interferes but little with the current of air. Our opinion on this point is confirmed by the evidence of the Surgeon-General who sees no objection to the use of luggage van as such for carrying passengers in an emergency provided there is ventilation. He himself made an experimental journey in L. V. 7, and considers that that van could safely be used for the transport of a large number of men. He points to the fact that to his knowledge somewhat similar vans were used in England during the war in hospital trains. Of the other medical witnesses Major Forreast, District Medical and Sanitary Officer, Coimbatore, was doubtful whether these vans could properly be used for prisoners and did not consider that any van of the type is fit to carry 100 persons on the journey. Captain Matthal I. M. S. of the Base Hospital, Podanur, while recognising that the ventilation in the vans which we had seen varied considerably, did not consider any of them fit to carry 100 prisoners. As a medical man his view was that the vans would not be fit to carry human beings even if the

ganga lining were absent. Dr. O'Connor, Railway Medical Officer at Podanur, was of the same opinion. But the evidence of practical experience is against this view. No report that the health of the prisoners affected by the manner in which they were conveyed was received from any of the jails to which they were taken. The Jailer (witness No. 51) of the Coimbatore Jail which received the majority of the prisoners states specifically that so far as he knows none ever arrived in bad condition. The fact that two prisoners (witnesses Nos. 49 and 50) who travelled in a batch of 150 to Coimbatore on November 5 say that they fainted in the train does not shake this evidence. It appears that they soon recovered and after a short pause in Coimbatore were able to march to the jail. In the absence of evidence as to the general health of these two prisoners at the time of their journey we can draw no conclusion as to whether their indisposition was attributable to the conditions under which they travelled or to other causes, and we adhere to the conclusion that, within certain limits as to the number of persons carried and the length of the journey, the use of these vans was not dangerous to human life. We entirely accept the Surgeon-General's summary of the position, viz., that there was no objection to the use of luggage vans as such for carrying prisoners during an emergency provided that there was ventilation.

Sergt. Andrews not to Blame

Both the Tirur Sub-Magistrate and Sergeant Andrews are mentioned as having taken some part in the decision to use L. V. 1711 on November 19 for the conveyance of prisoners to Bellary. We are unable to say which of those officers should be regarded, technically, as having authorised its use. But the point is of no importance. In using the luggage van they were following a practice initiated by their superior officers and continued with their approval. The number of prisoners to be despatched had been equalled or exceeded on previous occasions. The choking of the ganza, it is true, rendered the conditions as to ventilation entirely different from those in the majority of the other vans, but even this feature was not peculiar to L. V. 1711. It appeared also in L. V. 3 which had already been used on October 3 for the conveyance of 42 prisoners to Coimbatore. The Sub-Magistrate himself had no occasion to inspect the interior of the van. Sergeant Andrews did inspect the van but only to satisfy himself to its security. In making use of a van which, so far as he was aware, was similar to those previously used for even a larger number of prisoners he was acting under the orders expressed or implied of his superior officers, and we cannot in the circumstances hold that either the Sub-Magistrate or Sergeant Andrews can be blamed for continuing the practice and using the van.

In the circumstances narrated the use of L. V. 1711; which was the immediate cause of the catastrophe, can only in our opinion be described as a *most-deplorable accident*. This is so far as the Sub-Magistrate and the Sergeant of Police are concerned. We will refer later to the part which the railway officials played in the matter.

If we seek for the remoter causes of the disaster they are to be found in the practice which had grown up, and to which the incident of November 19 was a natural sequel, of despatching prisoners in luggage vans without separate consideration in each case of the condition of the van and the number of persons whom it was fit to carry. To the original selection of L. V. 1716 on September 2 for the conveyance of Ali Mussalliar and 33 others to Coimbatore, we take no exception. The prisoners were dangerous rebels who were guilty of murder. A very large escort would have been needed if they were to be transported in open carriages through the rebellion area. The small number of troops and police then available in Malabar was needed for active work in the suppression of the rebellion and it was desirable to detach as few as possible of them from that work. The Sub-Jail at Tirur already held far more prisoners than it could safely accommodate and the removal of Ali Mussalliar and his gang was a matter of urgency. The number of persons to be carried in the van was in our opinion well within the limit which could be carried in comfort; moreover 33 persons could be, and were in fact, placed in two compartments, leaving the third compartment available for the escort which travelled in it with the doors open.

A Considerable Risk

The continuance up to November 19 of the use of these luggage vans stands on a somewhat different footing. Even though a luggage van was not, as such, an unsuitable form of conveyance and even though successive journeys without mishap may have confirmed the impression conveyed by the first journey that they could be safely employed for prisoners, the fact remains that the use of these vans was unusual, that they were not constructed or intended for the carriage of human beings, and that in sending prisoners in them without giving separate consideration in each case to the ventilation and to the number of persons for whom it was sufficient, a very considerable risk was being run. Such a risk undoubtedly existed, as pointed out by the Surgeon-General, when 122 prisoners were sent in a van to Coimbatore on September 8. Other occasions when exceptional risk was taken were September 4, when 111 persons were sent in a single van to Coimbatore and October 3 when 42 prisoners were despatched to Cannanore in L. V. 3 which

resembles L. V. 1711 in every respect including the painting over of the fine wire gauze netting.

We realise that great caution must be exercised in assuming that the dangers of the system which are now patent should have been equally obvious before the catastrophe occurred, and we recognise that repeated journeys made without accident obscured the danger which lurked in the use of these vans; but we are nevertheless deliberately of opinion that the desirability of abandoning the unusual form of conveyance and reverting to the use of open carriages at the earliest possible moment should not have escaped consideration. So long as it was impossible to provide adequate police guard to escort prisoners in open carriages from Tirur the continued use of luggage vans was probably unavoidable. A risk was in fact being run, but we quite recognise that, in what were practically war conditions, some risks had to be taken. But when the number of troops and police increased, the position in our opinion changed. We observe that rebel prisoners despatched after conviction from other parts of the districts, *B. G.*, from Calicut and Cannanore passed through the rebellion area in open carriages and that police were evidently available to furnish for them an escort of the necessary strength; and we cannot but think that if consideration had been given to the matter it would have been possible to find Police to furnish similar escorts from Tirur. The fact is that once the system had been started no consideration was paid by any one to the question of reverting to the recognised form of conveyance. The superior officers dismissed the whole matter from their minds and left it to the unregulated discretion of the subordinate officers at Tirur, the Sub-Magistrate and the Sergeants of Police. We do not consider that it would be fair to expect from officers of this class the initiative which would have recognised the risk that was being run and would have moved for the adoption of a safer system. In so far as the practice of using luggage vans contributed to the disaster of November 19 we consider that responsibility must lie on the superior officer who permitted the practice to continue indefinitely and without proper regulation.

Hybrid Martial Law

Owing largely to the somewhat hybrid nature of the Martial Law arrangements which were and are in force in the district and which have left in some obscurity the relative duties of the Civil and Military authorities, it is not easy to say with certainty who the superior officer was, on whom fell the duty of arranging for the removal of prisoners from Tirur. *Prima facie*, it might be thought that the officers who are named as having taken part in the first selection of L. C. 1716 or as having

personally witnessed and approved the despatch of prisoners in L. V. 8 on September 3 should be regarded as exercising authority in the matter. These officers are Colonel Humphreys, Military Commander, Mr. Evans, Special Civil Officer, and Mr. Hitchcock, District Superintendent of Police. Although Colonel Humphreys has no definite recollection of having taken part in the discussion which led to the use of the first van he does not wish to dispute the correctness of Mr. Reeve's statement that he was present, and Mr. Reeve's recollection is supported by that of Mr. Evans. Colonel Humphreys, however, claims that his responsibility as Martial Law Commander ceased as soon as the prisoners were handed over to the Sub-Jail. Mr. Evans thinks otherwise, pointing out that the prisoners were Military prisoners, tried and convicted by Courts established under the authority of the Military Commander, and that the premises of the Sub-jail itself were under military control. We realise that in the conditions which existed at Tirur in the earlier part of the rebellion no nice discrimination between the duties of the Military and Civil officers was either necessary or possible. Both were working together to accomplish the main object of suppressing the rebellion. But on the technical point we are inclined to hold that Colonel Humphreys' attitude is correct and that the responsibility for the removal of prisoners from Tirur did not in fact rest upon the Military.

Position of Mr. Evans

As regards Mr. Evans though he also has no very definite recollection of the selection of the first van it appears from a letter which he wrote to the Committee on December 8 that he was present. He also witnessed the despatch of prisoners in a similar van on September 3. He thus knew that the system had been initiated, but as he himself told us he was not afterwards personally aware whether the practice had been continued or not. So far as regards formal responsibility for the continuance of the practice the position of Mr. Evans is obscure. His appointment was that of Civil Adviser to the Military Commander. He was also Additional District Magistrate though it does not appear that in that capacity any definite administrative functions were ever assigned to him. But it does not appear that he did, no doubt rightly, assume at some stage responsibility whether on his own account or on behalf of the Military Commander for the despatch of prisoners. The telegram from the Sub-Magistrate on November 19 stating that the Sub-Jail was full and asking for orders was sent to Mr. Evans and replied to by him. We find also from the Sub-Magistrate's evidence that he had received verbal instructions from Mr. Evans to despatch prisoners to Bellary in batches of 100 and Mr. Evans himself, in his letter of December 8 mentions that he

had instructed the Sub-Magistrate as Sub-jail officer to take charge of the prisoners and their despatch.

In the circumstances we must regard Mr. Evans as the officer on whose authority the despatches of prisoners were made. In so far as the practice of using luggage vans contributed as a more remote cause to the final disaster, we must place responsibility on him. But we desire that the weight of this finding should not be exaggerated. The very heavy responsibilities laid on Mr. Evans as Civil Adviser to the Military Commander and the exacting nature of his active duties in helping in the suppression of the rebellion were calculated to absorb his whole attention, while the continued use of vans week after week without mishap must, from a practical standpoint, have encouraged the view that there was no need for him personally to interfere.*

Mr. Hitchcock's Responsibility

We have considered whether some part of the indirect responsibility would fall on Mr. Hitchcock. It is not certain that he was present at the first selection of a van, but we have it on his own statement that he did witness and take part in the despatch of prisoners on September 3 and saw no reason to object to the arrangements made. The actual care of prisoners during their journey and responsibility for their safe delivery at their destination lay upon the Police and to this extent at least it was for Mr. Hitchcock to see that the arrangements made for their transport were safe and satisfactory. But the obscurity arising from the Martial Law arrangements is again found here, for Mr. Hitchcock and his force were themselves under the orders of the Military Commander. We shall not, however, labour this technical point. Mr. Hitchcock having been continuously employed from the beginning of September with the troops in active warfare with the rebels, it would be unreasonable to expect that he would have had time or opportunity to give personal attention to the local arrangements at Tirur.

The Railway Officials.

We have now examined the responsibility direct and indirect of the Government officials concerned in the matter, but as we have

*A statement was made in the Legislative Council that the method of carrying Moplah prisoners in vans had been the subject of complaint in the press and it was suggested that the complaint should have been inquired into by those responsible for the conveyance of prisoners. We have been unable to trace any such complaint made before the event with the exception of a note in the "Indian Social Reformer" of September, the 25th. This paper is published in Bombay and does not appear to have any great circulation in this Presidency, and there is no reason to suppose that the paragraph came to the notice of the Government officials concerned.

already suggested there are others whose responsibility needs also to be considered. These are the officials of the South Indian Railway. It was suggested to us that the practice of using luggage vans for the conveyance of prisoners having started under Military authority in a Martial Law area the requisitions made for such vans were imperative and could not be questioned by the Railway officers. Whether such an impression existed on the part of the Railway officials we do not know: the evidence given us by Colonel Humphreys and Mr. Evans shows clearly that there is no foundation for such a belief. But even if it were thought that the Railway Company when called upon to do so were bound, in departure from their own rules and regulations, to supply luggage vans for the use of prisoners, that would still in our opinion not absolve them from the responsibility for seeing that the structure and condition of the vans were such as would make it safe for the prisoners to be transported in them. When a van was obtained on requisition information as to the number of prisoners whom it was proposed to load was given and we consider that it was the obvious duty of the Railway authorities, before issuing tickets for any particular dispatch to satisfy themselves that the van used was both in regard to space and ventilation and in other respects suitable for the number of prisoners named. Colonel Humphreys pointed out in his evidence that if he intended for a van for 100 prisoners and Railway Company had no van suitable for that number, he would expect them to say so and supply more than one van. We think that this very fairly sets out the position. The fact that the transport of prisoners in luggage vans was contrary to the ordinary railway practice made it in our opinion all the more incumbent on the Railway administration to decide separately in regard to each van what number of prisoners could be carried without danger to life or health. That this responsibility was to some extent recognized by the Railway officials appears in the record before us. When on September 25th the Sub-Magistrate asked the Station Master how he could convey the fifty-four prisoners to Madras, the Station Master replied, "I have a truck of the same kind used hitherto if there is no objection to use, considering the distance." Again Mr. Reeve when asked by the Sub-Magistrate on November 19th how many prisoners could be loaded in the two vans which were available, he replied that it was left to the Sub-Magistrate to decide how many he should put in. In both these instances there is a clear attempt to shift responsibility to the Sub-Magistrate: in other words there was a recognition of the fact that the primary responsibility lay on the Railway Company. We consider that it was for Mr. Reeve when thus applied to, and not for the Sub-Magistrate to decide not only the

number of prisoners that the van could accommodate but also whether the van was suitable for their conveyance at all, and if he thought it was not to point out the fact and specifically to decline to take any responsibility for the dispatch. Had it been a question of structural defect, such for example as a dangerous floor, the Railway authorities would undoubtedly have refused to sanction the use of the van, and in our opinion a similar obligation lay upon them to decide whether the van was in other respects suitable for the purpose for which it was being provided. We must, therefore, place upon the Railway Company the main responsibility for the use of the ill-fated van and for the consequences which followed. We hold further that in tendering and supplying vans throughout the period for the purposes of carrying prisoners, without separate examination and decisions of the number of prisoners that could be carried in each case, the Railway authorities contributed to the indirect causes of the disaster.

Mr. Reeve, the Traffic Inspector, was for the greater part of the period the principal local representative of the South Indian Railway at Tirur. It was he who first tendered a luggage van on September 2nd as a means of conveyance suitable in the emergency for the conveyance of prisoners: he was constantly on duty and must have been aware of the later dispatches: and lastly on November 19th, it was he personally who supplied Van No. 1711 to Sergeant Andrews. Subject to any administrative rules of the Railway which would transfer the responsibility to some other officer, we feel bound to place it on him. As desired by Government we have informed him of this conclusion, but beyond pointing out that on November 19th there was a second van available which could have been used in addition to L. V. 1711, he desired to make no further statement at the time.

Condition on the Journey.

It remains to consider how it was that the condition of the prisoners was not discovered during the journey and attention given to them which would have averted the catastrophe. Had the doors been opened either at Shoranur or at Olavakot, where the train stopped for a considerable time, the suffering and the deaths, if not altogether avoided, would certainly have been reduced. We have considered the question whether in the ordinary course Sergeant Andrews should have opened the doors at Shoranur to give water to his prisoners. Three of the other Sergeants who conducted similar escorts were in the habit of doing so but one was not. Allowance must, we think, be made for a legitimate difference of opinion as to the temperament of Mopla prisoners and the

risk run in giving them a chance of escape while passing through the fighting area—a risk which is considerably enhanced when as in this case the journey was made at night. Five constables and a head constable were clearly a very small force with which to meet a rush of 38 moplal prisoners, the occupants of one compartment, if they had chosen to break out. The prisoners having received plenty of water before they left Tirur should not in the ordinary course have needed more at Shoranur. We are not in the circumstances inclined to blame Sergeant Andrews for omitting to make before hand any arrangements for opening the van doors at Shoranur. We find no reason to regard his omission to do so as indicating any special callousness or indifference to the prisoners' needs. The same remark applies to Olavakot. There the risk was smaller but was still, we think, appreciable. But there is another aspect of the matter. The surviving prisoners say that even before they reached Edakkulam, the first station after leaving Tirur, they had begun to suffer from the heat and want of air and that they called out for water at every station. The railway staff at the earlier stations as well as certain sepoy posted at Edakkulam deny that they heard any noise: so also do the men of the escort who travelled in a carriage adjoining the prisoners' van. We see no reason in all the circumstances to discredit the prisoners' own statement. We have satisfied ourselves by experiment that a noise inside the van is clearly audible outside. We do not accept the denial by the witnesses that any noise was heard and we regard it as the result of a concerted attempt to conceal the facts. At Shoranur, however, there is clear evidence that there was considerable clamour for air and water from the Prisoners van. Sergeant Andrews himself heard the prisoners asking for water. The head constable and constables of the escort also heard them though they declare that the prisoners were not calling out very loudly and that they gave no indication that they were suffering from want of air. On the other hand a Goods Supervisor who was on the platform (witness No. 31) was attracted by the noise from the van, and though he describes the prisoners' request for water as being uttered in normal tones and not as if in distress, he was sufficiently impressed to offer to supply water. We have reason to think that the impression made on him by the prisoners' cries was greater than he was willing to admit when he gave evidence before us. A private traveller, Mr. Cordeyn (witness No. 57) was also attracted by the shouting and mentioned the fact to Captain Mathai when he reached Podanur. The prisoners themselves are unanimous in asserting that they shouted out for water at every station. Some of them declare that they also especially asked to be given air and one witness (No. 82)

adds that he himself called out that some of the prisoners were dead. At Olavakot, we have independent evidence that the noise from the van was such, as to suggest that the prisoners were in distress. The Assistant Station Master heard a sort of moaning. A Nayar witness, a refugee who can hardly be suspected of any great sympathy with the prisoners, states that the prisoners' cries sounded to him as if they were in distress. He is corroborated by a timber merchant (witness No. 22) and also by a Mahomedan who was of the platform.

Nature of the Clamour

It is impossible on the evidence to define with complete certainty the nature of the clamour made by the prisoners but, apart from the evidence of the witnesses, when it is borne in mind that the van was full of men dying for want of air, we cannot avoid the conclusion that the shouting and moaning and calls for water and air must have been so exceptional and so striking that they ought to have attracted the special attention of the Sergeant and his escort. We accept Sergeant Andrews' statement that it was usual for Moplah prisoners to call for water, and we recognise that, not having inspected the gauze lining, he had no grounds for suspecting the practical absence of ventilation. But we nevertheless consider that he was to blame for failing to take notice of the cries and to investigate for himself the reason for what, as we conclude, must have been a very unusual clamour both in its extent and in its nature.

Had Sergeant Andrews spoken to the prisoners either himself or through the constables of his escort the conditions inside the van would, we believe, have been disclosed, and in spite of the smallness of the escort some arrangements could doubtless have been made for affording the necessary relief. We have carefully considered what description can fairly be applied to Sergeant Andrews' conduct in the matter. We acquit him of deliberate inhumanity. How far, if at all, his action, or inaction, may have been influenced by the feeling that the prisoners were Moplahs whose conduct entitled them to little sympathy, we are unable to say. But however that may be we consider that in omitting to investigate the reason for their exceptional clamour he failed in the attention which he was bound to give to the prisoners in his charge and was guilty of negligence. In so far as they failed to convey to the Sergeant the clearer understanding of the position which their better knowledge of the language must have given them, the head constables and the constables of the escort must share in this condemnation. We have informed Sergeant Andrews of our conclusion but he desired to make no further statement at the time.

The Government of India Resolution on The Knapp Committee Report

The Government of India published on 30th August 1924 its views on the Committee appointed by the Madras Government presided over by the Hon'ble Mr. Knapp and consisting of Mr. M. C. Krishnavarma Raja, Mr. Manjeri Rama Iyer and Mr. Kalladi Moideen to enquire into the causes of the loolah train tragedy at Podanur in November 1921.

The Government of India observe that on the 21st November last we learnt with profound horror and regret of the death on the journey from Tirur on the 19th November of a large number of loolah prisoners who were being conveyed to Coimbatore.

In the interval that has since elapsed the circumstances of this splanable tragedy have been the subject of prolonged investigation; an enquiry was held by the Railway Authorities on the 24th and 25th November and a separate and fuller investigation was conducted later by a Committee appointed by the Madras Government and consisting of the Hon'ble Mr. Knapp and three Indian non-official gentlemen.

The report of this Committee was submitted to the Madras Government towards the end of January last. Some further enquiries were subsequently instituted by the Local Government with a view to elucidating certain points arising out of the report and it has also been necessary to obtain from England the ex-amination of one of the officers concerned. The issue of orders on the report of the Committee has thus been unavoidably delayed.

These orders would ordinarily have been passed by the Local Government, but the persons whose responsibility had to be determined include not only officers serving under that Government but also the military Commander and the Railway authorities. It would be difficult if not impossible to make any announcement regarding the former without implying conclusions regarding the latter and it has therefore been decided with the concurrence of the Madras Government that the whole case should be dealt with by the Government of India who alone are in a position to pass judgment on all the issues involved.

The Government of India have given to these issues their most careful consideration and they are now in a position to announce their conclusions.

The Malabar Rebellion broke out on the 20th August. Colonel Humphreys took charge as Military Commander on the 22nd and Mr. Evans joined him as Civil Adviser on the 25th. Mr. Hitchcock,

the District Superintendent of Police acted as Intelligence Officer and was also in command of a force of Police operating under the Military Commander up to the 14th of October. All these officers had their headquarters at Tirur, a small town on the South India Railway between Podanur and Calicut at which there is a sub Jail with 8 wards for prisoners. From the 14th October onwards they transferred their headquarters to Malappuram leaving the Sub Magistrate at Tirur in charge of the sub-jail which was the only available depot for the forwarding of prisoners sent to rail from places inland. In the meantime the ordinance creating the summary courts had been issued on the 29th August and in the course of the next few weeks the Courts created by it had dealt with a large number of prisoners of whom the majority were despatched to jails outside the district. On the 31st August a sharp action took place at Tirurangadi in the course of which the notorious and dangerous rebel Ali Musaliar with 38 others was captured alive, the remaining 24 of his force having been killed whilst attacking the troops. This batch of prisoners was brought into Tirur.

The subsequent course of events as indicated in the evidence recorded by the Committee were as follows. It was decided that these prisoners should be sent for safe custody pending their trial to the Central Jail at Coimbatore and the question of the best means of effecting the transfer came under consideration. The only connected account of what took place on this occasion is that furnished by Mr. Reeve, the Traffic Inspector, but there is no reason to distrust the evidence of this officer and it appears from his statement that the matter was discussed with him by Col. Humphreys and Mr. Evans. Mr. Reeve thought that Mr. Hitchcock was also present but on this point he was unable to speak with certainty and Mr. Hitchcock himself has no recollections of the incident. Mr. Reeve first suggested third class carriages which were rejected as unsafe in the condition of the country without a larger escort than was available. He then offered the other vehicles at his disposal, a cattle truck which was rejected as affording no means of ventilation unless the doors and windows were open and a luggage van which was visited was looked at and accepted as suitable. This van contained three compartments and the 30 prisoners were despatched in it on the 2nd September 1921 with the escort in one compartment of which the doors were kept open and the prisoners in the other two compartments with the doors closed. On the day following a requisition was received from a military officer for a truck for 100 prisoners and 122 men were despatched in another luggage van. This luggage van was not divided into compartments and the escort travelled in another vehicle. The circumstances

attending the despatch of this van, have not been fully elucidated. It appears however that Mr. Evans, Mr. Hitchcock and certain military officers were present and that Mr. Hitchcock saw the prisoners being placed in the van and gave orders as to the way in which they should be marched in it. It has not been possible to ascertain whether Col. Humphreys was one of the military officers present, what part if any taken in the despatch of the van by the officers of the South Indian Railway Company and for what reasons the despatch of the prisoners was ordered. It was probable however that the transfer was necessitated by the extreme overcrowding of the sub-jail. The evidence shows that the health of the prisoners was not affected.

"A Regular Practice"

From this date onwards the despatch of prisoners in luggage vans became a regular practice and no less than 2549 prisoners travelled in this way, 1411 of them going to Coimbatore, 456, to Cannanore, 151 to Madras 100 to Vellore, 104 to Trichinopoly and 327 as far as Bellary. Eleven different luggage vans were used, some of them belonging to the South Indian Railway Company and some to the Madras and Southern Maharatna Railway. Whilst all these vans were of the same general type, there were variations in the actual measurements in the number of doors and in the number and dimensions of roof ventilators. The vans also varied in respect of the lining which in some of them was placed inside the venetians. Three of the vans had no such lining at all and in the case of one van a large part of the lining had been removed. One van L. V. 3 was lined with wire gauze of very close mesh, namely 18 to an inch. The gauze had been painted over and was almost completely choked out. Other means of ventilation were available and the van was used once only when the number of prisoners conveyed was 42 only.

The Fatal Waggon

On the 19th Nov. the Sub Divisional Magistrate of Malappuram wired to the Sub Magistrate at Tirur that he had despatched a party of 200 prisoners to Tirur. The Sub-Magistrate whose jail was dangerously overcrowded had received verbal instructions from Mr. Evans to despatch prisoners, whose sentences permitted of it, in batches of 100 to Bellary jail. These instructions were confirmed when he represented his difficulties by telegram. The prisoners arrived under an escort of the Dorset Regiment and were taken into the jail and fed. Meanwhile Sergeant Andrews, the Police Sergeant on duty had been asked to arrange for transport. Sergeant Andrews saw Mr. Reeve, the Traffic Inspector who said that there were two vans available namely L. V. 1711 and a small van. The decision

whether one or both should be used was deferred till the prisoners had arrived when it was decided to despatch only 100 prisoners and to use van 1711. The van was filled with telegraph materials. These were taken out. The van was disinfected and the prisoners put in it. At about 7 P.M., the van was attached to the 7.15 P.M. train. The head constable and constables travelled in the compartment next to it and the Sergeant in a second class compartment nearer to the engine. The events on the journey will be discussed later. At Podanur where arrangements had been made to give the prisoners water the van was opened for the first time and it was then found that 56 prisoners were dead, that most of the remainder were unconscious. Everything possible was done for the survivors but of these six died on the way to Coimbatore and 8 expired in Coimbatore Hospital. The medical evidence and facts subsequently elicited as regards the character of the van places it beyond doubt that the cause of death was asphyxia. The venetians which to outward appearance afforded ventilation were found to be covered inside by a lining of fine wire gauze with about 18 meshes to an inch and the greater part of this gauze was clogged with paint and dust. As the doors were closed during the journey, there was no entrance for air beyond a few chinks in the walls and flooring.

Responsibility for the Crime

Broadly speaking there are two issues which fall to be determined in regard to this most lamentable occurrence. The first of these relates to the general responsibilities for the use of this particular type of van and the supervision of the manner in which they were used and the second to the special responsibility for the use of van 1711 and to the omission to open the doors and attend to the prisoners on the journey from Tirur to Podanur. As regards the former the Committee hold (1) that the use of ventilated luggage vans for the conveyance of prisoners in an emergency was not objectionable and that it implied neither inhumanity nor any deliberate indifference to the right of Moplah prisoners to the same treatment as other prisoners, but that the practice of using such vans should have been abandoned as early as possible or should have been brought under proper regulation, and that, in so far as the practice contributed to the final disaster, responsibility falls on Mr. Evans the Special Civil Officer, under whose authority the removal of prisoners was conducted. As regards the latter they hold (a) that neither Sergeant Andrews nor the Sub-Magistrate at Tirur can be held to blame for following the practice already established and continued by superior authority in accepting L. V. 1711 for the conveyance of prisoners on the 19th November, and (b) that an obligation to see that the conveyances used for prisoners were

reasonably fit for such use lay upon the railway company and on their local representative Mr. Reeve, the Traffic Inspector, and that it is on them that the main responsibility for the catastrophe must lie and (d) that Sergeant Andrews was guilty of negligence in failing to take note of the condition of the prisoners as evidenced by the exceptional clamour which they made. Had he done so the disaster would have been averted or at least its consequences mitigated.

- Official Whitewash

The Government of India concur in the view of the Committee that the use of luggage vans for the conveyance of prisoners in such an emergency was not in itself objectionable or inhuman. Though not intended for passengers the vans were not closed trucks but ventilated vehicles, and where the ventilators were not obstructed there was sufficient ventilation to enable a considerable number of prisoners to be carried in them in safety. Somewhat similar vans were according to Surgeon General Gifford used in England during the war in hospital trains. As already mentioned 2,549 prisoners were carried in safety in these vans. The Superintendent of the Coimbatore Jail which received the majority of the prisoners states specifically that so far as he is aware none of them arrived in a bad condition, and had it not been for a fatal but apparently accidental fault in the construction of L. V. 1711 it is probable that the use of these vehicles would have had no untoward results and would have provoked no complaints or criticisms. In arriving at the conclusion that whilst no exception can be taken to the selection of L. V. 1716 for the conveyance of Ali Musaliar and 38 other prisoners to Coimbatore, the advisability of abandoning this unusual form of conveyance and of reverting to the use of open carriages should not have escaped consideration. The committee appear to the Government of India to have under-estimated the difficulty of providing adequate escorts. At the period in question the Police forces available despite every effort to strengthen them by the despatch of reinforcements from other districts and the raising of levies were unavoidably below the actual requirements in Malabar where every available man was required for the protection of life and property of the inhabitants. The arrangements at Calicut cannot fairly be compared with those at Tirur where much larger numbers of prisoners had to be dealt with. The use of the luggage vans undoubtedly gave the overworked Police the much-needed relief. As already shown it involved no serious risk provided that there was ventilation and in these circumstances the Government of India can not regard the continuance of the system as justified. They agree however with the committee that the

practices of using vehicles of this exceptional type which were never intended for the conveyance of human beings should not have been left to the unregulated discretion of subordinates but should have been brought under proper regulation. They concur also in the view of the committee that for the commission to take this precaution the military commander cannot be held responsible. The object of Martial Law is to restore order and all the powers specially conferred by the ordinances on the military commander or exercisable by him in virtue of the proclamation of Martial Law are to be exercised solely for this purpose. The proclamation of Martial Law did not therefore involve the automatic and complete supersession of the whole civil administration, though the extent to which this was in a position to function in the case of Malabar was narrowly limited by the conditions prevailing, and the automatic transfer to the military commander of responsibility for the operations of such civil departments or organisations as were still working were subject to such measures of limitation, regulation and control as the military commander might for the purpose of restoring order impose. The removal of prisoners from one jail to another jail was therefore a matter for the civil authorities save in so far as their powers might be restricted or regulated by the military commander in the exercise of his responsibility for the suppression of the rebellion and the conduct of military operations and in fact there was no such restriction or regulation. It is true that the military commander was present at and took part in the discussion regarding the selection of L. V. 1711 on the 22nd September but his concern in that decision was limited to the question of security and did not extend to the suitability from the point of view of health and sanitation of vehicles of this class for the conveyance of human beings. The Government of India has accordingly no hesitation in exonerating the military commander.

Mr. Hitchcock's Share

The care and escorting of prisoners is normally a function of the police, and for the reasons above stated, it did not cease to be such in so far as the transport of prisoners from the Tirur Sub-Jail was concerned owing to the proclamation of Martial Law. The escorts were in fact provided throughout. The Superintendent of Police, Mr. Hitchcock, was during the period in question constantly employed with troops in active warfare, but it has since been ascertained that he was aware that large numbers of prisoners were regularly being conveyed from Tirur on luggage vans and that though after the 3rd September he halted at Tirur only on one date, namely

the 6th September, he passed through Tirur on a number of occasions in the course of his journeys to Calicut, Malappuram and Ponnani. In these circumstances the Government of India cannot accept the conclusion of the committee that it was impossible for Mr. Hitchcock to have had time or opportunity to give personal attention to the local arrangements at Tirur. Mr. Evans's appointment was that of civil advisor to the military commander. The duties of this post do not seem even to have been definitely and precisely formulated. Instructions were, however, undoubtedly issued by Mr. Evans in regard to the distribution of prisoners. The telegram from the Sub-Magistrate on the 10th November stating that the sub-jail was full and asking for orders was sent to Mr. Evans and replied to by him. The Sub-Magistrate received verbal instructions from Mr. Evans to despatch prisoners to Bellary in batches of 100 and Mr. Evans states that he issued orders to the Sub-Magistrate both at Ponnani and at Tirur for the transfer of prisoners from those places.

It is clear, therefore, that Mr. Evans could, had it occurred to him to do so, have issued orders regulating the conditions to be observed in regard to the conveyance of the prisoners in luggage vans. The Government of India has carefully considered the explanations which have been submitted by the officers. They appreciate the admirable services rendered during the rebellion by Mr. Evans and Mr. Hitchcock and they recognise the arduous character of the work which developed upon them. Mr. Hitchcock as already stated was constantly engaged in military operations and Mr. Evans's duties were multifarious and exacting. Moreover, the only vans with which they were directly acquainted, namely those despatched on the 2nd and 3rd September, were vehicles to the use of which no exception can be taken and the accidental defects in L. V. 1711 which were the direct cause of the disaster could not have been foreseen. Nevertheless, the Government of India cannot but greatly regret that neither of these officers took steps to bring the practice of conveying prisoners in these luggage vans under proper regulation. Had it been laid down that a responsible civil officer should, in consultation with the railway authorities, satisfy himself that the ventilations of each van was adequate for the number of prisoners despatched in it, it is almost certain that no loss of life would have occurred. As between Mr. Hitchcock and Mr. Evans the Government of India think that the larger share of responsibility attaches to Mr. Evans who was constantly at Tirur and had therefore greater opportunities for looking into the arrangements at that place for the transport of prisoners and was the superior officer.

The S. I. Ry. Company

The evidence at present available is not sufficient to enable the Government of India to determine what measure of responsibility, if any, attaches to the South Indian Railway Company. On this point a further enquiry is required and will be conducted by the Hon'ble Mr. Knapp, whose services are being lent to the Government of India by the Madras Government for this purpose, and by Lt. Col. Barnardiston, the Senior Inspector of Government railways, and the Government of India will reserve their conclusions till the report of these officers has been received and considered. It remains to discuss (a) the selection and use of van No. 1711 on the 19th November, and (b) the events on the journey from Tirur to Podanur. As regards the former, there are discrepancies in the account given by the persons concerned, but these are unimportant and do not affect the conclusions to be drawn.

Sergeant Andrews to be Prosecuted

The Government of India accept the finding of the Committee that no responsibility can be imputed to the Sub-Magistrate of Tirur. The Sub-Magistrate had himself no occasion to inspect the vans and the general regulation of the system of transporting prisoners from Tirur was not one of his functions. They cannot however agree with the committee that Sergeant Andrews cannot be blamed for using this particular van. As the Police Officer in charge he should not have limited his inspection of the van to the question of security but should have satisfied himself that the accommodation was suitable for the conveyance of the prisoners. The Government of India consider that in omitting to take this precaution he was reprehensibly negligent. In this respect Mr. Reeve, the Traffic Inspector, must be held to have been still more blameworthy. The suggestion that the van was made over by him under a requisition which could not be questioned is entirely unsupported by the evidence and was rightly rejected by the Committee. According to his statement, Mr. Reeve was asked for accommodation for 200 prisoners. He replied that two vans were available, thereby clearly implying that these were suitable. He subsequently handed over L V 1711 of which he had made no previous examination whatever and he saw the prisoners placed in the van. That he should have examined the van is in the opinion of the Government of India indisputable and they can only regard this failure to do so as an omission amounting to culpable negligence. At the same time they think it only fair to add that this conclusion has been reached on the evidence available and that owing to his death Mr. Reeve could not be given an opportunity of offering any formal explanation which he

might have desired to put forward. The events on the journey are fully discussed by the Committee. They are not inclined to blame Sergeant Andrews for omitting to make beforehand any arrangement for opening the van doors at Shoranur or Olavakot but they see no reason to doubt the statements of the prisoners that they had called out for water at every station. There is clear evidence, they state, that at Shoranur there was considerable clamour for air and water from the prisoners' van. Sergeant Andrews himself admits that he heard them asking for water and the head constable and constables also heard them at Olavakot. There is independent testimony that the noise from the van was such as to suggest that the prisoners were in distress. The Committee observe that it is not possible to define with complete certainty the nature of the clamour made by the prisoners but they cannot avoid the conclusion that the shouting and moaning and calling for water and air must have been so exceptional and so striking that they ought to have attracted the special attention of the Sergeant and his escort. The Government of India concur in this conclusion. They do not wish to dispute the views of the Committee that Sergeant Andrews was not guilty of deliberate inhumanity but they consider that in disregarding the cries and failing to investigate for himself the reasons for what must, in the words of the Committee, have been a very unusual clamour, both in its extent and nature, the Sergeant displayed culpable negligence. They also agree with the Committee that the Head Constable and Constables, who failed to convey to Sergeant Andrews the clearer understanding of the position which their better knowledge of the language must have given them, must share in this condemnation. The Government of India have instructed the Government of Madras that a prosecution should be instituted against Sergeant Andrews. It will rest with that Govt. to decide what action, in view of the findings above recorded, should be taken in regard to the head constable and constables.

In conclusion, the Government of India desire to express their deep sympathy with the families and relatives of the unfortunate men who perished in the lamentable disaster. In a large part that disaster was the result of circumstances for which no one can be blamed for the accidental defect in the construction of L. V. 3711 and the disturbed conditions in Malabar which necessitated the employment, for the conveyance of prisoners, of this type of vehicles. In part, however, responsibility rests in greater or lesser degree on some of the officials concerned. The Government of India have sought in this resolution to assign and to measure that responsibility as impartially and as accurately as it lay in their power to do,

Report of The Indian Fiscal Commission

The Indian Fiscal Commission was appointed by the Govt. of India in October 1921 in accordance with the recommendations of a Committee of the old Imperial Legislative Council on Imperial Preference out of whose deliberations the question of Fiscal Autonomy of India mainly arose. The members of the Commission were:—Sir Ibrahim Rahimtoola, President, and Mr. J. M. Keynes, O. B. of Oxford, Mr. R. W. Seshagiri Ayyar of Madras, Prof. J. C. Coyajee, Sir M. B. Dadabhoi, Mr. Edgar Helberton of the Barma Chamber of Commerce, Sir Montagu Webb of Karachi, Mr. G. W. Rhodes of Messrs Hoare, Miller & Co, Mr. R. A. Mant of the Govt. of India, and Messrs Jannadas Dwarakadas, Ghanshyamdas Birla and Narottam Morarjee, as members. About this time a rapid agitation of the 'Sydenham-gang in England' was stirring up Lancashire to fight the tendency on the part of Mr. Montagu, at that time the Secretary of State for India, to allow fiscal autonomy to India, and the strong European interest represented on the Commission gave rise to the hope that the question will be properly dealt with due regard to Indian interest. Mr. Keynes however did not attend more than a very few sittings of the Commission. The Commission began work on the 10th November 1921 at Bombay and after visiting various places to collect evidence closed its public work in April 1922, and signed its report on the 8th July 1922. The report consists of two parts; one, the unanimous report signed by all the members, and the other, the Indian minority report signed by all the Indian members including the President; except Sir M. B. Dadabhoi.

Summary of the Main Report

Principal Recommendations.

(1) (a) That the Government of India adopt a policy of Protection to be applied with discrimination along the lines indicated in this report.

(b) That discrimination be exercised in the selection of industries for protection and in the degree of protection afforded, so as to make the inevitable burden on the community as light as is consistent with the due development of industries.

(c) That the Tariff Board (see below) in dealing with claims for protection must satisfy itself—

(i) That the industry possesses natural advantages.

(ii) That without the help of protection it is not likely to develop at all, or not so rapidly as is desirable, and

(iii) That it will eventually be able to face world competition without protection.

(d) That raw materials and machinery be ordinarily admitted free of duty, and that semi-manufactured goods used in Indian Industries, be taxed as lightly as possible.

(e) That industries essential for purposes of National Defence and for the development of which conditions in India are now unfavourable, be adequately protected, if necessary.

(f) That no export duties be ordinarily imposed except for purely revenue purposes, and then only at very low rates; but that when it is considered necessary to restrict the export of food-grains, the restriction be effected by temporary export duties and not by prohibition.

(2) That a permanent Tariff Board be created whose duties will be, *inter alia*, to investigate the claims of particular industries to protection, to watch the operation of the Tariff, and generally to advise Government and the Legislature in carrying out the policy indicated above.

(3) (a) That no general system of Imperial Preference be introduced; but

(b) That the question of adopting a policy of preferential duties on a limited number of commodities be referred to the Indian Legislature after preliminary examination of the several cases by the Tariff Board.

(c) That if the above policy be adopted, its application be governed by the following principles:—

(i) That no preference be granted on any article without the approval of the Legislature.

(ii) That no preference given in any way diminish the protection required by Indian industries.

(iii) That preference do not involve on balance any appreciable economic loss to India.

(d) That any preference in which it may be found possible to give to the United Kingdom be granted as a free gift.

(e) That in the case of other parts of the Empire preference be granted only by agreements mutually advantageous.

(4) That the existing Cotton Excise Duty, in view of its past history and associations, be unreservedly condemned, and that Government and the Legislature start again with a "clean slate", regulating their excise policy solely in the interests of India.

Subsidiary Recommendations

(5) That the proviso to Section 20 of the Sea Customs Act be repealed, and that Customs Duty be ordinarily levied on goods belonging to Government.

(6) That difficulties in the shape of shipping rebates or unfair advantages like dumping, depreciated exchanges, bounty-fed imports from abroad be investigated, and where possible, removed.

(7) That industrial development be promoted by giving a more industrial basis to primary education and providing opportunities for training apprentices, and organisations for increasing the mobility of labour.

(8) That no obstacles be raised to the free inflow of foreign capital, but that Government monopolies or concessions be granted only to companies incorporated and registered in India with rupee capital, such companies to have a reasonable proportion of Indian Directors, and to afford facilities for training Indian apprentices.

(9) That the tariff be not ordinarily employed for retaliation or as a means of aggression.

(10) That the tariff be elaborated with a view to remove ambiguities, and that the system of specific duties and Tariff valuations be cautiously extended.

Details of the Report.

On the first point, *viz.*, the tariff policy of the Government of India, the conclusion of the Commission is stated in the following words:—"We recommend in the best interests of India the adoption of a policy of protection to be applied with discrimination along the lines indicated in this report." The decision in favour of a policy of protection rather than one of free trade is based on a careful analysis of the probable gain and loss in Chapters IV, V and VI. It is shown that the industrial development of India has not been commensurate with the size of the country, its population and its natural resources, and that India will derive great advantages in many directions from a considerable development of Indian industries. It is then pointed out that the conditions for a rapid industrial advance are suitable and that without the stimulus of protective duties the advance will not be sufficiently rapid. The necessity of continuing to derive a high revenue from the tariff, which is apparent from a consideration of the financial situation, is also held to lead inevitably towards protection. On the other side of the account the loss involved by the burden of increased prices and the effect of this burden on various classes of the community is examined.

It is shown that the exercise of discrimination in the selection of industries for protection and in the degree of protection afforded will ensure that the inevitable burden on the community is kept as light as is consistent with the due development of industries. The final conclusion is that, apart from the strong Indian sentiment in favour of protection, the balance of advantage on economic grounds is heavily on the side of the policy recommended.

The Policy Justified

The justification of the policy rests largely on the manner in which it is worked, as it is held that any type of indiscriminate protection would entail a sacrifice on the part of the mass of the people out of proportion to the results. This accounts for the great importance attached by the Commission to the Tariff Board which it proposes should be constituted. The Tariff Board will be the instrument by means of which the policy will be "applied with discrimination." It is proposed in Chapter XVII that the Tariff Board should be a permanent body consisting of three members of high standing and ability. The main duties of the Board will be to investigate and report on the claims of particular industries to protection, to watch the operation of the tariff, and generally to advise the Government and the Legislature in applying the policy in detail. The functions of the Board would be advisory, and not executive, but stress is laid on the necessity of making public its findings and recommendations.

Principles are laid down by the Commission in Chapter VII for the guidance of the Tariff Board. The three main conditions which should be satisfied in the case of an industry claiming protection are:—

- (a) That the industry possesses natural advantages;
- (b) that without the help of protection it is not likely to develop at all or not so rapidly as is desirable; and
- (c) that it will eventually be able to face world competition without protection.

As a qualification of these general conditions it is recommended that industries essential for purposes of national defence, and for the development of which conditions in India are not unfavourable should if necessary, be adequately protected. Further, the general principles are laid down that raw materials and industrial machinery should ordinarily be admitted free of duty, and that partly manufactured goods used in Indian industries should be taxed as lightly as possible. The taxation of articles to which protectionist considerations do not apply will be outside the purview of the Tariff Board and will be regulated in accordance with the financial needs of the country.

of reciprocity should be followed, i. e., that preference should be granted only as the result of agreements mutually advantageous.

Review of Final Chapters

In Chapter XIV, the tariff is dealt with in its more technical aspect. The Commission recommends that the system of specific duties and tariff valuations should be extended cautiously and that the description of articles in the tariff should be elaborated. The system of double tariffs which prevails in most protectionist countries is condemned as unamenable to Indian conditions, and the undesirability of employing the tariff as a means of aggression or, unless in exceptional circumstances, for purposes of retaliation is emphasized. The Commission recommends that in the interests of Indian industries customs duties should ordinarily be levied on goods belonging to the Government.

Chapter XV is devoted to a consideration of the attitude to be adopted towards foreign capital. The economic advantages of foreign capital to the country are explained, the present feelings of opposition to it are indicated, the restrictions on its employment which have been suggested are examined, and the conclusion is drawn that in the interests of the country no obstacles should be raised to the free inflow of foreign capital. It is, however, recommended that Government monopolies or concessions should be granted only to companies registered and incorporated in India with rupee capital, having a reasonable proportion of Indian Directors and affording facilities for training Indian apprentices.

The position of Indian States is considered in Chapter XVI. It is pointed out that Indian States are closely concerned both as consumers and as producers in the tariff policy adopted for British India, but that their views on that policy coincide generally with those expressed in other parts of India, and that their interest will be fully safeguarded under the scheme of protection recommended.

The report begins and ends with a reference to the relations between India and Britain. In the first chapter stress is laid on the pronouncements of the British Government regarding the principle of fiscal autonomy for India. In the last Chapter the Commission explains that its recommendations have been based solely on the interests of India, but it also gives its reasons for holding that in this matter there is no real antagonism of interests between the two countries, and that a more prosperous India will mean a more prosperous Britain. The two most important chapters in the Report are the V. (Page 861) which deals with *Protection*, and the VIII. (Page 875) which deals with *Imperial Preference*. These are quoted in full in the following pages.

The Choice between Free Trade and Protection.

The Tariff Policy Recommended.

55. The main subject on which we have been asked to report is the tariff policy of the Government of India. This means in effect that we have to decide whether a policy of free trade should be continued or whether industrial development, the importance of which we have explained in preceding chapter, should be stimulated by a protective tariff. We think it convenient to state at once the conclusion on this point at which after the most careful consideration we have arrived. We recommend in the best interests of India the adoption of a policy of protection to be applied with discrimination along the lines indicated in this report. In this chapter we shall give the reasons which have led us to recommend the adoption of a policy of protection rather than one of free trade, and in the two succeeding chapters we shall explain why we hold that the policy of protection must be applied with discrimination, and will outline the principles in accordance with which discrimination should in our opinion be applied.

Strong feeling in favour of Protection.

56. We have mentioned in Chapter I the long-standing and insistent demand of the public for a revision of the tariff policy, and in the course of our tour, during which we heard evidence at all the chief centres in India, we received abundant proof of the wide extent of that demand. Not only the industrialists, who might be expected to benefit directly from a policy of protection, but traders and other classes of the community whose immediate interests might seem likely to suffer showed themselves preponderantly in favour of protection. The evidence which was placed before us on behalf of Indian States was also to the same effect. We found a general conviction that the interests of the country required a policy of protection, and in face of that a disinclination even to consider whether the individual would or would not be injured.

Its Causes.

57. This desire for a policy of protection has in many cases been strongly reinforced by a consideration of India's past. Travelers relate that before the advent of Europeans India was a country of great wealth. The riches of the courts of the Moghals, the beauty and quality of certain of India's manufactures, in particular of her cotton goods, and the lucrative trade that attracted western adventurers to this country, are matters of common knowledge,

These writers, however, seldom glance at the economic conditions in which the great mass of the people lived. Patriotic Indians to-day looking round on the present condition of their country see that the old fame and relative importance of India's manufactures have diminished, whilst great masses of their countrymen are still poor and many are insufficiently fed and clothed. Contrasting this state of affairs with the treasures of the Moghals and the world reputation of the Dacca musline and other Indian manufactures, and searching for the cause of this great change, many think that it is to be found in the policy of free trade, which they believe to have been imposed on India not in her own interests, but in the interests of the British manufacturers. They see that other countries such as Japan have developed their manufactures to a remarkable degree under a system of protection, and they believe that Indians are fully capable of doing the same. They think that, if India were allowed freedom to decide her policy in her own interests, she would regain her economic prosperity. The feeling that this path to riches is barred by an outside power, and the suspicion that that outside power is actuated by selfish motives tend to stimulate the belief in the great results that would accrue from the adoption of a policy of protection. All these ideas are further reinforced by the new spirit of national pride, a spirit which in all countries tends to the encouragement of protectionist feeling by demanding so far as possible that the nation should manufacture what the nation uses.

Examples of other Countries.

58. The protectionist feeling in India to which we have referred is strengthened by a consideration of the tariff systems prevailing generally throughout the world and the relatively backward condition of Indian industries under a policy of free trade. With the exception of the United Kingdom all the great industrial nations of the world shelter their industries behind a protective wall, and claim to owe their prosperity to the tariff protection which they enjoy. The general movement in Europe towards free trade, which appeared to be setting in with the conclusion of the famous commercial treaty between England and France in 1860, lasted only for a few years, and was followed by a strong reaction, never perhaps stronger than in recent years, towards protection. In 1879 Germany definitely adopted a policy of protection, from which she has never departed, and under which she had made up to the outbreak of the war astonishing industrial progress. In 1881 France turned her back on the free trade tendencies which had never really met with popular approval. In 1899 Japan, freed

from the trammels of the treaty restrictions, utilised her autonomy to establish a protective tariff, which was considerably intensified in 1911. The United States, industrially one of the foremost countries in the world, has had ever since the time of the Civil War a very high protective tariff, and at the present moment appears to contemplate raising it still higher. The British Dominions too have without exception utilised the right of framing their tariff policies in their own interests to protect their industries by high duties.

Conditions in England

59. India can thus point to numerous precedents for the adoption of a policy of protection. Even in the case of England it may be noted that her industrial foundations, like those of all other countries, were laid under a system of high protection. The Lancashire cotton industry in its infancy was protected by an import duty which, according to the evidence of Professor Hamilton, stood for a number of years at about 65 per cent. *ad valorem*. The English textile manufactures were further protected by a legal prohibition of the use of various competing foreign cloths. It is true that the great industrial development took place as the result of the mechanical inventions which revolutionised industry at the close of the 18th century, and that the part which the tariff bore at this stage was insignificant. Nevertheless the fact remains that it was not until English industries had attained a marked pre-eminence that the tariff was felt to be a hindrance to industrial development. Moreover the movement towards free trade was largely directed, in its earlier stages at any rate, by antagonism to the protection not of industrial, but of agricultural, interests.

60. The conditions in England for three quarters of a century have been unlike those in most countries, and particularly unlike those in India. England's economic life depends on the export of manufactured articles, the raw materials for which are largely imported. The maintenance of this vital export trade is obviously likely to be fostered by a policy based on free trade principles. In India on the contrary there is an abundant supply of raw materials and a very large home market supplied in great part by foreign manufactures, whilst the export of Indian manufactures, though offering possibilities of considerable development, is comparatively small. But even in the special conditions of England doubts have been frequently raised as to the wisdom of too rigid an adherence to the free trade doctrine, and since the war departures from it have actually been made, as illustrated by (a) the duty of 33 and one-third per cent. on motor cars (which has a protective effect), (b) the Safeguarding of Industries Act, and

(e) the recent removal of the excise duty on sugar to encourage the nascent sugar beet industry.

Public sentiment considered

51. We do not wish however to rest the case for protection in India on the sentiment of the Indian people or the example of other countries. We have considered most carefully the economic arguments, and we hope to show that the policy which we advocate will stand this crucial test. But at the same time we have set forth frankly what we conceive to be the main bases of Indian protectionist feeling, because, though we do not advocate the adoption of a tariff policy on other than the reasoned grounds which follow, we feel that it is important to realise that behind our reasoned advocacy is a strong public sentiment, and that while we shall treat a question of such moment to the future of India from the strictly economic point of view, it has also a political aspect which is at least worthy of notice.

The proposition of free trade

52. In considering the issue between free trade and protection it is necessary in the first place to examine the theoretical basis of the subject and to set forth what we understand to be the principles which are generally accepted by modern economic authorities on these difficult questions. The old free trade doctrine of the classical economists may be said to have rested on two propositions. It was assumed, firstly, that the capital and labour of a country, if left unfettered by any kind of Government regulation or restriction, would naturally be applied to those industries which would yield the greatest economic return. The capital and labour of a country both being limited in quantity, it is evidently of the utmost importance that they should be applied in the manner which will yield the best economic results, and it was held that the free interplay of economic forces would best determine the direction of the capital and labour of a country into those industries in which it has a comparative advantage over other countries. The second proposition was that the best economic results, both for the world as a whole and for individual countries, would be obtained by each country applying its capital and labour to those industries in which it had the greatest comparative advantage, and then exchanging the products of those industries for articles which it was not able to produce so cheaply itself. This is the principle of the international division of labour.

Their qualifications

53. Both these propositions have a *prima facie* validity which is not seriously contested. But they state only tendencies, and

difficulties may be overcome by special circumstances. We are thus led to an examination of the generally recognized qualifications of these propositions:

64. In the first place there may clearly be cases in which the free interplay of economic forces will not secure the best utilisation of the capital and labour resources of a country. In the competitive struggle an initial advantage may prove to be a permanent advantage. A fully developed industry in one country may be able under conditions of unfettered competition to hinder the development of the same industry in another country possessing equal or even greater natural advantages; in these circumstances the latter country may never, or only after long delay, succeed in applying its labour and capital to the best advantage of which they are capable owing to the initial difficulties in making a start. These considerations were stated many years ago with admirable lucidity by John Stuart Mill, who wrote, "The superiority of one country over another in a branch of production often arises only from having begun it sooner. There may be no inherent advantage on one part or disadvantage on the other, but only a present superiority of acquired skill and experience. A country, which has this skill and experience yet to acquire may in other respects be better adapted to the production than those which were earlier in the field."

65. The argument as stated above applies primarily to particular industries which are handicapped at the start by the competition of fully developed rivals, and could be used irrespective of the stage of industrial development attained by the country in which the new industry finds itself. But the argument has been applied with special force to industrially new countries in competition with those in which industries have long been established. The classical expression of this argument is to be found in the works of List, whose economic theories have exercised such a profound influence on the policy of the great protectionist countries. It is summed up by a modern English economist, Professor Pigou, who, in dealing with List's arguments, writes as follows:

"The main element of productive power, whose development involves a long process, is a population trained in the general atmosphere of industrial pursuits. If a country is essentially agricultural and has no important class of artisans or factory workers, the skill required for starting any particular kind of mill will be very difficult to get. Masters, foremen and workmen must first be either trained up at home or procured from abroad, and the profitability of the business has not been sufficiently tested to give capitalists confidence in its success. For a long time, therefore, it is improbable that any work

• List's "National System of Political Economy."

which may be started will be able to compete on equal terms with established foreign rivals—and that in spite of the fact that the industry in question may be one for which the country has great natural advantages. On the other hand, in a country which is already largely industrial, the initial difficulty involved in starting a new industry is likely to be much slighter. For much less time is required to obtain from among a people already accustomed to many varieties of factory work, hands capable of carrying on a new variety of it. Further, in an industrial community, those other important elements of productive power, organised systems of transport and of credit, which, in an agricultural country, may need themselves to be built up before manufactures can be profitably established, are presumably already in existence.”

66. The *prima facie* advantages too of the international division of labour are subject to certain qualifications. It may be that in some circumstances the greatest amount of wealth would be secured by a degree of specialisation which could not be regarded as conducing to the general interests of the country. In other words there are objects of state policy different from, and more important than, the mere acquisition of wealth. A country might produce the greatest amount of wealth by devoting itself wholly to agriculture, and yet such a one-sided development, in virtue of its effect on the national character and institutions, might not be in the wider interests of the country as a whole. Similarly, considerations of national defence may set legitimate bounds to the extension of the principle of international division of labour.

Circumstances in which protection is justifiable

67. So far we have indicated what we take to be the circumstances in which economic theory might justify departures from the principle of free exchange of commodities between nations. It is admitted that in all such cases restrictions on free exchange involve some immediate economic loss. We turn once more to the economists for their verdict as to the circumstances in which such loss may justifiably be incurred. In the passage already referred to John Stuart Mill says, “The only case in which, on mere principles of political economy, protecting duties can be defensible, is when they are imposed temporarily (especially in a young and rising nation) in hopes of naturalising a foreign industry, in itself perfectly suitable to the circumstances of the country. . . . A protecting duty, continued for a reasonable time, will sometimes be the least inconvenient mode in which the nation can tax itself for the support of such an experiment.” List expresses himself more emphatically, “The nation must sacrifice and give up a measure of material prosperity in order to gain culture, skill and powers of united production; it must sacrifice some present advantages in order to insure to itself future ones.” There is one idea common to both writers—a

present loss for a future gain. The gain we have already indicated. We now turn to consider what constitutes the loss.

The Burden of protection arising from increased prices

68. The burden of protection arises from the increase in prices. It is obvious that an import duty tends to raise the price not only of the imported article, but also of the competing locally produced article. Cases are analysed by the economists in which for special reasons or for temporary periods the normal result does not follow, or follows only partially. But, broadly speaking, there is no dispute as to the tendency of import duties to raise the prices of the articles taxed. Further, when import duties are placed on a wide range of articles, there is a tendency for the general level of prices in the country to be raised; the rise is not confined to the particular articles taxed. For this phenomenon there are various causes. In the first place the import duties tend to check the volume of imports, with the result that a favourable balance of trade is created. This favourable balance is settled mainly by the import of the precious metals, and so far as these find their way into the currency, thereby increasing its amount, the general level of prices tends to rise. In India this argument must be applied with caution, for the precious metals when imported are largely used for other purposes, and comparatively small quantities are likely to go to swell the volume of the currency. A less theoretical argument is that the increased cost caused by import duties enters generally into the cost of production of all articles manufactured in the country and into the cost of transportation. Duties on cotton cloth or on sugar, for instance, may raise the expenditure of the employees of an industry; to meet such increased expenditure higher wages are required; higher wages mean higher cost of production, and this in turn means that the product requires to be sold at a higher price. Instances might easily be multiplied. It may, we think, be taken as the view accepted by economists that a general increase in import duties tends to produce a general rise in prices in a country, and not merely a rise in the price of imported articles and such locally produced articles as directly compete with them.

Gradual diminution of the burden.

69. It is not our intention to suggest that the burden on the consumer arising from protective duties is necessarily permanent. On the contrary, if the industries to be protected are selected with due discrimination, the burden should gradually diminish and eventually cease altogether. But the process of diminution is not likely to be rapid, or to commence immediately. So long as foreign imports continue to enter in appreciable quantities, the price of the

COMMENT.—I observed that I had just seen a telegram from the Collector of Noakhali asking what had actually happened as “he” did not know, and that ignorance at Chittagong might be intelligible. It was, however, asserted that the suppression was deliberate.

(f) Forfeiture of pay of railway employees in respect of the 4th May (when there had been a previous strike) and other railway grievances,

COMMENT.—I did not go into details.

(g) That they wanted to change the policy of Government with reference to the refusal of help towards the repatriation of the coolies.

(h) That they wanted to compel Government to stop interfering with steamer and railway companies from giving facilities and concessions in connection with these coolies.

COMMENT.—I explained that Government never had interfered, had no power to interfere, and no wish to interfere. That there had been some misunderstanding of a letter from the agents by the local steamer staff, but that this had been explained to Mr. Andrews in Darjeeling on the 26th May.

I asked Mr. Sen Gupta to which of these reasons he attached the most importance. He replied that he would rather not say, but added that if the attitude of Government changed with regard to repatriation, other things might be settled. On the 1st June Mr. Andrews confirmed that the repatriation question was the crux of the matter.

Question of Repatriation.

I had been previously told by Mr. De that Mr. Indu Bhusan Dutt, M. L. C., had visited Chandpur and offered to give a further Rs. 1200 from Mrs. K. C. De's Relief Fund for the repatriation of the coolies, his offer being refused. I asked the local leaders if this was correct, and it was admitted. The explanation offered was that any money connected with Mr. De's fund would not be taken; that on account of Mr. De's behaviour they did not wish to take Mr. De's money. I asked them if this was true of the coolies themselves. Mr. Sen Gupta said that it was; the coolies said they would not touch Mr. De's money; they had not told him so, but this was the impression he got from the local leaders. He continued that his impression was that they would not take Government food or Government money. Hence Mr. Andrews proposal (of a Government contribution to a general fund). I asked Mr. Sen Gupta what would happen if I took a steamer up to the camp and said that it was a Government steamer. He said, he thought the coolies would refuse to use it, “though the leaders might persuade or compel them.” The actual words used are significant. Babu Hardyal Nag gave it as his opinion that the coolies were so distressed that they

would accept. This was after I had remarked that if the strike was to last till Government repatriated the coolies and if the coolies would not be repatriated by Government, there was somewhat of a deadlock.

Interview with Mr. Andrews

Lastly I should mention my interview with Mr. Andrews on the 1st June. As is known, the proposition put forward by him was that Government should contribute Rs. 5000 towards the general subscription for the repatriation of these coolies. I explained to him the objections as we saw them, to our doing so. He said that he was anxious that Government should participate, but he also stated that in Calcutta the Marwaris has assured him of "unlimited" funds. I went through with Mr. Andrews the interview I had had with the local leaders, and impressed on him that if he repatriated the coolies Government would be quite willing to send medical help along with them and to warn officers "en route" to help them. I may mention that both the Railway and Steamer Companies have promised concession rates to Mr. Andrews. It is also noticeable that between the 21st and 30th, Rs. 4096 had arrived in Chandpur by money order to the address of Mr. Andrews and Babu Hardyal Nag, apparently from sympathisers.

On my way through Goalundo on the 29th, the steamer strike being then in progress, I was told that Swami Biswananda and the son of Mr. C. R. Das were in charge. The former was reported to have stated that he intended to bring Government to its knees. On my way back Mr. C. R. Das and a party were there. There were more boats anchored there and the non-co-operators were feeding the crews and the coolies of Messrs. Bird and Co. The local officers thought they must be spending some Rs. 600 or 700 per diem. The local non-co-operators had wired to Babu Hardyal Nag for funds, and some had been sent, though not as much as had been asked for.

Conclusions

In the light of all these facts—merely to deal with the question in its aspects as they concern these coolies—I think it is impossible to resist the following conclusions:—

(i) These coolies had to be moved away from the railway premises; they would not have moved had some force not been applied to them; it is impossible in a melee to assess the weight of each blow, but however regrettable it is (and it undoubtedly is) that some were hurt, the force used was, looking to all the circumstances, not excessive. The whole incident has been the subject of malicious exaggeration, and I am satisfied on the evidence of the

Industrial development requires to be stimulated by protective duties

74. The question which we have to determine is whether the industrial development at which we aim can be attained without the stimulus of protective duties, and if not, whether the advantage to the country arising from this industrial development will outweigh the burden which protective duties will impose. The Industrial Commission, which was debarred from considering questions of tariff policy, made a number of important recommendations for the development of Indian industries, involving the abandonment of a *laissez faire* policy. But we hold that these measures by themselves will not produce that marked impetus for which the time and conditions are now ripe. Education can be improved, banking facilities can be extended, technical assistance can be offered to industries, but what is mainly wanted is a policy that will inspire confidence and encourage enterprise, and we do not think that the recommendations of the Industrial Commission provide this. Professor Pignon at the close of the passage which we have already quoted draws the following weighty conclusion: "From these considerations it follows that the case for Protection with a view to building up productive power is strong in any agricultural country which seems to possess natural advantages for manufacturing. In such a country the immediate loss arising from the check to the exchange of native produce for foreign manufactures may well be outweighed by the gain from the greater rapidity with which the home manufacturing power is developed. The 'crutches to teach the new manufactures to walk' as Colbert called protective duties, may teach them this so much earlier than they would have learnt it, if left to themselves, that the cost of the crutches is more than repaid." The words might almost have been written with direct reference to the conditions of India, and the case for protection in India can hardly be stated better. India is an agricultural country which possesses undoubted natural advantages for manufacturing. She produces an abundance of raw materials, she has an ample potential supply of cheap labour and adequate sources of power; and the establishment of two great manufacturing industries shows that she is capable of turning these natural advantages to use. We have been told by many witnesses that the chief obstacle to a more rapid development of industries in India is a certain want of confidence among the owners of capital. The practical protection afforded by the war had a stimulating effect on many Indian industries. But this protection, and such incidental protection as is yielded by high revenue duties, lacks the assurance of permanence, and fails to give the sense of security which arises from the

deliberate adoption of a policy of protection. This point of view was perhaps expressed most clearly by Mr. Shakespear giving evidence on behalf of the Indian Sugar Producers' Association. He said, "My personal view is that it is the principle of the thing which we, as an industry, would like to see far more than an actual duty of 15; 20 or 25 per cent. If the principle of protecting the industry is accepted, that is what is going to be of value to us in developing the industry." Again Captain E. V. Sassoon, one of the leading Bombay industrialists, after stating that Indian capital was "aby of anything now in the way of industrial enterprise" said, "what is wanted is confidence, and a policy of protection would help to secure that at once."

75. We have now shown that India will derive very great advantages from industrial development, that the conditions for a rapid advance are suitable, and that without the stimulus of protective duties the advance will not be sufficiently rapid. All these considerations lead us to the conclusion that protection will bring a very material gain to the country.

Necessity of deriving a high revenue tariff.

76. A further consideration pointing to the same conclusion will be found in the present tariff position in India. We have referred in Chapter II to the increasing proportion which customs revenue bears to the total Imperial revenue, and we have now to consider whether this tendency is likely to be permanent. We received a considerable amount of evidence regarding the respective merits of direct and indirect taxation. We do not propose to recapitulate the well-worn arguments of the economists on this subject, but we are bound to take note of the fact that the general sentiment of Indian witnesses was strongly "opposed to direct taxation, and that the collection of income-tax in India presents peculiar difficulties. Direct taxes in India are confined practically to income-tax and land revenue. With the latter, which is a provincial receipt, we are not concerned. The income-tax rates have been raised largely since 1915-16, and the yield has risen from 3 to 20 crores of rupees. High taxes on income are undoubtedly a handicap to industrial development, and there are many who hold that the rates ruling at the present moment are distinctly too high for the interests of industries and the general prosperity of the country. The witnesses whom we examined on this point were almost unanimous in the opinion that direct taxation has reached its limit under present conditions, and in view of the general feeling in the country we do not think that any material increase in this form of taxation is feasible. If, therefore, any further

increase in taxation becomes necessary, it will have to take the form of indirect taxation. If, on the other hand, a decrease in taxation became possible, we think that it should take the form of a *pari passu* reduction in direct and indirect taxation. In view of these conclusions we cannot anticipate for many years to come any appreciable reduction in the revenue which it is necessary to derive from the customs. This means that import duties must continue high, and that, whether intended or not, protection will be given.

77. But a high revenue tariff such as that now in force in India is open to great objection. A revenue tariff based on free trade principles is one that is imposed on goods that cannot be produced in the country; or, if this condition cannot be observed, it must be kept at a very low rate on goods produced in the country, or countervailing excises must be imposed, so that no protection is afforded to local industries. Until the year 1916 the Indian tariff might be said to have fulfilled these conditions. But since 1916 the tariff has become less and less consistent with purely free trade principles. It gives protection, but it gives it in the least convenient and the least beneficial way. The protection is not calculated on the needs of the industry, nor does it carry any assurance of a permanent policy. It is casual and haphazard. Moreover, it may actually impede the industrial development by taxing raw materials and semi-manufactured articles. It appears to us therefore that the necessity for raising a large revenue from customs duties and the obvious inexpediency of ignoring the effect of those duties on the industries of the country, must inevitably lead India to the adoption of a policy of protection, as they led Germany in 1879.

The loss protection will involve.

78. We turn now to the loss that must be set against the gain to India from protection, to which we have referred in paragraph 75. The most important item is the burden of increased prices that protective duties will impose on the people. We have explained the nature of these burdens in paragraph 68 above, and we proceed to consider whether it will be so great as to outweigh the advantages which we anticipate from the adoption of a protective policy.

79. As import duties have a tendency in some degree to extend their influence beyond the particular commodities on which they are imposed, it is necessary to treat with caution the argument that some article is not consumed by the poorer classes and that therefore a protective duty on it can do them no harm. A further limitation of this argument is to be found in the fact that there are frequently partial substitutes for imported articles, which are manufactured and consumed locally, and that any cause which

raise the price of the imported article raises the price also of the locally produced substitutes. An obvious instance of such a case is seen in cotton cloth. Experience, as well as theoretical reasoning, shows that the price of Indian manufactured cloth is influenced by the price of imported cloth, even when the two classes are not in direct competition. In estimating therefore the extent to which the poorer classes will be affected by protection; it is not sufficient merely to ask what proportion of their income is spent on imported goods. We have received various estimates on this point, and all agree that the actual quantity of imported goods purchased by the masses of India is small. But this is no final criterion of the degree to which protection will affect them, though there is no reason to suppose that, under the system we recommend, the indirect burden will be considerable.

Effect of Protection.—(1) On the Agricultural classes.

80. There are however two classes of the population whose interests are affected by protection: it is particularly important to consider the agricultural and middle classes. Agriculture is, and must remain, the foundation of the economic life of India; and this not merely because it furnishes the livelihood of three-quarters of the population. Indian industries cannot flourish without a prosperous Indian agriculture. Agriculture is largely the provider of the raw materials for industry; and the Indian agriculturist will offer the main market for the products of Indian industries. Any form of protection therefore which would seriously affect the interests of agriculture would go far to defeat its own object. We have already explained in what ways we think that industrial development may be of advantage to the agricultural community, in some cases through a sympathetic rise in wages, in others through the wages of industrial workers being made available for expenditure in the villages, in others through a reduction in the number dependent on the produce of the land. But while a policy of protection of industries may not injure the agricultural wage earner, who may be able to secure a rise in wages equal to, and in some cases greater than, the rise in the cost of living, there can be little doubt that the agricultural producer; the man who either works the land himself or employs hired labour; must suffer to some extent. Protection must mean to him a higher cost of production, arising partly from the higher cost of the implement that he uses, partly from the higher wages that he will have to pay and partly from the general rise in the cost of living. As a set off against this higher cost of production it is probable that in the neighbourhood of industrial centres the demand for agricultural produce will raise the price. But, in general, one of two results seems

likely to follow. Either the agricultural producer will not receive for his produce an increased price which will fully compensate him for the increased cost of production, in which case agricultural interests would suffer and there would be a tendency for marginal land to go out of cultivation; or the price of agricultural produce will be raised generally to cover the increased cost of production with injurious effects on the mass of the population. Provided however protection is applied with discrimination, we do not think that the burden imposed, either on the agricultural producer or, through a rise in the prices of agricultural produce, on the consumer in general, need be sufficient to make us hesitate regarding the net advantages of the policy we recommend.

(II) on the middle classes.

81. With regard to the middle classes, by which we mean mainly the professional, clerical and petty trading classes, there is no doubt that they will be more adversely affected than any others by a policy of protection. The middle classes have a certain standard of living which entails expenditure on imported goods. Their cost of living will undoubtedly rise. The possibilities of equivalent, or at any rate timely, expansion in their incomes, however, are limited. It is probable therefore that for some period they will feel the effects of protection more than any other class of the population. But in virtue of their education they, more than other classes, are in a position to estimate the value to the country as a whole of the developments which we believe our policy will produce; and so far as we have been able to judge from those witnesses who have given evidence before us, the middle classes are prepared to merge what might be regarded as their own immediate interests in the wider interests of the country.

82. In estimating the burden of protection we have to anticipate the arguments given in the next chapter, in which we show that any type of indiscriminate protection would entail a sacrifice out of proportion to the results. We explain in that chapter the limitations that we propose with a view to restricting the immediate loss as far as possible without reducing the gain that is to be anticipated from protection. If those limitations are observed, we consider that the burden will be one which it is reasonable to ask the country to bear in order to secure the great benefits anticipated.

83. Before coming to our final conclusion we must refer to certain disadvantages which are inherent in any system of protection, namely, the risk of encouraging inefficient methods of production, the danger of political corruption and the possibility of combinations of manufacturers. We have borne these points in mind in formulating our scheme of protection and in devising the

constitution of the Tariff Board. We explain in detail in Chapter VI to what extent we think these dangers will be mitigated by our proposals, and it is enough to say here that we do not consider them sufficiently serious to affect our main conclusion.

The balance of advantage

84. We have now set forth, as impartially as possible, the arguments for and against the adoption of a policy of protection in India. In Chapter IV we have shown the great benefits that will accrue to India from industrial development, and in the present chapter we have explained the necessity of the stimulus of protection to secure rapid progress in this direction. We have also shown that the necessity of a high customs revenue is inevitably leading India towards protection. On the other side we have shown that the immediate loss to be apprehended from protection, and the dangers inherent in it, will be mitigated by the system of discrimination which we recommend and by the constant supervision of our proposed Tariff Board. We have carefully considered the weight of the arguments on both sides, and apart from the strong Indian sentiment in favour of protection, to which we have referred above, we are satisfied, on economic grounds, that the temporary loss involved will be more than made good by the ultimate gain, and that the balance of advantage is heavily on the side of the recommendation made in the opening paragraph of this chapter viz., the adoption of a policy of protection to be applied with discrimination along the lines indicated in this report.

Imperial Preference.

(1) History and Meaning

214. The question of Imperial Preference in the British Empire first took practical shape in 1897, when Canada, partly in pursuance of a more liberal tariff policy, reduced her duties on British goods. Owing to the existence of certain commercial treaties the benefits intended for Great Britain had to be conferred temporarily on some other countries, but the hampering treaties were denounced in 1898, and from that time the preference, which was fixed at one-fourth of the duty, was confined to the United Kingdom and such British colonies as gave Canada favourable treatment. In 1900 the preference was raised to one-third.

215. The subject of Imperial Preference came before the Colonial Conference of 1902, and on this occasion the principle was for the first time authoritatively recognised as one of general application. The resolution passed by the Conference was as follows :—

"1. That this Conference recognises that the principle of preferential trade between the United Kingdom and His Majesty's Dominions beyond the seas would stimulate and facilitate mutual commercial intercourse, and would, by promoting the development of the resources and industries of the several parts, strengthen the Empire.

"2. That this Conference recognises that, in the present circumstances of the Colonies, it is not practicable to adopt a general system of free trade as between the mother country and the British Dominions beyond the seas.

"3. That with a view, however, to promoting the increase of trade within the Empire, it is desirable that those Colonies which have not already adopted such a policy should, as far as their circumstances permit, give substantial preferential treatment to the products and manufactures of the United Kingdom.

"4. That the Prime Minister of the Colonies respectfully urge on His Majesty's Government the expediency of granting in the United Kingdom preferential treatment to the products and manufactures of the Colonies either by exemption from or reduction of duties now or hereafter imposed.

"5. That the Prime Ministers present at the Conference undertake to submit to their respective Governments at the earliest opportunity the principle of the resolution, and to request them to take such measures as may be necessary to give effect to it."

The principles of Imperial preference

216. The points of chief importance which emerge from this resolution are :—

(1) That the stimulation of commercial intercourse between the different parts of the Empire was in the interests of the Empire;

(2) that the policy of preference would develop the resources of the several parts of the Empire and thus strengthen the whole;

(3) that there was no question of the Dominions abating their protectionist policy, and no idea of establishing free trade within the Empire;

(4) that the preference given should be wholly voluntary, and should not go beyond what the circumstances of each unit might reasonably permit;

(5) that the United Kingdom should, if possible, grant certain preferences in return.

Its extension

217. In pursuance of this resolution preferential duties were introduced by New Zealand and South Africa in 1903 and by Australia in 1907, but the United Kingdom decisively rejected the policy of taxation of food, through which alone any effective response could have been made to the preferences granted by the Dominions. At the Colonial Conference of 1907 the question was once more raised prominently. The representatives of the Dominions showed the importance they attached to the development of the system and to some response on the part of the United Kingdom, but the British Government explained without disguise that in their opinion the circumstances of the United Kingdom made this impossible. The resolutions of 1902 were reaffirmed with a reservation by the British Government that they could not assent that it was necessary or expedient to alter the fiscal system of the United Kingdom.

The Position of India in relation to Imperial Preference.

218. In the meantime the Government of India had been consulted in 1903 on the question of Imperial Preference from the standpoint of the interests of India. After reviewing the position of India, the nature of her trade and tariff, and her commercial relations with the Empire and other countries, their general conclusion was that from an economic standpoint India had something, but not perhaps very much, to offer to the Empire, that she had very little to gain in return, and that she had a great deal to lose or to risk.

219. Up to the time of the war therefore the position was that the self-governing Dominions all gave preferences at such rates as they considered advisable to certain products of the United Kingdom, and in some cases to the products of other parts of the Empire; that India and the majority of the Crown Colonies had not adopted the principle; and that the British Government had definitely stated that it did not see its way to grant preference in the United Kingdom. The preferences granted by the Dominions were intended primarily for the benefit of the United Kingdom, but New Zealand extended her concessions to the whole Empire, and Canada has voluntarily granted her preferences to New Zealand, India and most of the Crown Colonies. Canada has also entered into special agreements with the West Indies. Australia and South Africa adopted the principle of confining their preferences primarily to the United Kingdom and only extending them to other parts of the Empire as the result of negotiations. South Africa has negotiated agreements with Canada, New Zealand and Australia. Australia has made an agreement only with South Africa, but it is stated that negotiations for an agreement with New Zealand are at present in progress. In Canada, Australia and New Zealand the preferential duties are usually about two-thirds of the full duty, though the fraction varies considerably both above and below this figure. The South African preference is a small one and is usually only a rebate of 3 per cent. *ad valorem*. In a number of cases when the general duty is only 3 per cent British goods are admitted free, and in the other Dominions in the same way British goods are sometimes admitted free, when the general duty is at a low rate. It must be remembered that in no case do the Dominions allow these preferences to interfere with the degree of protection which they consider necessary for their own industries.

The effects of the War.

220. The war gave a great impetus to the policy of consolidating the Empire, and in the light of the ideas engendered by the war the

sion of such an attempt being made, it would have been quite sufficient if a detachment of Police or soldiers was posted to guard the gang-way to the receiving flat.

4. Now, while the assault is admitted, it is not admitted that any injuries or serious injuries were inflicted or that any bayonets were used, and the gravity of the assault has been attempted to be minimised.

Those of the station staff that were on the scene of occurrence prove that injuries were inflicted with lathis, butt-ends of guns and bayonets. The injured people were seen immediately after the occurrence by Akbil Babu, Ananga Babu and others. Ananga Babu took notes of the injuries and gave up the attempt when he found that the number was very large. Basanta Babu, who collected the coolies at one place, says that about one hundred people were injured. Dr. Suresh Chandra Sur M. B. personally examined and took notes of nine cases. Doctor Narendra Kumar Brahmachari examined and took notes of 17 cases while Doctor Guru Nath Bose took notes of 7 or 8 cases; the latter's notes were missing at the time of his examination. Besides these there were slight injury cases which were not noted at all. The injury cases were attended to by Babu Jogesh Chandra Sur M. B., Babu Narendra Kumar Brahmachary B. Sc. and a student of the Medical College who has just appeared at the first M. B. Examination, Dr. Guru Nath Bose, a medical practitioner of about 22 years' standing, and Dr. Amir Hossein of the Mission Hospital. They prove the infliction of bruises, sprains, fractures, incised cuts and punctured wounds. From the nature of some of the injuries caused they are decidedly of opinion that the point and the sides of bayonets were most likely used in causing them. In addition we have examined some of the injured persons who speak of the use of lathis, butt-ends of guns and bayonets. These are witness Nos. 8, 19, 21 to 36, altogether 18 persons. To decide whether bayonets were used in the assault, let us first take the case of witness No. 8, Asuda. Witness No. 5, who examined her wound on 21st May, says—"She had one punctured wound on the posterior surface of the right elbow-joint probably caused by a pointed weapon, such as the bayonet of a gun incising one of the deep arteries. The wound was bleeding profusely even then. The whole body and major part of her cloth were covered with blood. She was sent to the Mission Hospital as I thought the artery should be ligatured at once, etc." The Mission Hospital Doctor, witness No. 16, referring to this particular wound on Asuda says—"The second wound was a punctured one on the outer side of the right elbow. It was one inch deep caused most probably by a sharp-pointed weapon such as a bayonet." Besides the evidence of these two medical men, we have the direct evidence of the woman herself who says that she was "struck with something attached to the upper part of a gun." Let us next take the case of Lachmania Witness No. 44—Ananga Babu saw her immediately after the occurrence. She was being helped by two other coolies, crying piteously and complaining to her right arm being broken. She was bleeding profusely from a second wound on the head, her scanty cloth being soaked in blood. The wound on her head appeared to be an incised wound 4 inches long. Mr. Andrews who came to Chandpur on the evening of the 21st May saw next morning the injuries on 5 or 6 persons. He admits that he did not see more of the wounded coolies than these 5 or 6. One of those he saw was perhaps the girl Golasa about whom witness No. 5 says that the injury below her right eye "was a deep punctured wound caused probably by the end of bayonet." Though Mr. Andrews seems to be of opinion that it was not caused by a bayonet, he admits that he has no expert knowledge on the subject, that his examination did not extend beyond a mere look at the injury, and that he did not even touch the wounded portion with his finger.

Witness No. 6 records two or three cases of dislocation and fracture. He names Sowkali (male), late of the Balisira garden, as having a simple fracture

of the radius at the proximal end below the tubercle. Jugua (male), late of Balisra garden, as having one proximal right ulna fracture and one fracture of the fibula; and Sukelai, late of Kowara line garden, as having a dislocation of the first right metacarpal. Lots of sprains were caused by hitting with butt-ends of guns, one case being that Jhumki (female), witness No. 36, who had a sprain below the right nipple extending over 8th, 9th and 10th ribs up to the costal as we get from witness No. 6. The patient complained to the Doctor of extreme pain and was screaming while being examined. We examined one woman, witness No. 25, who was unable to stand from when she was assaulted and was in that condition when we examined her i.e. about a week after the occurrence. As there was some difficulty in finding out the wounded people we could not examine them all.

As to whether any body got killed as a result of the assault is not very clear. Some babies were left behind at the time of the occurrence and witness No. 15 says that five such were found and were restored to their parents. Witnesses Nos. 9 and 14 speak of some coolies still lying in the waiting shed when the assault was over. Witness No. 14 did not go near to see their condition. Witness No. 22, a cooly, says that he went to bring his luggage from the passengers' shed after the assault had ceased and saw 5 persons, 2 babies and 3 men killed. Witness No. 41, a cooly, says that he had a diseased sister and her diseased husband in the waiting shed at the time of the occurrence and they are missing since. Witness No. 41, another coolie, complains of his brother, brother's wife and their son being missing and not traced since then. It is however not possible to a definite finding as to whether any body lost his life in the assault.

5. The last point we have to consider is who, if any, among the officials are responsible and to what extent for the assault on the coolies. We find that Mr. K. C. De, Mr. D. H. Wares, the Hon'ble S. K. Sinha, Mr. A. Shallow all officials, and Mr. Macpherson a non-official, were present at the time of the occurrence. The Railway staff witnesses say that Mr. K. C. De, gave the orders for the assault. Mr. De also admitted to Akhil Babu that he had given the orders, but he qualified his statement saying, "really Mr. Wares also accepts responsibility for giving orders." Whoever might have actually uttered the words giving order it is quite clear that the assault was a premeditated one and decided on presumably after conference among the responsible officials present at Chandpur at the time, we mean Mr. De, Mr. Wares and the Hon'ble Sinha. At any rate the responsibility is divided between Mr. K. C. De and Mr. D. H. Wares. The S. P. was present at the time of the occurrence but it is not quite clear what part he actually played or whether he had any hand in deciding on the assault that was to have been made.

With these findings and observations we conclude our report and submit herewith the copies of the proceedings made over to us and the evidence taken by us. One of our colleagues Moulvi Ashrafuddin Ahmed Choudhury who attended some of the earlier sittings but was unable to attend some subsequently could not join us in drawing the report and signing it.

We have the honour to be

Sir,

Your most obedient servants,

(Sd.) J. M. Sen Gupta

PRESIDENT

(Sd.) Banga Chandra Bhattacharjee

(Sd.) Upe. Chandra Mitter

(Sd.) Raman Mohan Dutta

SECRETARY

economic effect of a preferential duty. So long as a substantial quantity of the commodity continues to be imported from countries, to which the preferential rate is not extended, the price of the commodity will be regulated by the higher duty. The consumer will thus pay the higher price on the whole supply, and the difference between the two rates of duty will be equivalent to a bounty to the manufacturer in the country receiving the preference. When, on the other hand the country receiving the preference supplies practically the whole market, then the price to the consumer will be regulated by the lower rate. The bounty to the foreign manufacturer will cease, and the consumer will get the benefit of the lower rate. The question therefore whether the consumer is or is not penalised for the benefit of the foreign manufacturer depends on the relative importance of the sources of supply. If the portion of the market supplied by the favoured country is large, the burden on the consumer will be small, or possibly there will be no burden at all. So long, however, as the supply from the favoured country is small relative to the total supply, the consumer will suffer.

226. It may be thought that, unless the consumer suffers, the foreign manufacturer cannot benefit; that is to say, unless the foreign manufacturer is able to annex for himself some of the difference between the two rates of duty, he will not be receiving any benefit. This however is not a fair statement of the case. To take an illustration, we may assume that the favoured country is, before the grant of preference, supplying three-quarters of the market. After the preference is given, the price to the consumer for a time may be regulated by the higher rate of duty, and the manufacturers of the favoured country will receive, as has been already explained, a bonus of the difference between the two rates. The effect of this bonus is to stimulate the trade of the manufacturers of the country receiving the preference, and in a short time they may secure for themselves the whole market, driving out altogether the non-preferred manufacturers. The price to the consumer will then be regulated by the lower or preferential rate of duty, and the favoured manufacturers will find that the price falls to the true competitive level. But they have not thereby lost the whole benefit of the preference. Their gain is represented by the additional quarter of the market which they have secured for themselves as the expense of their non-preferred rivals. Thus they benefit even when the consumer has ceased to suffer.

227. It will be apparent from the considerations stated above that the arguments in favour of preferential duties are very similar

to those in favour of protective duties. In both cases the consumer is invited to suffer a temporary loss. In both cases he is given the hope that when the policy succeeds the loss will terminate. In the one case, however, the advantage for which he is invited to suffer his temporary loss will accrue to the industries of his own country; whereas in the case of preference it will accrue to the industries of the country to which preference is given.

228. The analogy may be traced further. It is an essential part of the scheme of protection which we have advocated that protection should be given only to such industries as may be regarded as possessing a comparative advantage, and which are therefore likely with the aid of the protection given to be able eventually to supply the needs of the country as cheaply as foreign industries. The same principle should be applied in the grant of preference. If a preference is given to an inefficient industry or to an industry which with the preference is not likely to be able to supply eventually the whole market, the preference will constitute a permanent burden on the consumer, and will therefore from an economic point of view be unjustifiable.

The revenue aspect

229. The economic effect of a preferential duty has two aspects. Hitherto we have been considering the duty merely as it affects the consumer. But the duty may also affect the Government revenue. If the preferential rate is a true reduction from the general rate, it is clear that the country granting the preferential rate is sacrificing revenue. As we have indicated above, however, preferential rates are frequently not real reductions. Preference often takes the form of raising the duties against the non-favoured countries instead of lowering them for the benefit of the favoured countries. In such cases it may be argued that the State sacrifices no revenue. Indeed it may receive in view of the higher rates imposed on the non-favoured countries a slightly higher revenue. But for the true economic effect we have to look below the surface. The best tax from the economic point of view is that which brings to the public exchequer all the money extracted from the pocket of the tax-payer. An import duty operates to raise the price of the whole of the commodity sold in the country, whether imported or produced locally. Consequently the best economic import duty is one imposed on a commodity none of which is produced within the country. In this case the whole extra price paid by the consumer is levied in the form of import duty and reaches the public exchequer. The smaller the amount imported as compared with the amount produced locally, the smaller is the revenue in proportion to the tax on the consumer. It is to meet these conditions that those

countries which regulate their tariffs purely for purposes of revenue impose excise duties on the home production of goods on which import duties are imposed. Exactly the same considerations arise in the case of preferential duties. We may for purposes of this argument concentrate our attention solely on the goods imported, and may ignore the home production, if any. It is clear that if a single rate of duty is imposed, the State will secure as revenue the whole amount paid by the consumer. But if two rates are imposed and the consumer pays a price based on the higher of these two rates, the State does not secure as revenue the full amount taken from the pocket of the consumer. The tax therefore to this extent is not sound economically, and this unsound economic effect may be represented by saying that the Government loses revenue—not possibly actual revenue, but relative to the amount which it should receive in virtue of the burden which it is placing on the consumer.

230. A preferential duty, when it takes the form of raising the rate against non-preferred countries, may sometimes receive the support of the home industry because it increases the protection which that industry enjoys. But this is by no means a sound argument for granting such preference. It must be assumed under our scheme that the industry is already enjoying the protection which it needs. If, then, this protection is increased by means of a preferential duty, the result merely is that the consumer is being penalised to an unreasonable and unnecessary extent, and that the industry is receiving a larger measure of protection than it requires.

231. There is one indirect effect of preferential treatment which is perhaps worth mention. The effect of preference will be to stimulate imports from the country which receives favourable treatment. If the preferences are important, this will tend to build up direct shipping connections between the two countries, and as a consequence will give the exporters of the country granting the preference some advantage in market of the country receiving the preference. In other words, if imports are attracted from a particular country, there will be a tendency for exports to be attracted to that country. Thus to some extent it may be the case that the grant of a preference may bring some indirect compensating advantage to the country which grants it, provided its exports are competing with the exports of other countries in the market of the country to which the preference is granted.

(iii) The economic limitations of preference in India

232. We have explained in general what we conceive to be the normal economic effects of preferential duties, both on the producer in the country receiving the preference, and on the consumer in the

country giving it. We now have to consider the probable results of a policy of preference in India, in view of the special features of her economic position. This aspect of the question was examined with great care by the Government of Lord Curzon, and their conclusions were stated in their despatch to the Secretary of State, dated the 22nd October 1903. In its general features the analysis of the situation then made holds good. The Government of India in 1903 found that about three-fourths of the total imports into India came from the British Empire. Indian exports on the other hand went preponderately to foreign countries. The situation still is in broad outline the same, though such change as has taken place has been to the disadvantage of the British Empire. The figures given in Appendix D show that the imports from the British Empire, which were estimated at about 75 per cent in 1903, averaged in the five years immediately preceding the war only 69·8 per cent, and in 1921-22 stood at 66·6 per cent. The percentage of India's exports going to the British Empire has followed a similar course of gradual diminution. In 1903 approximately 47 per cent of Indian exports went to the British Empire, including exports to Hongkong and the Straits Settlements, which were, however, destined very largely for China and Japan. The corresponding figures for the years preceding the war show a percentage of 41·9, and in 1920-21 of 43, which in 1921-22 fell abruptly to 37·3. Turning to exports from India to the United Kingdom, these represented in 1903 about 25 per cent of the total exports, in the five years preceding the war the average percentage was the same, in 1920-21 it stood at 21·9 per cent, and in 1921-22 it had fallen to 19·7. Conditions have not completely readjusted themselves after the war, but the figures seem to indicate, for exports as for imports, some degree of relative decline of the importance of the British Empire in the trade of India. The present position is that India receives about two-thirds of her total imports from the British Empire, and sends to the British empire, after deducting exports to Hongkong and the Straits Settlements which are destined for China and Japan, something over one-third of her exports.

Indian exports not of a kind to benefit appreciably from preference

233. We have shown in Chapter III that between 70 and 80 per cent. of the imports into India come under the class of articles wholly or mainly manufactured. On the other hand the exports of manufactures from India amount to only some 30 per cent of the total exports, the remainder consisting to the extent of 40 to 50 per cent of raw materials, and the balance of articles classified under the head of "food, drink and tobacco." Broadly speaking, therefore, India may be said to import manufactures and to export

raw materials and foodstuffs. This fact is of great significance in considering the probable results of a system of preference. The economic advantage derived from a preference tends to be more important in the case of manufactured goods than in the case of raw materials. Manufactures nearly always meet with keen competition in foreign markets, and therefore a preference on manufactures is nearly always of value. The position in regard to raw materials is different. In the first place they are usually admitted free into foreign markets, so that the possibility of a preference does not arise; in the second place it is an obvious fact that to a large extent they find their markets ready made, whereas the market for manufactures has to be developed and carefully nursed. With a comparatively small degree of competition to meet, it is clear that raw materials stand very much less in need of preference than do manufactures, and that the gain to them by preference is likely to be correspondingly smaller. With regard to foodstuffs the general tendency in most countries is to admit them free, and the possibilities of preference are limited.

Indian exports receiving preference in the United Kingdom

234. These general considerations are corroborated by an examination of Indian exports and the possible advantage they could derive from a system of preference. Lord Curzon's Government in 1903 considered the possible commodities to which preference might be extended by the United Kingdom, and found that few, if any, were likely to receive any appreciable benefit. We are now able to deal with the matter on a more practical basis, for, as we have explained above, the United Kingdom granted to the whole Empire in 1919 such preferences as were found to be consistent with the tariff policy. The only preferences of interest to India are those on tea, tobacco and coffee. In each of these cases the preference took the form of a reduction of one-sixth of the duty. The preference was a genuine reduction from the general rate of duty, and was not created by maintaining the existing rate for British products and enhancing it for foreign products. The amount of the preference was reasonable. The United Kingdom early went as far as could be expected consistently with a regard for her own interests. We have to see what benefit within those limitations has been conferred on Indian producers.

Tea.

235. In the case of tea the value of the preference granted to India is discounted by the fact that her chief competitor, Ceylon, enjoys an equal preference. Between them these two countries provided 86 per cent. of the tea entered for home consumption in the United Kingdom in the year 1918, and in 1920 they provided 90 per cent. When such a large percentage of the total

supply is entitled to the preferential rate, it may be assumed in accordance with the general economic principles which we have stated above that the price to the British consumer will be regulated by the preferential, and not by the general, rate of duty. No direct bonus therefore is likely to accrue to the Empire producers of tea from the British preference. The advantage which they may be expected to derive consists in the increased demand which the reduction in price may cause, and in the possibility of securing for themselves the remaining 10 per cent. of the British market. But in this particular case it is not entirely clear that the capture of the remaining 10 per cent. of the British market will be of any great advantage to the Empire tea producers. When the question of introducing preferential rates in the United Kingdom tariff was under consideration in 1919, the Indian Tea Association expressed some doubt as to the value to them of the suggested preference. They thought that it would have the effect of driving Java and inferior China tea out of the English market altogether, that the result would be that these teas would compete keenly in American and other foreign markets with British tea, and that the British tea exporters might possibly lose those markets and would therefore gain nothing by the preference. These views, however, are not those now held by the Indian Tea Association. In 1919 the Association made a special request that India should be granted preference in the Canadian market where Java tea was obtaining a serious hold, a request which was granted by the Canadian Government, and it expressed itself to us as believing in the advantage of preference to the tea trade, and as anticipating good results if a preference were granted by Australia. We do not therefore entirely endorse the views expressed before the grant of the preference on tea in the United Kingdom as to its possible utility. But we do not think that the preference on Indian tea is only of indirect advantage to the Indian tea producers by way of a possible extension of their market, and that it does not operate to increase their profits per pound of tea sold.

Coffee.

286. The Indian coffee planters are probably in a better position to benefit by the British preference than the tea planters, and they have consistently supported the concession. The proportion which the Indian supply of coffee bears to the total supply in the United Kingdom is comparatively small, and it is possible therefore that the Indian coffee planters receive something in the nature of a direct bonus. The Indian coffee trade is however small compared to the tea trade, and it is not clear whether there is any large scope for increased production in India.

Tobacco.

287. In the case of tobacco, which however also occupies but a minor position among Indian exports, it would seem likely at first sight that the preference would be of substantial advantage to the trade. But, as was pointed out in 1908, the system of laying the duty in the United Kingdom creates a discrimination against Indian tobacco. The duty on tobacco in England is charged by weight and not by value. Consequently the cheaper article is taxed more severely in proportion to its value than the more expensive, and the cheap Indian tobacco pays a duty which is particularly heavy. Even with the preference Indian tobacco remains at a disadvantage in the English market. This is a case in which a higher degree of preference or a change in the system of assessing the duty might be expected to give a real stimulus to the Indian trade.

Actual and Possible Gain to India from Preference is Small.

288. The above examination of the existing preferences granted to Indian products in the United Kingdom bears out our general

proposition that Indian exports on the whole are not of a nature capable of benefiting to any great extent by preferential rates, freely recognise that except perhaps in the case of tobacco, the British Government has done what it can within its existing tariff system. But only one of the major exports of India receives a preference, and even if the tariff policy of Great Britain were to be modified, as was proposed in 1904, with a view to extending the field of preference, we do not think that the gain to India would be great.

239. On the other hand it would no doubt be possible for India to confer substantial advantages on British products by the grant of preferences in her market. The nature of the British imports, which are nearly all manufactures, makes this clear. But we do not think that India could grant anything of great value without imposing a serious burden on herself, and it would not be reasonable for India to incur such a burden.

Indian fear that preference must diminish protection not justified.

240. Before dealing with what we take to be the real objection to the grant of any extensive system of preferences by India, we wish to mention two points in respect of which apprehension is generally expressed by Indian witnesses, but which do not seem to us to justify an adverse verdict from the economic point of view. In the first place many witnesses have expressed the fear that a policy of preference would be equivalent to weakening the policy of protection, that the grant of preference to British manufactures in the Indian market would mean that Indian industries would not receive the full protection which require for their development. We need hardly say that, if such were the probable consequences of a policy of preference, we should, as strongly and unreservedly as the witnesses to whom we have referred, pronounce our condemnation. But we have explained above that Imperial Preference involves no question of abatement of a protectionist policy, and implies no idea of free trade within the Empire. The Dominions, which have freely granted preferences to the United Kingdom, have all adopted a pronounced protectionist policy, and they have in every case taken care that the preferences granted by them to the United Kingdom in no way interfered with the protection which they considered their own industries required. We wish to make it perfectly clear that it is essential that, if any preference is granted by India, it should not be allowed in any way to diminish the full protection which it may be decided any Indian industry requires.

Apprehensions of loss through relation by foreign countries exaggerated.

241. The second apprehension of economic loss which we do not

consider to be justified is that foreign countries will take retaliatory measures against India, if India excludes them partially from her markets by a system of preference. This was an argument to which Lord Curzon's Government in 1903 attached great importance. They realised the strength of India's position as an exporter of raw materials which foreign countries were interested in obtaining at the cheapest rates. But they could not exclude the possibility that in the case of some countries and in the case of certain articles India might be open to attack. The position was re-examined by the Government of India in 1917, and they come to the conclusion that the dangers apprehended by Lord Curzon's Government on this account were not serious. They thought that the strength of India's position as a supplier of raw materials, many of which were monopolies or partial monopolies, had been under-estimated, and that the Indian export trade was not likely to be seriously prejudiced by any retaliatory action taken by foreign countries. The position was examined once more by the Committee of the Imperial Legislative Council which was appointed in 1920 to consider the subject of Imperial Preference. Their conclusion on this point is stated in the following words :—

"We first considered the question whether the application to the Indian Customs Tariff of a system of preference in favour of goods of Empire origin would be likely to involve any danger of retaliation by countries outside the Empire in respect of our export trade. So far as we are able to judge, we are unanimously of opinion that in view of the demand for our raw materials, there is no danger to be feared on this score, [and that the apprehensions of Lord Curzon's Government in respect of this particular aspect of the question would in present circumstances be unfounded."

242. The consideration which we have been able to give to the matter leads us to the same conclusions as were reached by the Government of India in 1917 and the Committee of the Imperial Legislative Council in 1920. While it is impossible to say that no country would take retaliatory measures against India in the event of the adoption of a policy of preference, we do not think that any country is likely to be able to embark on such action with any prospect of economic advantage to itself.

243. We have dealt with two aspects of this question in regard to which we believe that popular opinion is mistaken in anticipating economic loss to India from the adoption of a policy of preference. But we have shown, in analysing the effect of preferential rates, that they are likely in many instances to penalise the consumer in the country granting the preference, and it is in this respect that we anticipate that any considerable application of a policy of preference would cause distinct economic loss to India. The great mass of the

people in India, it must be remembered, are poor. We have throughout our enquiry borne this consideration in mind. Our general recommendations have been framed with a view to confining the sacrifice which must be demanded of the Indian consumer within the narrowest possible limits. It would not be consistent with our general view of the situation to ask the Indian consumer to bear an appreciable burden for the benefit of British manufacturers. Such a burden as appears to us inevitable in the pursuit of a policy of more rapid industrial development the Indian consumer must be asked to bear. But he should not be called upon to bear an additional burden on top of this for the furtherance of interests which are not primarily Indian.

244. In this connection a suggestion has been made that preference should never be given in the case of an industry which is protected in India. This suggestion is not dictated by any fear that the preference might weaken the protection granted to the Indian industry, but by the consideration that the protection of the Indian industry already imposes a burden on the Indian consumer, and that, therefore, it is not desirable that a further burden should be imposed on him by a preferential rate, which would undoubtedly take the form of raising the general rate above the level which is required for purposes of protection. We do not think that it would be reasonable to lay down any absolute rule to this effect, but we consider that in selecting articles for preference the extent of the burden already imposed on the consumer in respect of those particular articles should not be ignored.

Conditions in which the grant of preference might be justifiable.

245. In our view it is clear that if preference is to be given it must be confined to comparatively few commodities and cannot take the form of a general preferential tariff. The commodities selected must be as far as possible those in which British manufacturers already hold an important part of the market, and in which the grant of preference is likely to develop rapidly the portion of the market which they will command, so that the burden on the consumer, if any, will be removed at an early date. We have to recognize however that there may be few industries which fulfil the requirements we have laid down. A British industry which is thoroughly efficient and already commands a large part of the Indian market is not perhaps likely to stand in need of the impetus that preference would give. The industries which would be likely to place their faith in preference are precisely those which are less efficient, and the grant of preference to them might impose a permanent burden on the Indian consumer. Nevertheless we recognize that there may be cases, particularly arising out of special and

temporary conditions, in which India might be in a position to give assistance to British industries without appreciable economic loss to herself.

Nature of foreign competition in the Indian market.

246. Looking broadly at the competition of foreign countries in the Indian market, we see that out of 34 per cent. of imports derived from countries outside the British Empire about 18 per cent. in 1920-21 and 13 per cent. in 1931-32 come from the United States and Japan. After these two comes Java, the imports from which, however, consist of sugar, and therefore do not compete with imports from the United Kingdom. The most serious general competitors of British manufacturers therefore at the present moment are America and Japan. German competition in the matter of dyes is an important factor; and both Germany and Belgium are competitors of whom account must be taken in the imports of iron and steel. It must also be remembered that before the war German imports into India exceeded those of any other foreign country, and that there are signs that Germany is gradually working up this trade again. Japanese competition is mainly confined to cotton yarn and piece-goods. The United States sends large quantities of iron and steel, machinery, hardware and cutlery, instruments, apparatus and appliances, motor cars and tobacco, which may be considered in varying degrees to be in competition with British imports. These are the main heads under which we might expect British manufacturers to anticipate advantage to themselves from the grant of preferences in the Indian market.

247. We have received a certain number of applications from British manufacturing interests for the grant of preference. Representations have been made in respect of dyes, motor cars, electrical apparatus, tobacco, drugs and rubber tyres, while a general appeal was received from the British Empire Producers Organisation impressing upon us the importance of the adoption of the principle of Imperial Preference. We are not in a position to make any definite recommendations in regard to the merits of these various applications. But we think it desirable to point out certain aspects of some of them which have come under our consideration.

Dyes

248. The application which is probably of the most importance and which has been most earnestly pressed on our attention is that on behalf of British dyes. It was pointed out that the manufacture of dyes has been recognised in the United Kingdom as an industry of imperial importance, and that in consequence it has received a very special measure of protection in the market of the mother country. The considerations, it is urged, which have led the United Kingdom to give special treatment to the dye industry should lead other parts of the Empire

to do what they can to assist the development of British dyes. It is not only that in time of war the Empire should not be exposed to the risk of finding its supplies of dyestuffs entirely cut off. The dye industry has a much closer and more direct relation to the interests, and even the safety, of the Empire in the event of war. It is recognised that an efficient dyestuff industry is of the utmost importance to the national security, as in its absence serious difficulty must be experienced in turning out rapidly the explosives and chemicals required for war. From this point of view therefore the establishment of a large scale dyestuff industry is of supreme importance to all parts of the Empire. It is admitted that under present conditions there is no possibility of starting such an industry in India. India, therefore, in time of war must be dependent on the dyestuff industry of the United Kingdom; and from the point of view of Indian interests it might be thought that some help could reasonably be extended by India to the British industry. The Indian market is of great importance, and the British industry is at present apprehensive that it may lose this market and thereby suffer a severe blow. The competition is mainly with Germany which before the war was unchallenged in the production of dyestuffs. It is urged that the German industry, which is a well-organised monopoly, would be prepared to sell even at a loss in order to drive the British industry out of the Indian market, and that in any case the present depreciation of the mark gives the Germans an enormous temporary advantage in competition with the British product. For these reasons, and because the British industry is still to some extent in its infancy and has not yet reached the stage of full efficiency, the British companies ask for a preference in the Indian market.

249. We recognise the strength of the considerations put forward, but we realise also that there are important arguments on the other side. We understand that in many cases the British dyes are not considered equal in quality to the German dyes, and that therefore by preferring the former India would be imposing a handicap not only of price, but of quality, on her manufacturers. The competition of the Indian mills with Japan in piece-goods is at the present time so keen that India might well hesitate to handicap her own manufacturers by forcing them to use dearer and inferior dyes. So far as the Indian market is concerned this handicap might be neutralised by increasing the duty on imported piece-goods, but such a course would have the effect of penalising the Indian consumer. In any case, the handicap could not be removed in the case of competition with Japan in foreign markets.

250. We have stated as impartially as we can the arguments which have been used on both sides; and we feel that, in accordance with the principle we have adopted throughout this report, we cannot go any further and on the limited information available to us make any definite recommendation. We think that, if the principle of Imperial Preference is adopted, the question of a preference on dyes as affecting all interests might be examined by the Tariff Board.

Motor cars.

251. The case for a preference on British motor cars was put before us in writing by the Association of British Motor Manufacturers Limited, and orally by the Motor Trades Association in Calcutta. The case of motor cars is somewhat peculiar. The main source of supply in the United States which in 1920-21 sent motor cars to the value of £4,606,399, while the value of cars imported from the United Kingdom was only £2,183,987. The class of cars supplied by the United States and by the United Kingdom is different. The American cars make their appeal to the Indian market in virtue of their cheapness, and the enormous increase in the import of American cars recently shows that this is a factor which is of the utmost importance in India. We understand that efforts

are being made in the United Kingdom to produce cars which would compete with the cheap American cars, and a preference in the Indian market might give a decided stimulus to this movement.

Machinery

252. With regard to machinery we have stated that it is desirable that it should be admitted free. But we would not exclude an examination by the Tariff Board as to the effect of imposing a low import duty on foreign machinery while admitting British machinery free.

Cigarettes

253. The feasibility of a preference on cigarettes might also be examined. In 1920-21 the import trade was divided almost equally between the United Kingdom and the United States, the latter having a slight advantage. The figures of recent years show that the imports from the United States have been increasing very largely, and it is possible that a case for preference might be made out.

254. So far we have shown that in the nature of things any preferences granted to India are likely to be of considerably less value than the preferences which India might grant to the Empire; and that consequently in any balance of economic loss or gain India would under any general system of preference be a decided loser. We do not however wish to lay too much stress on this aspect of the matter. We realise that Imperial Preference as between the Dominions and the mother country has not hitherto been a matter of bargain. The Dominions from the first gave such preferences to the mother country as they felt were consistent with their own policy and were not injurious to themselves. Though they made it clear that they would welcome any response on the part of the United Kingdom, they did not make the grant of their preferences conditional on such a response. From 1897 to 1919 no response in fact was made. When in 1919 Great Britain decided to follow the example of the Dominions and introduced a preferential system, she gave freely such preferences as she felt could be granted consistently with the interests of her own people and the requirements of her own tariff policy. In the same way, if India is to adopt the principle of Imperial Preference, she must adopt it freely to the extent to which she feels she can do so without detriment to the paramount interests of her own people. She receives already certain preferences from the United Kingdom. She recognises with gratitude the spirit in which they are given. She will not wish to look too narrowly to the actual economic advantage of these preferences, and in turn she would expect that any preferences which she finds herself in a position to grant without serious detriment to her own interests should be received in the same spirit, and should be regarded as a voluntary gift and not as part of a bargain.

(iv) Conclusions.

Causes of Indian Hostility to Preference

255. We have been impressed throughout our enquiry by the almost complete unanimity with which Indian witnesses opposed the principle of Imperial Preference; and it is important to explain the causes which in our view underlie this antagonism.

(1) Fear that it may Diminish Protection

256. We have already referred to the belief entertained by

many witnesses, that preference would operate to weaken the protection granted to Indian industries. This apprehension can be met by laying down definitely the principle that under no circumstances should preference be allowed to diminish the protection which it may be decided that an Indian industry requires.

(ii) Burden on Indian Consumer

257. A second argument which has weighed with many witnesses is that preference is equivalent to the grant of a bounty to the British manufacturer at the expense of the Indian consumer, that India is poor while Britain is rich, and that it is not reasonable to expect the poor country to make a gift to the rich one. We have explained that in our opinion this view of the question is not unreasonable, and that any general system of preference would undoubtedly impose an appreciable burden on the Indian consumer, which we do not think it fair that he should be called upon to bear. This argument may be met by the assertion of a second principle, namely, that Imperial Preference should not involve any appreciable economic loss to India. In estimating the economic gain which India receives from the preferences granted by the United Kingdom; and in case any should be tempted to look too narrowly at the balance of loss and gain, it is well to remember that India at present enjoys the protection of the British Navy in return for a merely nominal contribution.

(iii) Fear that it will effect India's Fiscal Autonomy

258. The main cause however of the general hostility displayed by Indian witnesses to the idea of Imperial Preference is, we think, political. It is based on a feeling of suspicion. There is a fear that if India accepted the principle of Imperial Preference she would find that she had parted with the newly-won privilege of fiscal autonomy, that in the name of Imperial Preference the tariff policy of India would be directed not in her own interests but in the interests of other parts of the Empire, that if India signified her acceptance of the principle the details would be dictated to her regardless of her own interests and wishes. We think that these fears are based on a misunderstanding of the true position. Many regard Imperial Preference as meaning a unified tariff policy for the whole Empire, dictated, if not by the mother country, at least by binding resolutions passed at periodical Imperial Conferences. This is a complete misunderstanding of the real principles which underlie Imperial Preference. We have shown above that Imperial Preference implies no kind of interference in the tariff policy which the various Dominions have chosen for themselves, and no idea of a system of free trade

within the Empire of any uniform tariff policy. It is true that as a result of the Paris Economic Conference of 1916 already referred to, the question of the organisation of the Empire as an independent economic unit seemed for a time to be coming into practical consideration. But the ideas to which the crisis of the war gave rise did not long survive its termination, and the policy of Imperial Preference developed on its original lines. Each part of the Empire took such steps as it felt could reasonably be taken consistently with its own interests to promote inter-imperial trade and the manufactures of the mother country. This is the meaning which we attach to the policy of Imperial Preference, and all our recommendations must be read as referring to such a policy, and not to any idea of a joint tariff policy for the Empire imposed on the various component parts.

The assurance of the British Government regarding fiscal autonomy.

259. But the doubters think that, whatever may be the policy in regard to the Dominions, India stands in a different relation, and that the principle of Imperial Preference may be utilised against India to interfere with her fiscal autonomy. We would remind them that the principle of permitting India to decide her own fiscal policy has been stated in the most explicit terms. We quote once more the recommendation made by the Joint Select Committee on the Government of India Bill in their report on clause 33 :—

“ 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, 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, and they think that his intervention, when it does take place, should be limited to safeguarding the international obligations of the Empire or any fiscal arrangements within the Empire to which His Majesty's Government is a party.”

In his despatch of the 30th June 1921 the Secretary of State said that on behalf of His Majesty's Government he had accepted the principle recommended by the Joint Committee in this passage. It is true that some doubt may be aroused by the words “ any fiscal arrangements within the Empire to which His Majesty's Government is a party.” But we have explained that Imperial Preference, as hitherto practised and as understood by us, cannot involve any dictation by His Majesty's Government to any portion of the Empire. The convention which the Secretary of State has undertaken to establish gives, it is true, no assurance that a policy favoured by the Indian Legislature will necessarily be adopted. But it does, we think, give a practical assurance that no fiscal measures which the Indian Legislature does not approve will be adopted in India. Any fear therefore that particular applications of a policy of preference

can be made contrary to the wishes of the Legislature appears to us to be illusory. Nevertheless we would put the matter beyond all possible doubt by asserting as our third principle that no preference should be granted on any commodity without the explicit approval of the Indian Legislature.

The Imperial aspect

260. Hitherto we have discussed this question purely from the point of view of India's interests and India's feelings. But we are not blind, and we do not believe that Indian opinion will be blind, to the larger Imperial aspect. In discussing the advantages that Great Britain might derive from a preference in the Indian market we have hitherto treated that advantage solely from the narrow economic aspect, and it has presented itself as an advantage to be derived by particular industries or particular manufacturers. But even on the material and strictly economic side the interests involved are far wider than those of the prosperity of particular industries. We do not forget that the United Kingdom is the heart of the Empire, that on its strength depends the strength and cohesion of the empire, and that its strength is bound up with the prosperity of its export trade, which has enabled a small island to find the resources which bind together and uphold the great Commonwealth of Nations known as the British Empire. Unless the United Kingdom maintains its export trade the heart of the Empire will weaken, and this is a contingency to which no part of the Empire can be indifferent. Nor again do we forget that the communications of the Empire are guarded by the British Navy, and that the burden of maintaining that essential service falls almost entirely on the people of the United Kingdom.

The sentiment of Empire

261. While however we do not ignore the material side of the policy of Imperial Preference, we believe that the sentiment with which it is associated is even more important. Imperial Preference is regarded throughout the Empire as a means of strengthening the ties which bind together its scattered units. Adhesion to the policy of Imperial Preference is thus coming to be regarded as a test of loyalty to the Empire, as a proof that the various parts of the Empire look beyond their own immediate interests and recognise their position as parts of a greater whole. From this point of view we firmly believed that India should not turn her back on the principles which have been adopted in the greater part of the Empire and are rapidly being extended to the remainder. We would not have India standing in a position of moral isolation within the Empire. The view has been expressed that in consequence of India's special

economic situation, which we have explained in detail above, and her consequent inability to grant preferences which are likely to be of serious economic value, such a gift as she might make would be regarded as valueless. We are convinced that such a view is wholly mistaken, and that on the contrary a free gift from India, however small, would be welcomed by the United Kingdom as a gesture of friendship and as a proof that India realised her position as a member of the Empire.

Decision must rest with the Legislature.

262. We recognise that the question of Imperial Preference is one which can only be determined in accordance with Indian opinion; and that the Indian view can be best ascertained by reference to the Council of State and the Legislative Assembly, without whose free consent no such policy can be adopted. We feel confident that the Indian Legislature will consider the obligations of India in this matter as a component part of the Empire. We have endeavoured to indicate certain principles which should govern the application of the policy, if adopted. We repeat them once more. In the first place, no preference should be granted on any article without the approval of the Indian Legislature. Secondly, no preference given should in any way diminish the protection required by Indian industries. Thirdly the preference should not involve any appreciable economic loss to India after taking into account the economic gain which India derives from the preference granted her by the United Kingdom.

Suggested enquiry by Tariff Board.

263. It is evident that the Legislature can hardly be asked to pronounce an opinion on the policy until it has some idea of the extent to which its application is feasible. We must therefore recommend that, as a preliminary to any consideration of the desirability of India adopting the policy of Imperial Preference, an examination should be made by the Tariff Board to determine whether there are any commodities on which preference might be given in accordance with the principles which we have laid down, to the benefit of the Empire and without detriment to Indian interests.

Policy to be adopted towards the Dominions and Colonies.

264. Hitherto in discussing the question of Imperial Preference we have confined our consideration to preferences granted to the mother country. With regard to other parts of the Empire we would recommend a different policy. We suggest that to the United Kingdom should be offered such preferences as India may find she is able to offer without appreciable injury to herself. With regard

to other parts of the Empire we recommend a policy of reciprocity such as is already adopted by more than one Dominion for inter-dominion trade relations; that is to say, preference should be granted only as the result of agreements which might prove to the mutual advantage of both parties. In this connection India would doubtless not be unmindful of the fact that she already enjoys the benefit of certain concessions granted by Canada and New Zealand. The agreements which we contemplate would be purely voluntary; there would be no kind of obligation on India to enter into them unless her own interests appeared to demand it; and it is evident that political considerations could not be excluded in determining whether it was desirable for India to enter into an economic agreement or not.

The question—a practical one

265. We think it is necessary that there should be laid down for India some policy of the nature outlined above in regard to trade relations with other parts of the Empire. We have already mentioned that India receives preferences from Canada and New Zealand. We understand that proposals for reciprocity were received in 1919 from one of the Dominions. We have recently been informed by the Canadian Government Trade Commissioner to India that a preference on motor cars granted to Canada would stimulate the present tendency for the well known makes of American cars destined for the Indian market to be made in Canada, and would be regarded as a graceful reciprocal act of the part of India. It seems probable that this benefit could be conferred on Canada without any appreciable loss to India. We have also received strong representations from the Govt. of Mauritius and the Mauritius Chambers of Commerce and Agriculture requesting that preference may be given to Mauritius sugar in the Indian market. We realise that, judged by ordinary economic principles, the case for a preference on Mauritius sugar is not strong. The proportion of Mauritius sugar to the total imports of sugar into India is small, and there appears to be little probability that Mauritius will ever be able to supply the whole Indian market. Nor does it seem that Mauritius, though willing to grant India reciprocal benefits, would be able to offer anything which would be of material advantage. At the same time it has been urged that the majority of the population of Mauritius is Indian, that Mauritius sugar is grown entirely by Indian labour and that a large proportion of it is owned by Indian proprietors. A case like this is, we consider, suitable for examination by the Tariff Board; and the Legislature should then decide after balancing the advantage and disadvantages whether it would be to the interests of India to enter into a reciprocal agreement with Mauritius.

The Minute of Dissent

of the President and the Indian Members.

The reasons which have moved us to write a dissenting minute may be stated in a few words :

(A) The main recommendation has been hedged in by conditions and prayers which are calculated to impair its utility.

(B) In places, the language employed is half-hearted and apologetic.

(C) We are unable to agree with the views of our colleagues on Exchequer, Foreign Capital, Imperial Preference and the continuation of the Tariff Board.

2. Our first objection is to the statement in the Report that "we recommend a policy of protection to be applied with discrimination along the lines of the Report." To formulate a policy in these words is open to objection because

(i) In the first place, it mixes up policy with procedure.

(ii) In the second place, by emphasizing the method of carrying out the policy the vital issue of the problem is obscured.

(iii) In the third place, it ignores the fact that every country applies Protection with discrimination suited to its own conditions.

(iv) Fourthly, in our opinion, the outlook of our colleagues is different from ours. We do not, therefore, feel justified in subscribing to the view that Protection should be applied with discrimination along the lines of the Report.

In our opinion, there should be an unqualified pronouncement that the fiscal policy best suited for India is Protection.

3. The manifold advantages which a policy of intense industrialisation will secure to India are undisputed and our unanimous conclusion is embodied in paragraph 54 which may be quoted here :

"We have considered generally the advantages and the possible disadvantages which would attach to a considerable development of Indian industries. We have no hesitation in holding that such a development would be very much to the advantage of the country as a whole, creating new sources of wealth, encouraging the accumulation of capital, enlarging the public revenues, providing more profitable employment for labour, reducing the excessive dependence of the country on the unstable profits of agriculture, and finally stimulating the national life and developing the national character."

4. We would, however, place before the country the goal to be aimed at, namely, that India should attain a position of one of the foremost industrial nations in the world, that instead of being a large importer of manufactured goods and exporter mainly of raw materials, she should so develop her industries as to enable her within a reasonable period of time, in addition to supplying her own needs, to export her surplus manufactured goods. With

the natural advantages which India possess it is by no means difficult to reach this goal at an early date. India has an abundant supply of raw materials, a plentiful supply of labour, adequate capital and a large home market. All the requisites for industrial growth and development are thus present much more so than in many countries which have, without such advantages, attained a commanding position in the industrial world. There appears to be no reason why India should not reach a similar, if not a higher, position. This goal can only be reached by a whole-hearted co-operation of the State and of the people. As pointed out in paragraph 58 of the Report, the tariff systems prevailing generally throughout the world are based on the principle of protection. The State and the people co-operate and the result is great economic prosperity. Until recently, the Government of India were unable to frame a tariff policy which would have been in the best interests of India. That position has now changed. In the first chapter of the Report it has been pointed out how India has now attained fiscal autonomy. The Government of India is, therefore, free to adopt, in co-operation with the Indian Legislature, such measures as may appear to them necessary for promoting the industrial development of India and the consequent economic prosperity of this country. The appointment of this Commission is the result of such freedom conceded to the Government of India under the Reform Scheme.

5. We are unanimous in recommending that a policy of protection should be adopted. Our disagreement arises from the fact that the policy of protection recommended by our colleagues is qualified by the words "to be applied with discrimination along the lines of the Report." We do not know of any other country in the world, including the British Dominions, which have so qualified the policy of protection. While it is perfectly relevant for the Commission to indicate the lines on which protection may be worked in the initial stages, the recommendation of the policy should be clear and unequivocal. While our colleagues recommend "a policy of protection to be applied with discrimination along the lines of the Report," our recommendation is that a "policy of protection" should be adopted in the best interests of India. The policy has not only the unanimous support of the people of India, but is on the same lines as it prevails in all other protectionist countries of the world.

6. While we agree that the policy of protection should be applied with discrimination, we do not think that any qualifications or limitations should be made a condition precedent to its adoption. We recognise that in the efforts to attain a prominent position in the industrial world, India will have to pay a price. The economic well-being of India which we aim at in the tariff policy which we

recommend cannot be obtained without making a sacrifice. It is for this reason that we agree that the policy should be applied with discrimination. The discrimination with which we agree is intended to minimise such sacrifice as far as possible consistently with reaching the goal which we are putting before the country. We do not subscribe to the condition that such discrimination should be "along the lines of the Report." The conditions laid down in Chapter VII appear to us to be stringent, and will entail considerable delay in giving effect to the policy which we have unanimously recommended and will not produce adequate results. We share the concern shown in the Report for the interests of the consumers, and we agree that the policy should be applied in such a manner as to reduce the burden on the consumer to the minimum necessary for the purpose of carrying out the object in view. In the present economic condition of India, limitations in the interest of the consumers are necessary, but we anticipate that if immediate effect is given to the policy we recommend, India will begin to grow economically prosperous within a reasonable period of time. It is, therefore, necessary to make it clear that while the policy of protection should endure till the goal is reached, discrimination must vary according to the circumstances for the time being and should not be applied rigidly along the lines indicated in the Report. We may point out here that while we want India to rise to a commanding position in the matter of her industrial development under the policy of protection, our colleagues anticipate as a result of the qualified policy which they recommend that "India for many years to come is likely to concentrate on the simpler forms of manufactured goods" (paragraph 310). A policy which is likely only to lead to this result for many years to come is not and cannot be acceptable to the people of India. In all protectionist countries, the Government and the Legislature as representing the people regulate the application of the policy of protection in a manner most suitable to local conditions and circumstances, and there appears to us no reason why the discretion of the Government of India and the Indian Legislature should be fettered in any way. The records of the Provincial and Central Legislatures conclusively show that non-official members have vied with one another in pressing on the attention of Government the interests of the masses. We can, therefore, confidently leave the interests of the consumers in the hands of the non-official members of the Indian Legislature who are representative of large and varied interests. We should, therefore, recommend that the application of the policy of protection should be regulated from time to time by such discrimination as may be considered necessary by the Government of India and the Indian Legislature.

7. While recognising the necessity of caution in the application of the principle of protection in the interests of the masses we do not think it would be right to hedge the policy in such a manner as to lead to inadequate results. We may, therefore, emphasise the fact that we desire immediate effect to be given to the policy recommended by us in order to achieve the object in view as early as possible. India's dependence upon agriculture has found her in serious economic difficulties. Through the operation of world causes, the cost of living has enormously increased during recent times and there is a great amount of misery prevailing in the land. The revenue needs of the country have enormously increased and taxation has been raised, to an unbearable level. It is, therefore, essentially necessary that immediate steps should be taken to adopt an intense policy of industrialisation to ensure the creation of new sources of wealth, encouragement for the accumulation of new capital, enlargement of public revenues and providing more profitable employment for labour.

8. We regret that our colleagues should have thought it necessary to justify the fiscal policy hitherto pursued; there is considerable difference of opinion as to its wisdom or suitability. We are not, therefore, prepared to accept that portion of the Report dealing with the subject. We would, however, point out that all the necessary requisites for industrialisation have existed in India for a long time and if a policy of protection had been adopted, say at least a generation ago, if the same freedom to regulate her fiscal policy had been conceded to India as was conceded to the Self-Governing Dominions, India would have made by this time great progress in the direction of industrialisation and would not have been found in the state of economic backwardness in which we now find her.

9. The Industrial Commission has placed on record the policy pursued in India in the following words :

"The commercial instincts of the East India Company had from its earliest days in this country led it to make various attempts to improve those Indian industries from which its export trade was largely drawn, as for example, by organising and financing the manufacture of cotton and silk piece-goods and silk yarn, although this policy met with opposition from vested interests in England, which were at one time sufficiently powerful to insist that it should be suspended and that the Company should instead concentrate on the export from India of the raw material necessary for manufactures in England. The effect of this traditional policy continued for some time after the Company had ceased to be a trading body and even after it had been replaced by the direct rule of the Crown, and doubtless moulded such subsequent efforts as were made in the same direction by Government. But as laissez-faire views gradually gained increasing acceptance both in England and in India, these spasmodic efforts became less frequent and the first effort at a general policy of industrial development took only two forms—a very imperfect provision of technical and

Industrial education, and the collection and dissemination of commercial and industrial information."

10. As admitted in the Report, in view of her past achievements, India's capacity to be an industrial country cannot be doubted. The Industrial Commission found that "the industrial system is unevenly and in most cases inadequately developed and the capitalists of the country with a few notable exceptions have till now left to other countries the work of and the profit from manufacturing her valuable raw materials or have allowed them to remain unutilized." If the Industrial Commission had not been debarred from considering the question of Indian fiscal policy, we venture to think that they would have come to the same conclusion as is held by the people of India that this result was to the policy of free trade imposed upon India. If a policy due to

"vested interests in England which were at one time sufficiently powerful to insist that.....the (East India) Company should concentrate on the export of raw materials necessary for manufactures in England" (Industrial Commission Report).

had not been adopted, the Indian artisan, whose skill was recognised throughout the world, could have easily adapted themselves to conditions produced by the advent of machinery, and the economic history of India would have been differently written. We believe that the industrial backwardness of India is in no way due to any inherent defects amongst the people of India but that it was artificially created by a continuous process of stifling, by means of a forced tariff policy, the inborn industrial genius of the people. In paragraph 57, doubts have been cast on the view of the Indian people that India was a country of great wealth which attracted foreign invasions and drew to its shores adventurous spirits from European countries. We would fain have left the past alone as no useful purpose can be served by raking up historical facts which can have no direct bearing on the tariff policy which is best suited to the conditions of India. We are, however, constrained to refer to the position in view of the remarks which our colleagues have considered it necessary to make for arriving at a conclusion on the subject. The works of eminent writers such as Meadows Taylor, Lecky, Romesh Chandra Dutt, Wilson and Professors Hamilton and Jadunath Sircar show how great India's economic and industrial position was in the past. A few extracts from these authors will be found in the Appendix.

Excise Policy.

11. We must record our dissent from the policy recommended by our colleagues in regard to excise duties. It may be pointed out

that towards the close of the Middle Ages internal duties formed a substantial part of revenue resources; but even in those days, they were regarded as an obnoxious method of taxation. The more enlightened policy of the modern age has gradually swept away all internal duties which hampered trade and industry and excise on all articles excepting those which are injurious to public health and on a few luxuries. Our colleagues have in paragraph 143 referred to the excise policy of various countries from which it is evident that in most civilized countries such duties are restricted to alcohol and tobacco. They state:—

“In the British Colonies and the United States of America excise taxation has gradually been confined to these articles. But on the continent of Europe many countries have applied the excise system to other commodities, such as sugar and salt, while France employs not only a comparatively wide range of excise duties, but also a system of State monopolies under which the whole profits from the manufacture of excisable articles, such as tobacco and matches, are secured to the State. In Egypt after the establishment of two cotton mills in 1901 the Government subjected their product to a consumption tax of 8 per cent. as compensation for the loss of customs revenue. In Japan cotton cloth is subject to a consumption tax which comprises both an excise duty on home production and a surcharge on the customs duty on the imported articles. A rebate is allowed if the cloth is exported. Japan also levies a consumption tax on kerosene and an excise duty on sugar.”

12 We will state at once that in our view excise duties should be restricted to such articles as alcohol and tobacco which are regarded as injurious to public health or to public morality and the consumption of which it is desirable to check and to a few luxuries. This is the policy which is at present adopted by the United States of America and the British Colonies. It has the support of Professor Plohn who argues that excise is a justifiable source of revenue when it is levied on articles such as wines, tobacco, etc., whose consumption it is desirable to check in the interests of the community and that if more revenue is required it may be justifiable to impose excises on articles of luxury produced in the country.

13. As regards the instances of European countries quoted by our colleagues, viz., excise on sugar and salt, it may be pointed out that sugar may well be regarded as a luxury and the question of duty on salt which India also levies had led to considerable differences of opinion and cannot, therefore, be regarded as a precedent for a general excise policy. The case of France and Japan is different. France has adopted a policy of State Monopolies under which the whole profit from the manufacture of articles is secured to the State. A policy of this kind which a State works as a monopoly cannot be regarded as a guide for a correct policy on excise matters. The consumption tax on cloth manufactured in Japan cannot be held to provide any precedent for the purpose of a similar policy in India.

This tax is levied in Japan with the specific object of encouraging the export of cloth and to economise home consumption. Such a policy may be justifiable in Japan because she has developed her industries under a system of high protection and is able to manufacture for the purposes of export. This condition does not apply to India which is hardly able to supply 50 per cent. of her own requirements. We have dealt with the excise duty on sugar which we regard as coming within the category of luxury. We are not aware of the facts in regard to the excise duty levied by Japan on kerosene, but one instance in one country cannot justify the laying down of an excise policy for India. The best principle to follow appears to be that of the British Dominions and this supports the view we are recommending. The only other case which remains to be dealt with is that of Egypt. It is stated that "in Egypt after the establishment of two cotton mills in 1901 the Government subjected their product to a consumption tax of 8 per cent, as compensation for the loss of customs revenue." We wish our colleagues had not quoted the case of Egypt. In view of the political control which England exercised over Egypt and the history of cotton excise duty in India embodied in Chapter 10 of the Report, the conclusion appears irresistible that the excise duty on cotton piece-goods in Egypt was due more to Lancashire influence than to any idea of compensation for the loss of customs revenue.

14. Our colleagues recommend the imposition of excise duties on certain principles noted in paragraph 151 of the Report. The reasons why we do not agree with them have been stated. We may emphasise the fact that excise duties hamper industries and lead to undue interference with local manufacture, and it is for this, amongst other reasons, that excise duties are restricted in almost all civilized countries to the articles the consumption of which it is necessary to check in the public interest and to a few luxuries.

15. We may point out that during the period of the war every belligerent country was hard pressed to obtain revenue from every possible source. In spite of such over-powering needs for revenue to carry on the war, none of them resorted to excise duties of the kind which our colleagues have recommended as a general policy to be adopted in India. An effort is made to meet this point in paragraph 146 of the Report, but we do not regard it as in any way convincing. The United States of America has gone dry and still no excise duties of the kind recommended have been imposed. Even if a large portion of the people of India abstains from indulging in intoxicating drinks, as is implied in the statement in the report "we have pointed out above that the British Treasury is able to tax the general population by means of heavy excise duties on

alcohol, and that this excise does not have the same wide incidence in India," it can hardly be regarded as any reason for imposing excise duties on the lines recommended. It cannot be contended that the needs of the Indian exchequer can possibly compare with the needs of the belligerent countries during the war, and it must be obvious that when none of them resorted to this form of taxation, it cannot be justified in India as a general policy. In this connection, we would invite attention to the case of England herself. England raised revenue several times larger than the amount actually collected before the war. She imposed a duty of 33 and one-third per cent on imported motor cars but did not put any countervailing excise duty on locally manufactured cars. England has been a free trade country, and the principles of that policy coupled with the over-powering needs for revenue would have justified the imposition of countervailing excise duties on locally manufactured cars. The fact, however, remains that she did not put any excise duty on cars manufactured in England. This instance alone is, in our opinion, sufficiently conclusive to show that the excise policy recommended by our colleagues in regard to local manufactures cannot be justified.

16. We share with our colleagues the concern for the interests of the consumers in regard to the application of a policy of protection. We should like, however, to ask how this concern is consistent with the excise policy which they have recommended. They propose that—

"when an industry requires protection, any further necessary taxation on its products may, if other conditions are fulfilled, take the form of an excise duty PLUS an additional import duty. The latter should fully counterbalance the former and may be pitched at a little higher rate."

One of the conditions referred to is that "excise duties should ordinarily be confined to industries which are concentrated in large factories or small areas." Coupled with this condition is the recommendation in paragraph 170, *vis.*, "if, on the other hand, Government hold that their revenue requirements make it obligatory to levy taxation on cotton cloth in excess of this amount, it will be necessary for them to formulate proposals in accordance with the principles we have explained, and to lay these proposals before the Legislature." The effect of these recommendations with regard to an excise duty on cotton piece-goods is as follows:—

17. Assuming that the Tariff Board decides that a protective duty of 10 per cent. is required for the textile industry and the revenue requirements of Government make it obligatory to levy excise taxation on cotton cloth to the extent of 5 per cent., the import duty will have to be raised to approximately 17 per cent.

The price of cloth will thus rise to a parity of 17 per cent. The economic condition of India is admitted to be such that a large part of the population is under-clothed and under-fed. It is a well-known fact that prices of cotton piece-goods have considerably risen during recent years and the effect of it on this article of necessity may be judged from the speech of our colleague, Mr. C. W. Rhodes in the Legislative Assembly. He pointed out that the average consumption of cloth in India before the war was 18 yards per head, while in 1920-21 it had gone down to 10 yards. The consumers in India will have to bear the necessary burden in the wider interests of the country, as a result of the protective policy which the Commission has recommended. To suggest that further burdens should be imposed upon them by increased import duties for the purpose of countervailing excise duties is hardly consistent with the interests of the consumers, many of whom have to be content with insufficient clothing.

18. Our colleagues have referred to the power which the Central Legislature exercises under the Reforms and have stated that the question of cotton excise duties should be left to the decision of Government and the Legislature. We have already recorded our confidence in the Central Legislature in regulating the policy of protection and we would have unhesitatingly accepted their recommendation if the policy of excise duties, as recommended by our colleagues, was sound in principle. The exercise of discretion is only possible in matters which are sound in principle. We have shown that the excise policy as recommended by our colleagues is unsound in principle, and the question of the direction of the Legislature cannot therefore arise. As, however, the constitutional question has been raised by our colleagues, it is necessary to note what the actual position is. In all countries enjoying responsible government the Legislature is wholly elected and the executive government is responsible to the Legislature. During the transitional period the position in India is different. The Government is not responsible to the Legislature, and that body is not wholly elected. The budget estimates are prepared by the Executive Government and important items are non-votable. Even in regard to the items which are subject to the vote of the Legislature the power of reinstatement vests in the Governor-General. The constitution of the Legislature also requires examination. There are 143 members in the Legislative Assembly. Assuming that every member is present—experience has shown that this has not been so in practice—47 non-official members can, with the help of the official vote, out-vote 71 non-official members. It must be obvious therefore that the result of a vote in the Legislative Assembly, unless there is

a clear majority of non-official members, cannot be regarded as representing the views of the country. If the policy of excise duties, as recommended by our colleagues, was sound in principle and the vote of the non-official members of the Assembly had a binding effect we would have no hesitation in accepting the recommendation to leave the decision to sub-vote. We, however, hold that excise duties beyond the limitation indicated by us are not sound in principle. We, therefore, reiterate our conclusion that excise duties in India should be restricted to alcohol, tobacco, and such other articles, the consumption of which it is desirable to check in the interests of the community, and to a few articles of luxury.

Cotton Excise

19. We have nothing to add to the history of the cotton excise duties contained in the Report, but we do not agree with the conclusion arrived at. Our colleagues provide for a possibility of excise duties being levied on cotton piece-goods and other articles of local manufacture which is opposed to the policy generally adopted by the civilised world and is contrary to the conclusion which we have come to in regard to the general policy of excise duties.

20. The Indian point of view is conclusively shown by the evidence of witnesses who appeared before us. It is that the people of India are opposed to the levy of cotton excise duties either to countervail the import duty or for revenue purposes. Questions were asked by members of the Commission as to whether they would agree to the imposition of an excise duty on cotton piece-goods for revenue purposes, and the answer was mostly an emphatic negative. The debates in the Indian Legislature have proved beyond doubt that the sentiment of the people of India is opposed to this form of taxation. It has been admitted in the report that excise duty on cotton piece-goods is no longer fully countervailing and that in spite of this fact "*the great majority (of witnesses) both Indian and European have demanded its abolition.*"

21. We have pointed out in the previous chapter what in our opinion should be the policy in regard to excise duties and we believe that correctly represents the Indian view. We cannot understand why our colleagues have recommended that—

"the British Government should announce its intention of allowing the Government of India to decide the question in agreement with the Indian Legislature."

This recommendation casts a doubt upon the fiscal freedom which India has already attained. The recommendation made by our colleagues is in contradiction of the history embodied in Chapter I of the Report showing how India has now become fiscally free. In paragraph 4 of the Report, reference is made to the Despatch of the

Secretary of State dated the 30th June 1931 in which he says that he has accepted on behalf of His Majesty's Government the principle recommended by the Joint Committee in their Report on clause 33 of the Government of India Bill. India is, therefore, entitled to regulate her customs tariffs as is most suitable to herself and it appears to us highly prejudicial to the interests of this country for a Commission like this to suggest that any such announcement is necessary before action can be taken in the matter of cotton excise duties.

23. Our colleagues proceed to point out the financial difficulties of the Government of India. We concede that such difficulties do exist, but it is necessary to point out that the cotton excise duty was not imposed for revenue purposes, that it was levied purely to propitiate Lancashire and that the amount of revenue received has substantially increased during recent years in consequence of higher prices of piece-goods as the result of war conditions. It may be of interest to note that the average annual revenue from cotton excise duty for five years preceding the war was only Rs. 48,44,100. In other parts of the Report, recommendations have been made to abolish certain duties which were levied expressly for revenue purposes, and the following statement shows the effect of such recommendations on the revenues of the Government of India.

Abolition of export duty on tea	...	...	60 lakhs.
Abolition of import duty on machinery	...	...	105 lakhs.
Abolition of import duty on raw materials	...	...	61 lakhs.
Abolition of import duty on coal	...	...	5 lakhs.
Abolition of import duty on hides and skins	...	...	62 lakhs.
			<hr/>
			293 lakhs.

A further recommendation is that semi-manufactured goods used in Indian industries should be taxed as lightly as possible. The estimated income from articles wholly or mainly manufactured is Rs. 4,77,00,000 which will, if the recommendation is accepted, be reduced by an amount which can hardly be negligible.

24. It will be observed that revenue considerations have not deterred our colleagues from recommending the abolition and reduction of those duties which have been specifically imposed for revenue purposes, nor have they prevented them from recommending payment of bounties and subsidies. It is only when the question of abolishing the cotton excise duty is concerned, that their keen solicitude for Government revenues manifests itself. It has already been pointed out that cotton excise duty is not levied for revenue purposes, that there is an overwhelming feeling amongst the Indian

public to abolish this duty and that the Government of India have already declared their intention of removing it. It has been unanimously decided that the Commission is not in a position to determine what amount of protective duty is necessary in regard to any article and the duty of enquiring into and making recommendations on the subject has been left to the Tariff Board. The whole case for excise duties has been based on the revenue requirements of the Government of India. It appears to us that the real remedy to put Imperial finance on a sound basis is to take immediate measures to fill the reservoir of India's national wealth from which State revenue can be easily drawn. The best way to replenish the reservoir is to stimulate industrial development by a policy of protection. We may quote in this connection the case of the United States of America and Japan.

The following statement furnishes the growth of state revenues in those countries.

UNITED STATES OF AMERICA		JAPAN	
Year	Duties Collected	Year	Duties Collected
	Millions of dollars		Thousands of Yen
1870	191'5	1916	33'822
1875	154'8	1917	33'019
1880	182'7	1918	61'696
1885	178'1	1919	69'435
1890	226'5	1920	74'414
1895	129'6		
1900	229'4		
1905	287'1		
1910	326'3		
1920	308'0		
1921	275'0		
1922	330'0		

The above figures speak for themselves. In our opinion, therefore, the real remedy is to improve the economic condition of India by promoting its industrial advancement and not by imposing excise duties on local manufactures.

25. The revenue duties—and 11 per cent on textiles is a revenue duty—have been imposed without reference to their protective effect and such duties have been levied irrespective of their effect on local manufactured goods. A duty of 15 per cent is

imposed on articles wholly or mainly manufactured, 25 per cent on sugar and 30 per cent on silk piece-goods. Though sugar may well be regarded as an article of luxury and on which excise duties are levied in some countries and silk piece-goods are classified amongst articles of luxury, no excise duty is levied on any of these articles. It is difficult to understand why our colleagues have shown in view of all these facts so much concern about cotton excise duty which was admittedly imposed not for revenue purposes but for other well-known reasons.

26. As already pointed out, the British Government has not imposed any excise duty on such an article of luxury as motor cars when she levied so high a duty as 33 and one-third per cent on their import. If the Government of India desire to maintain an import duty of 11 per cent on textiles for the same reasons as they levy import duties on other articles they may retain it at that figure. If they consider that they can reduce it to 7.5 per cent or any other figure, they are perfectly free to do so; but we hold the emphatic view that for maintaining India's self-respect it is necessary to abolish the cotton excise duty.

27. Our colleagues subscribe to the suggestion of a clean slate. If that is so, then the conclusion is inevitable that the cotton excise duty must go. This is the unanimous sentiment of the people of India and should, we think, be given effect to immediately. Whether anything should be written in the slate again after it has been wiped clean must depend upon the policy of excise duties laid down for this country and in regard to which we have expressed our views in the previous chapter.

28. There is one aspect of the question to which special attention should be drawn. When, in consequence of the first gift of £100 millions which India contributed for the prosecution of the war, India was allowed to raise the import duty on cotton textiles to 7.5 per cent without raising the excise duty on cotton piece-goods manufactured in India, a storm of protest was raised by the Lancashire interest in Parliament which led to much embitterment of feeling in India. Again, in 1921, the needs of revenue became insistent probably owing to the loss sustained by the policy of Revenue Councils and the import duty on cotton textiles was raised to 11 per cent. The agitation which was carried on in England is well-known. The Report records the facts in the following words:

"The whole question is permeated with suspicion and resentment; and these feelings have been kept alive by the action taken by the representatives of the Lancashire cotton industry in 1917, in 1921 and again within the last few months, the system which their influence had for so many years imposed upon India."

29. We should like to invite attention to the political effects in India of such agitation by Lancashire representatives. It is in our opinion, essentially necessary that cordial relations should subsist between India and England. The imposition of cotton excise duties is one of the principal causes of estrangement between the two countries. Far-sighted statesmanship demands that this cause should be removed. The Indian sentiment on the question is decisive. The evidence placed before us conclusively proved this. It would be unwise to deal with the question by resorting to expedients which will not be acceptable to the Indian people. The best mode of promoting cordial relations and better understanding between the people of the two countries is boldly to face the problem and in a spirit of political sagacity to abolish the cotton excise duty at once. It is needless to point out that unless this course is adopted, Lancashire will not cease to agitate on the subject and such agitation will be a constant source of ill-feeling between the two countries.

Imperial Preference.

30. We recognise that Imperial Preference is a means of strengthening the ties amongst a Commonwealth of Free Nations. The exchange of trade amenities, not in a spirit of bargain, but as a free gift, has the effect of cementing the bond amongst free nations forming a Commonwealth. It may be pointed out in this connection that the Dominions conceded the principle of preference after they had attained full responsible government "consistent with their own interests and not injurious to themselves." Great Britain followed in 1919 and "introduced a preferential system. She gave freely such preferences as she felt could be granted consistently with the interests of her own people and the requirements of her own fiscal policy." Great Britain and the Dominions are able to regulate the policy of Imperial Preference on these lines because they are politically and fiscally free. The principle of Imperial Preference implies the uncontrolled power of initiating, granting, varying and withdrawing preference from time to time consistently with each country's interest and on lines which are not injurious to itself. India must therefore possess the same supreme powers as are enjoyed by the Dominions before Imperial Preference can become for her a matter of practical politics. India has not yet reached Dominion status. She is in a transitional stage; her Government is not responsible to her Legislature but to the British Parliament. Any acceptance in practice of the principle of Imperial Preference would make her liable to measures of preference at a time when she is not entitled to determine them.

by the vote of a wholly elected Legislature with her Government responsible to such Legislature as is the case in all the Dominions.

31. It is an admitted fact that the Dominions have regulated preference as it has suited them from time to time. The British policy in regard to the grant of preference to Indian tea has been on the same line. We do not wish to enter into the controversy as to whether reduced import duty on Indian tea is real preference or not. In 1915, a resolution was moved in Parliament asking for a reduction of import duty on Indian tea. The mover clearly disclaimed any idea of basing it on Imperial Preference, but urged the reduction on the ground that as the Indian tea was consumed by the poorer classes, it would be a relief to them. Mr. Lloyd George, who was then the Chancellor of the Exchequer, opposed the resolution on the ground that it would be construed as preference and might lead to retaliation by China which was a large buyer of Lancashire goods. The point to which we wish to draw special attention is that while a preference of 2d. per pound was granted in 1920-21, the budget estimates for 1921-22 reduced it to 1 and half pence. We mention this in order to confirm the principle underlying Imperial Preference that the country granting it has full power of initiating, granting, varying and withdrawing preference as it suits the interests of its own people. Such power India does not possess at present. It does not enjoy the powers which a member of the Commonwealth possessing Dominion status does. The logical conclusion, therefore, is that India cannot accept the principle of Imperial Preference until she has attained responsible government, and is able to regulate her fiscal policy by the vote of a wholly elected legislature.

32. The Report summarises the present economic condition of India, and the conclusion arrived at is embodied in paragraph 257. After recording the fact that most of the witnesses expressed themselves against the principle of Imperial Preference, it states that

"a second argument which has weighed with many witnesses is that preference is equivalent to the grant of a bounty to the British manufacturer at the expense of the Indian consumer; that India is poor while Britain is rich, and that it is not reasonable to expect the poor country to make a gift to the rich one. We have explained that in our opinion this view of the question is not unreasonable, and that any general system of preference would undoubtedly impose an additional burden on the Indian consumer, which we do not think it fair that he should be called upon to bear. This argument might be met by the assertion of a second principle, namely, that Imperial Preference should not involve any appreciable loss to India."

33. India cannot be called upon at present to suffer any economic loss as she is poor and as the consumers will have to bear a certain amount of burden in the larger interests of the country under

a policy of protection which we are recommending. If this policy is given effect to immediately, it is likely to become fruitful within the next few years and the economic condition of the people will improve. India by that time will have attained responsible government, which has been promised to her; then as a Self-Governing Member of the Commonwealth she will, we feel confident, be ready to adopt a policy of Imperial Preference.

34. Paragraph 255 of the Report records the fact of the "almost complete unanimity with which Indian witnesses opposed the principle of Imperial Preference."

One of the principal reasons for this opposition is, in our opinion, the fact that India is not free, i.e., does not enjoy Dominion status in the Empire. The Hon'ble Lala Harkishen Lal pointed this out in his evidence. He expressed himself in favour of the principle of Imperial Preference on the distinct condition that the political status of India should be the same as that of the other partners in the Empire. Captain Sassoon also favoured the principle but conditionally upon the right of India to withdraw such preferences when her interests required her to do so. It will be obvious that Indian sentiment is practically unanimous against Imperial Preference in view of India's present political status in the Empire. The conclusion is therefore inevitable that this question can only become a matter of practical politics when the promised goal of responsible government is reached.

35. It may well be argued that while subscribing to the principle of Imperial Preference our conclusion leads to the postponement of its application to the time when India attains her full status in the Commonwealth. This is practically the unanimous view of the people of India. We are, however, of opinion that the Indian view would be favourably inclined to accept the immediate application of the principle provided conditions are created to place India at once on the same footing as the Self-Governing Dominions in this matter. It may be pointed out that in 1918 when the Government of India proposed a further gift of about £45 millions to Great Britain for the prosecution of the war, they left the decision to the vote of the non-official members of the Imperial Legislative Council. It is therefore possible even under the political status which India now enjoys to so arrange matters as to bring about in practice the position which the Dominions occupy. We will therefore recommend that the power of initiating, granting, varying and withdrawing Imperial Preference in regard to every article should vest by legislation or other equally effective means in the non-official members of the Legislative Assembly. They will thus be empowered by non-official vote to regulate the policy of Imperial Preference with

perfect freedom on the same lines as those enjoyed by the Self-Governing Dominions.

36. In paragraph 225 of the Report, it is stated

"when the country receiving the preference supplies practically the whole market, then the price to the consumer will be regulated by the lower rate. The bounty to the foreign manufacturer will cease and the consumer will get the benefit of the lower rate."

In paragraph 226 it is stated that

"after the preference is given, the price to the consumer for a time may be regulated by the higher rate of duty and the manufacturers of the favoured country will receive, as has been already explained, a bonus of the difference between the two rates. The effect of this bonus is to stimulate the trade of the manufacturers of the country receiving the preference and in a short time they may secure for themselves the whole market, driving out altogether the non-preferred manufacturers. The price to the consumer will, then, be regulated by the lower or preferential rate of duty, and the favoured manufacturers will find the price falls to the true competitive level. But they have not thereby lost the whole benefit of the preference. Their gain is represented by the additional quarter of the market which they have secured for themselves at the expense of their non-preferred rivals. Thus they benefit even when the consumer has ceased to suffer."

37. It is contended that when the whole supply arrives from the preferred country the consumer will cease to suffer. This is contingent upon there being in the preferred country sufficient internal competition to regulate the price on a competitive basis. In dealing with the policy of protection attention has been drawn to the danger of a possible combination of manufacturers for the purpose of exploiting the domestic consumer. It is further stated (paragraph 86) that a protectionist system certainly gives an opportunity for undesirable forms of combination.

"In a free trade country no combination of manufacturers is able to keep price of a commodity above the world price. If all the manufacturers of a particular country agreed not to sell below a certain price the only effect would be that their home market would be captured by the foreign manufacturers, selling at the world price. The case of the protectionist countries is different. Here we have a tariff wall affording, when the foreign manufacturers have been partly or wholly excluded, a certain latitude of price to the home manufacturers. If the latter do not combine, the home price will be regulated by the ordinary conditions of internal competition. But by means of combinations, it is possible for the home manufacturers to keep the price distinctly above the true competitive level without inviting foreign competition."

The Report points out various remedies to be applied in the event of such a combination materialising in India. Under Indian conditions such combinations are a remote contingency but in advanced countries they are far more possible. Applying this analogy to preferred countries the Indian consumer is likely to suffer heavily when by means of preference the competitive foreign manufacturers have been excluded and the prices are maintained

at a high level. The case of the monopoly in "shipping" is a clear instance in point. The Indian people have to pay comparatively higher rates of freight because competition has been eliminated and a practical monopoly has been created. Combinations of manufacturers in India would be easily known and the Indian Government can devise adequate measures to counteract their evil effects on the consumer. When, however, competitive foreign manufacturers have been eliminated and the whole Indian market becomes the monopoly of the manufacturers of a preferred country, the consumers may be penalised to a heavy extent and the Government of India may be powerless to take immediate and effective measures to counteract the evil. The remedy would of course be to withdraw preference, but the foreign manufacturers having lost the important Indian market may have reduced production and may not find themselves in a position to re-enter the market to the benefit of the Indian consumer. There is, therefore, clear danger in the grant of preference and the loss to the consumer in India may not prove to be temporary as stated in paragraph 227.

38. In paragraph 231, attention is drawn to a possible advantage to India in the matter of her export trade. It is stated that

"If the preferences are important, this will tend to build up direct shipping connections between the two countries, and as a consequence will give the exporters of the country granting the preference some advantage in the market of the country receiving the preference. In other words, if imports are attracted from a particular country, they will be a tendency for exports to be attracted to that country."

We are not satisfied whether in view of the actual trade between India and England any such advantage will accrue. There is a danger that such a policy may penalise the Indian producer, by reducing the number of buyers, competition amongst whom maintains a standard of world prices for Indian produce. It may also be remarked that there is a very strong feeling amongst the Indian people in favour of an Indian mercantile marine. Reference has been made in the Report in paragraph 131 to this feeling and recently it found expression in the Central Legislature. Nothing should in our opinion be done which will have the effect of retarding the establishment of a mercantile marine in India, or of making its success doubtful.

39. We regret that our colleagues should have pleaded for Imperial Preference on the ground amongst others of maintaining the British Navy. We feel that the question of naval defence of the Empire stands on an entirely different footing, and ought not to have been brought forward in this connection. It might have the effect of reviving a political controversy which is best avoided at the

present juncture. In our opinion the question stands on Imperial sentiment alone and should be examined from that point of view. The defence of the Empire depends upon various other standpoints, and the maintenance of the Indian Army which has served the interests of the Empire in the various parts of the world will have a pronounced bearing on the issue. As the question has been raised we will content ourselves by remarking that the economic prosperity which we anticipate as the result of extensive industrialisation will in course of time enable India to maintain in Indian waters a navy sufficient for the defence of India, officered and manned by Indians. It will also prove a valuable Imperial asset.

40. Having drawn attention to the possibilities which a policy of Imperial Preference may lead to, we leave the matter with full confidence in the hands of the non-official members of the Legislative Assembly in the conviction that as representatives of the people of India and fully conversant with Indian sentiment they will give effect to it in a manner consistent with Indian interest in all its aspects.

41. We wish to make it perfectly clear that we have dealt with the question of Imperial Preference as between England and India and not as affecting the British Dominions and Colonies. We are unanimous in thinking that a different policy should be adopted in regard to trade relations with other parts of the British Empire.

Our colleagues recommend in paragraph 354 that

"Hitherto, in discussing the question of Imperial Preference we have confined our consideration to preferences granted to the mother country. With regard to other parts of the Empire, we would recommend a different policy. We suggest that to the United Kingdom should be offered such preferences as India may find she is able to offer without appreciable injury to herself. With regard to other parts of the Empire, we recommend a policy of reciprocity such as is already adopted by more than one Dominion for inter-Dominion trade relations; that is to say, preferences should be granted only as the result of agreements which might prove to the mutual advantage of both parties. In this connection, India would doubtless not be unmindful of the fact that she already enjoys the benefit of certain concessions granted by Canada and New Zealand. The agreements which we contemplate would be purely voluntary; there would be no kind of obligation on India to enter into them unless her own interests appeared to demand it; and it is evident that political considerations could not be excluded in determining whether it was desirable for India to enter into an economic agreement or not."

In the next paragraph 355, it is stated that:

"We think it is necessary that there should be laid down for India some policy of the nature outlined above in regard to trade relations with other parts of the Empire. We have already mentioned that India receives preferences from Canada and New Zealand. We understand that proposals for reciprocity were received in 1919 from one of the Dominions. We have been recently informed by the Canadian Government Trade Commissioner to India that a preference on motor cars granted to Canada would stimulate the present tendency for the well-known makes of American cars destined for the Indian market to be made in

Canada and would be regarded as a graceful reciprocal act on the part of India. It seems probable that this benefit could be conferred on Canada without any appreciable loss to India."

42. We cannot agree to any trade agreements being entered into with any Dominion which discriminates against the people of this country. We believe we are voicing the unanimous opinion of the people of India when we say that no agreements based even on reciprocity in trade matters should be entered into with any Dominion which has on its statute book any anti-Asiatic legislation applying to the Indian people. Our colleagues point out the fact that Canada and New Zealand have conferred certain preferences on India. To the Indian people their self-respect is of far more importance than any economic advantage which any Dominion may choose to confer by means of preferential treatment. We may confidently state that the people of India would much prefer the withdrawal of such preference as they would not care to be economically indebted to any Dominion which does not treat them as equal members of the British Empire having equal rights of citizenship.

43. We are not opposed to negotiations being opened for trade agreements on a reciprocal basis, but the condition precedent must be the recognition of the right of Indians to equality of status. The first principle of Imperial solidarity must, in our opinion, be equal treatment of all nations forming part of the Empire. The facts as regards the treatment meted out to Indians are too well-known to be mentioned here. We will therefore content ourselves with recording our emphatic view which we think reflects the feeling of the whole country that no trade agreement should be entered into with any Dominions unless it agrees to treat the Indian people on a footing of equality and to repeal all anti-Asiatic legislation in so far as it applies to the people of this country.

44. We will now summarise our conclusions in regard to Imperial Preference :

(1) We are in favour of the principle of Imperial Preference on the distinct condition that India should in this matter be put on the same footing of freedom as is enjoyed by the Self-Governing Dominions, and that the non-official members of the Legislative Assembly should be given power by legislation or other equally effective means to initiate, grant, vary and withdraw preference as may be necessary in the interest of India in all its aspects.

(2) That the condition precedent to any agreement with a British Dominion in trade matters on the basis of reciprocity should be the recognition of the right of the Indian people to a status of complete equality and the repeal of all anti-Asiatic laws so far as they apply to the people of India.

Foreign Capital

45. The only exception which our colleagues make in recommending free and unconditional introduction of foreign capital

after the policy of protection is adopted and a tariff wall is erected is contained in paragraph 292 which reads as follows :—

" We think, however, that where Government grants anything in the nature of a monopoly or concession, where public money is given to a company in the form of any kind of subsidy or bounty, or where a license is granted to act as a public utility company, it is reasonable that Government should make certain stipulations. Where the Indian Government is granting concessions or where the Indian tax-payers' money is being devoted to the stimulation of an enterprise, it is reasonable that special stress should be laid on the Indian character of the companies thus favoured. In all such cases we think it would be reasonable to insist that companies enjoying such concessions should be incorporated and registered in India with rupee capital, that there should be a reasonable proportion of Indian Directors on the Board and reasonable facilities should be offered for the training of Indian apprentices at Government expense."

46. We are unable to appreciate the distinction drawn between companies getting Government concessions and companies establishing themselves behind the tariff wall erected under the policy of protection. We can understand such a distinction under a policy of free trade. The Government of India have, as pointed out in the Report, laid down the following policy under the free trade conditions :—

" The settled policy of the Government of India is that no concession should be given to any firms in regard to industries in India unless such firms have a rupee capital, unless such firms have a proportion, at any rate, of Indian Directors, and unless such firms allow facilities for Indian apprentices to be trained in their works."

47. The distinction to be drawn on the question under a policy, of free trade and that of protection is obvious. In the former case the grant of concession is a favour justifying the laying down of special conditions. This was done by the Government of India. Under a policy of protection, the right to establish an industrial enterprise behind the tariff wall is a concession in itself. There is really no distinction between Government granting subsidies or bounties out of money collected by them by way of taxation and allowing an industry to tax the people directly by means of higher prices resulting from protective duties. In both cases, it is the people of India who have to pay the price either as tax-payers or as consumers. Industrial concerns benefit either directly from Government subsidies or bounties or indirectly by higher prices due to protective duties. If the imposition of conditions is justifiable in the one case, it is equally justifiable in the other. Our conclusion therefore is that every company desiring to establish an industry after the policy of protection has been adopted in India should be subject to the same conditions which are recommended by our colleagues, *viz.*, that all such companies should be

incorporated and registered in India with rupee capital, that there should be a reasonable proportion of Indian Directors on the Board and that reasonable facilities should be given for the training of Indian apprentices.

48. There are special reasons why all industrial companies should be incorporated and registered in India with a rupee capital. In this connection, we should like to quote Sir Frederick Nicholson. He says :—

"I beg to record my strong opinion that in the matter of Indian industries, we are bound to consider Indian interests firstly, secondly, and thirdly I mean by firstly, that the local raw products should be utilized, by secondly, that industries should be introduced, and by thirdly, that the profits of such industries should remain in the country."

Our colleagues have stated in paragraph 293 that in their opinion "whether the immediate profit goes to a foreign or an Indian capitalist, the main and ultimate end, namely, the enrichment of the country will be attained." We may point out the fallacy underlying this argument. The enrichment of the country depends, in the words of Sir Frederick Nicholson, upon the profits of the industry remaining in the country. National wealth can thus be increased in a shorter period of time than by the taking away of industrial profit to foreign countries.

49. It appears to us that there is some confusion in the treatment of considerations relating to capital contained in the Report. Loan capital and ordinary capital are mixed up. It is only in regard to this latter form of investment that there can be room for difference of opinion, and the balance of advantage has to be ascertained. Our colleagues point out the advantages of a rapid development of industries as conducing to the relief of consumers. We are unanimous in thinking that in the interests not only of the consumers but of the economic advancement of the country, it is essentially necessary that industrialization should proceed at a rapid pace. It is because we apprehend that the progress will be slow that we have demurred to the stringent conditions which our colleagues have attached to the policy of protection and the qualifications with which they have circumscribed it. We will, therefore, state at once that we would raise no objection to foreign capital in India obtaining the benefit of the protective policy provided suitable conditions are laid down to safe-guard the essential interests of India.

50. We must not be understood as subscribing to the reasoning adopted by our colleagues in agreeing to the introduction of foreign capital in India behind the tariff wall. We should like to draw attention to the following extract from paragraph 289 of the Report :—

"Moreover, apart from the intrinsic benefits of increased supply of capital, the foreigner who brings his capital to India supplies India with many things of which at her present stage she stands greatly in need. It is on the whole the foreign capitalist who imports into the country the technical knowledge and the organisation which are needed to give an impetus to industrial development. It is to him that we must look largely at first for the introduction of new industries and for instruction in the economies of mass production."

We regret that our colleagues should have thought fit to depreciate the capacity of Indians in the matter of industrial enterprise. The history of such industrial development as has been possible under free trade conditions shows that Indians have freely imported technical skill from abroad pending the training of Indian apprentices, and have conclusively shown their capacity to organise and develop large scale industries. The lack of capital to which repeated references have been made is due more to the risks involved in establishing new industries under free trade principles than to actual inadequacy of capital. This was, in our opinion, clearly proved by the industrial activities which resulted from the indirect protection afforded by war conditions. The enormous amounts which the Government of India have been able to borrow in India for State purposes is another proof that adequate capital is available in India for investment in safe and sound channels ensuring a reasonable return. A policy of protection will give the necessary confidence, and we hold the view that reasonably adequate capital will be available under such a policy. In support of this view we may quote from the evidence of Mr. Shakespear of Cawnpore who stated that once confidence was created, by adopting a policy of protection, the difficulty in obtaining capital would largely disappear. It is because we desire that industrialisation should proceed very rapidly that we are prepared to accept the advent for foreign capital to accelerate the pace.

51. We will at once proceed to state the conditions which we think should be laid down in regard to foreign enterprises with reference to manufacturing industries in India :

- (1) Such companies should be incorporated and registered in India in rupee capital.
- (2) There should be a reasonable proportion of Indian Directors on the Board.
- (3) Reasonable facilities should be offered for the training of Indian apprentices.

52. As a matter of fact, there is no difference of opinion as regards the conditions mentioned. The Government of India have themselves laid down these conditions under a free trade policy in regard to all companies which get concessions. Our colleagues have also made recommendations on the same lines, if any concessions

such as bounties and subsidies are granted. There is in our opinion no distinction between direct concessions and the right to establish industries within the tariff wall. In the one case the Government tax the people while in the other Government permit the consumers to be exploited by means of higher prices due to protective duties. Apart from these considerations, there are in our opinion strong reasons why incorporation and registration in rupee capital should be insisted upon. When a policy of protection is adopted, it becomes essential that the Government of India should have in the interests of the consumers full information and complete control over industries established in this country. In fact, "it is reasonable that special stress should be laid on the Indian character of the companies thus formed." The rate of protection has to be determined from time to time and it appears to us essential that in the interests of the people of India Government should have all the materials necessary to protect the interests of the people. We may be permitted to point out that this condition can by no means be regarded as onerous. India has been working all these years under a policy of free trade. Every foreigner was therefore free to establish industries in India. Many foreign firms have availed themselves of this privilege and have established a large number of manufacturing industries. The proportion of companies incorporated elsewhere and working in India is comparatively very small and there can therefore be no hardship if under a policy of protection it is laid down that each company which starts manufacture in India shall be incorporated and registered in this country.

53. There is one aspect of the question to which attention must be drawn. If our colleague's recommendation is accepted it will be open to every foreigner to establish manufacturing industries in India by means of companies incorporated in their own countries and in their own currency. This danger did not exist under a policy of free trade, but it is bound to materialise when the benefit of protective duties becomes available. We may have under such circumstances companies incorporated elsewhere, say in America in dollars, in France in francs, in Italy in liras, in Germany in marks, in Japan in yens and in China in dollars, etc. It will be also possible for these companies to obtain their whole capital in their own countries and thus carry away the entire profit of manufacturing industries established behind the tariff wall. The consumer will have paid a higher price, due to protective duties, and the entire manufacturing profit will have gone out of the country. We cannot obviously understand how under such conditions "the main and ultimate end viz., the enrichment of the country will be attained." (Paragraph 293). We would venture to assert that India cannot

possibly be expected to adopt a policy which is likely to lead to such a result.

54. Sir Frederick Nicholson's third condition is that the profits of Indian industries should remain in the country. We are accepting for the present the policy of foreign capital for the rapid development of industries; but the safeguards of incorporation in India and rupee capital are essentially necessary to provide for the opportunity of investment of Indian capital and the retention of industrial profits at least to that extent in this country. Companies incorporated in foreign countries and in the currency of such countries would not provide such facilities for investment. We would specially invite attention to the desirability of drawing middle class capital to industries. Unless the companies are incorporated in India in rupee capital the opportunity for such investment will hardly arise. It is not reasonable to expect the people of India, especially the middle classes, to take the risk of exchange by investment in companies incorporated in foreign countries in their currency even if any such investment is possible. We believe there will be no difference of opinion on the point that Indian capital should have full scope for investment in Indian industries and that foreign capital should merely supplement it to accelerate the pace and to provide the early relief of the burden on the consumer. We do not apprehend any danger of the kind indicated in the report, viz., that such a policy will lead to formation of private companies. There is in our opinion very little likelihood of individual firms providing the whole capital themselves by registering private companies. If, however, such a contingency arises it can only mean that the profit of the enterprise is expected to be so substantial that the promoters desire to keep the whole of it to themselves and carry it away to their own countries. If such a danger materialises and foreign firms resort to such expedients, we think that the Government of India should by means of legislation or otherwise take steps to put a stop to it. No foreign country should be allowed to monopolise the profits due to the policy of protection in India and at the cost of the Indian consumers.

55. The condition about a reasonable proportion of Indian Directors is the logical outcome of the policy laid down by the Government of India and supported by our colleagues. It is true that joint stock companies are placed by statute on a democratic basis and there is an element of racial consideration in the question. We may, however, point out that in actual practice the result is different and that the Government of India have themselves considered it necessary to impose such a condition.

56. Our third condition is also the same as has been laid down by the Government of India and accepted by our colleagues. We

recognise that circumstances are favouring the training of Indian apprentices and that in the interests of economic working of the industries, the managing agents are inclined to train and employ Indians in preference to more costly foreign labour. In these circumstances, our recommendation would be that the Government of India should take power by legislation to bring about the training of Indian apprentices in such cases as they may in their discretion consider necessary. This legislation should apply to all factories in India, whether under Indian or foreign management. If the tendency to which a reference is made in the report develops and the Indian apprentices are being trained on economic grounds there will be no occasion to exercise the powers so obtained. We have to remember that the question applies to all foreign countries establishing manufacturing industries in India and there may be an occasion in the interests of the people of India to put into force the provisions of such legislation.

57. There is an economic aspect of the employment of foreign skilled labour which needs attention. The Tariff Board has been asked to take into consideration the cost of production in other countries and in India and to determine with other relevant factors the rate of protection which should be granted to a given industry. The cost of labour does not form an insignificant factor in the determination of the cost of production, and consequently the rate of protection. If foreign skilled labour is employed the rate of protection will be higher and the consequence will be a greater loss to the consumer. In many cases it will be necessary to employ foreign skilled labour at the outset and the consumer will have to bear the necessary loss. But it is essential that such loss should be minimised as early as possible. The scheme of training Indian apprentices to take the place of foreign skilled labour has, therefore, the double advantage of providing further avenues of employment for trained Indians and of minimising the loss to the consumer.

The Tariff Board.

58. We are unanimous in thinking that the many important functions which are required to be performed necessitate the constitution of a Tariff Board. "The Board must be one which will command the confidence of the country, and must be above suspicion of any subservience to particular interests." While agreeing with this general proposition, we think it is necessary to secure a judicial decision amongst the conflicting interests and to have the consumers represented upon it. In our view, the Board should consist of three members and the Chairman should be a trained lawyer occupying the status of a High Court Judge. A Judge of a High Court has to adjudicate on important and complicated problems of litigation and his impartiality cannot be questioned. We are unanimous in thinking that "it is essential that the fact that enquiry is taking place should be widely known, that all possible interests should have every opportunity for representing their point of view, that a formal enquiry should be

held in public and that the Government should publish the results of the enquiry promptly." It will be apparent that at an enquiry at which all possible interests have to be examined and a well-balanced decision is to be given, the most qualified person to do so would be a man who has been trained both by practice in the Courts and by experience on the Bench of a High Court. We would therefore recommend that the Chairman of the Tariff Board should be an officer possessing these qualifications.

59. As regards the two other members we must examine the principles adopted by America and Australia in constituting their respective Boards. "The members of the United States Tariff Commission appeared to be for the most part men of wide general attainments." Members other than the Chairman "appear to be for the most part men who have distinguished themselves in law or in politics." We may quote from the Act creating a Tariff Commission in the United States of America, Section 700 :

"That a Commission is hereby created and established to be known as the United States Tariff Commission (hereafter in this title referred to as the Commission) which shall be composed of six members who shall be appointed by the President BY AND WITH THE ADVICE OF THE SENATE."

We think it is desirable to adopt the same principle for selecting the two other members. They should be elected by the non-official members of the Legislative Assembly, who represent wide electorates throughout the country and may well be relied upon to choose

"men of ability, of integrity and of impartiality."

The principle recommended by us is similar to the one adopted by the United States of America. The best way of making appointments "by and with the advice" of the Legislature is to allow them to elect such members. We have recommended that the Chairman should be a trained lawyer. The two other members, if our recommendation is adopted, will be distinguished men who may be expected, while representing the interests of the consumers, to be capable of taking broad views in the larger interests of the country. It appears to us necessary that the Tariff Board should be so constituted as to give general satisfaction to the people of India and should be able to command for their decisions the general support of the country. The interests of trade, commerce and industry should also have a voice in the determination of the issues submitted to it. We do not think that such interests should find representation on the Tariff Board. The plan most suited to Indian conditions is the combination of the American and Australian models. Our recommendations would therefore be that :

60. The Board should consist of three members and two assessors :

(i) The Chairman should be a trained lawyer who has had experience for a reasonable time on one of the High Courts in India.

(ii) The other two members should be elected by the non-official members of the Indian Legislature ; and

(iii) Two assessors representing trade, commerce and industry by election by the leading Chambers and Mercantile Association in India.

The representatives of the Chambers and Mercantile Associations should serve as assessors and should only be called at the discretion of the Board when in their opinion the presence of such assessors will be helpful to the Board in the investigation of any particular question.

61. Great stress has been laid on a continuity of policy. We do not think that the adoption of our scheme for the constitution of the Board will in any way militate against it. The Chairman and the permanent staff will secure all the continuity that is necessary. While the additional advantage of the adoption of our scheme will be that it will command the confidence of all shades of public opinion.

Conclusion.

62. We cannot understand why our colleagues have been apologetic in justifying the Commission's recommendation in favour of a policy of protection. India has attained fiscal freedom and the policy which is unanimously supported by the Indian people must be the policy which should be adopted for this country. It is a mere commonplace to say that a rich India is a tower of strength to the Empire, while an economically weak India is a source of weakness. In our opinion, India would have been of far greater help to England during the war if a policy of protection had been adopted at least a generation ago and intense industrialisation had been made possible. It was a short-sighted policy to have kept a country inhabited by one-fifth of the human race in a state of chronic poverty by making it almost entirely dependent on agriculture. Indian publicists of eminence, with the full support of Indian public opinion, have insistently demanded a different fiscal policy for a long time past. In the words of the Report, "the appointment of the Indian Fiscal Commission may be regarded as the outcome of a long-standing and insistent demand of the public in India for a revision of the tariff policy." If this demand had not been resisted, the economic growth and well-being of the people of India would have been secured. This would undoubtedly have been to her great advantage and would also have been beneficial to the Empire. India has now attained fiscal freedom and we earnestly trust that the Government of India, in co-operation with the Indian Legislature, will hasten to give effect to the policy of industrialisation which we recommend so that she may grow to her full economic stature within a reasonable period of time.

63. We have to make these observations in view of the statement made by our colleagues, viz. that "India for many years to come is likely to concentrate on the simpler forms of manufactured goods and these are precisely those in which the United Kingdom has the smallest interest." We earnestly trust that no such limitations will be placed in the path of India's industrial development. We have already pointed out that we disagree with our colleagues regarding their proposals to hedge in the policy of protection. We hope this has not been done with the object of keeping "India to concentrate her industries on the manufacture of simpler forms of goods." That would be no real response to the unanimous view of the Indian people; on the other hand, it would cause great disappointment in the country. We may point out that although the consensus of the Indian view, as expressed by the witnesses who appeared before us, was against the introduction of foreign capital for industrial development in India, we have agreed to recom-

mend it on the terms mentioned, for the reasons advanced in the Report, viz.,

"If, therefore, in addition to her own capital she is able to attract capital from abroad, her development will be accelerated * * * Protection entails a sacrifice on the part of the consumer. Our object should be to make that sacrifice as short as possible. The sacrifice is complete when the new industries have fully developed. Therefore it is of the first importance that the development of new industries should proceed as rapidly as possible. The more capital is employed in the development of industries, the more rapid will that development be and therefore the shorter will be the period of the burden on the consumers."

Indian opinion is unanimous and insistent on the subject and desires an intense effort at industrialization. The Indian people expect by means of protection and whole-hearted co-operation of the State to reach a commanding position in the industrial world within a reasonably short period of time. They will not be satisfied by a policy which is likely to make them concentrate their efforts for many years to come on the manufacture of simpler forms of goods. A policy which is likely to lead to this result will not appeal to the people of India and the Commission would have been constituted to little purpose, if the result of its labour is not likely to be more fruitful.

64. The economic problem of India must at least now be examined in a spirit of broad-minded statesmanship. India inhabited by a fifth of the human race can be of tremendous value, economic and political, both to herself and to the Empire, if development proceeds on lines best suited to her own conditions. If in the process of her attaining her full stature, there is any risk to the immediate interests of the British manufacturers, that risk must be faced. We think that the risk is remote, not because India is likely to concentrate "on the simpler form of manufacture" but because by an intense effort at industrialization, she will grow rapidly prosperous and her requirements of manufactured goods will largely increase. The growing prosperity which will result from the rapid development of industries will create increased demand for manufactured articles, both for those which she can manufacture herself and those which she must import; and the trade relations between the two countries will be put on a sound economic basis, mutually beneficial to both.

IBRAHIM RAHIMTULLA.
T. V. SESHAGIRI AYYAR,
G. D. BIRLA.
JAMNADAS DWARKADAS.
NAROTTAM MORARJEE,

6th September, 1929.

Appendix (A), to the Minute of Dissent.

Professor Hamilton points out that before the coming of the Portuguese into India, three well recognized routes, two by sea and one by land were snappd out by Indian traders for carrying on their export trade. The first was by sea to the Arabian coast at Aden, and thence to Cairo and Alexandria; the second was by sea to the Persian Gulf and thence by land to Alleppo and on to the Levantine ports; the third lay overland by Kandahar to the cities of Persia and Turkey. A flourishing trade was carried on through the agency of the Indian mercantile marine with Greece, Rome and Venice in the earlier periods and with Holland and England later on.

Mr. Taylor in his History of India has this striking passage :

"The arrival in the port of London of Indian produce in Indian built ships created a sensation among the monopolists which could not be exceeded if a hostile fleet had appeared on the Thames. The ship-builders of the port of London took the lead in raising the cry of alarm. They declared that their business was in danger and that the families of all the ship-wrights in England were certain to be reduced to starvation."

Professor Jadunath Sircar enumerates a long list of manufactured articles for which India was famous. The Moghal Emperors encouraged this production by the grant of subsidies, etc. Dacca muslin is particularly referred to by all writers.

Lecky says: The woollen and silk manufacturers (of England) were seriously alarmed. This led to the passing of the Acts of Parliament in 1700 and 1721 absolutely prohibiting, with a very few specified exceptions, the employment of printed or dyed calicoes in England either in dress or in furniture and the use of printed or dyed goods of which cotton formed any part.

Mr. Romesh Chandra Dutt says :

"A deliberate endeavour was now made to use the political power obtained by the East India Company to discourage the manufacturers in India. In their letter to Bengal dated 17th March 1769, the Company desired that the manufacture of raw silk should be encouraged in Bengal and that the manufacture of silk fabrics should be discouraged. They also recommended that the silk winders should be forced to work in the Company's factories and prohibited from working in their own homes."

The Indian point of view was clearly stated by Wilson in these terms :

"Had India been independent she would have retaliated, would have imposed prohibitive duties upon the British goods and would thus have preserved her own productive industry from annihilation. This act of self-defence was not permitted her. She was at the mercy of the stranger. British goods were forced upon her without paying any duty and the foreign manufacturer employed the arm of political injustice to keep down and ultimately strangle the competitor with whom he could not have contended on equal terms.

APPENDIX B.

Value (in lakhs of rupees) of Imports, Private Merchandise, according to four main classes and subdivisions thereof.

	Average of five pre- war years 1909-10 to 1913-14	Average of five war years 1914-15 to 1918-19	1919-20	1920-21	1921-22
I.—FOOD, DRINK AND TOBACCO.					
Sugar	18.18	14.70	22.99	18.50	27.50
Grain, pulse and flour	20	53	3.09	5	9.24
Provisions and oilman's stores	2.05	2.15	2.91	3.61	2.71
Liquors	1.72	2.04	2.91	4.21	3.37
Other food and drink	84	1.89	2.32	2.44	1.70
Spices	1.55	1.97	2.27	1.91	1.93
Tobacco	71	1.32	2.02	2.98	1.55
Fruits and vegetables	1.08	2.10	1.90	1.68	1.88
Tea	22	47	54	40	56
Fish (excluding canned fish)	31	20	19	21	19
Total Class I.	21.85	26.89	41.13	35.97	50.63

APPENDIX B.—(Contd.)

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	Average of five pre- war years 1909-10 to 1913-14.	Average of five war years 1914-15 to 1918-19	1918-20	1920-21	1921-22
II.—RAW MATERIALS AND PRODUCE AND ARTICLES MAINLY UNMANUFACTURED.					
Oils	3,95	4,24	9,44	8,76	7,56
Silk	1,17	1,10	1,77	1,63	1,32
Seeds	8	58	1,26	62	17
Wood and timber	71	85	1,25	1,08	86
Gums, resins and lac	26	23	72	48	41
Cotton	1,02	44	68	1,69	3,45
Tallow, stearine, and wax	17	18	24	49	21
Hides and skins, raw	14	16	20	10	10
Coal, coke and patent fuel	81	30	13	30	5,65
Metallic ores and scrap iron or steel for remanufacture.	4	3	8	18	9
Wool	16	18	7	7	9
Textile materials other than cotton, silk and wool (raw).	6	17	6	13	12
Miscellaneous	1,47	1,05	1,47	1,68	1,79
Total Class II.	10,03	9,52	17,87	17,11	22,01

APPENDIX

- APPENDIX B. - (Contd.)

	Average of five pre- war years 1909-14 to 1913-14	Average of five war years 1914-15 to 1918-19	1919-20	1920-21	1921-22
III.—ARTICLES WHOLLY OR MAINLY MANUFACTURED.					
Yarns and textile fabrics—					
Cotton	52.18	52.48	59.08	1,02.12	56.93
Silk	2.77	2.82	5.92	5.59	2.99
Wool	3.08	1.82	1.60	5.53	1.23
Haberdashery and Millinery	1.37	1.02	.97	2.02	.69
Others	.50	.85	1.52	2.06	.65
Metals—iron and steel, and manufactures thereof	11.16	9.59	16.29	31.24	21.16
Machinery of all kinds, including belting for machinery	5.80	5.77	9.58	24.09	35.49
Cutlery, hardware, implements (except machine tools), and instruments	5.02	4.97	7.15	16.16	11.94
Metals, other than iron and steel, and manufactures thereof	3.59	2.78	8.40	9.85	5.05
Railway plant and rolling-stock	6.11	1.42	4.59	14.13	18.91
Carriages and carts, including cycles and motor cars	1.56	3.48	4.54	14.08	3.54

APPENDIX

APPENDIX B.—(Contd.)

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FISCAL COMR. REPORT

	Average of five pro- war years 1909-10 to 1913-14	Average of five war years 1914-15 to 1918-19	1919-20	1920-21	1921-22
Chemicals, drugs and medicines ...	2,13	3,43	3,74	5,16	3,75
Dyes and colours ...	2,07	2,09	3,28	5,72	4,49
Paper, pasteboard and stationery ...	1,85	2,67	3,13	9,12	3,25
Glassware and earthenware ...	2,16	1,76	2,74	4,28	3,00
Apparel ...	2,03	1,85	1,97	4,82	1,28
Hides and skins, tanned or dressed, and leather	45	38	54	1,29	66
Furniture, cabinetware and manufactures of wood	30	32	46	96	54
Arms, ammunition and military stores ...	34	33	37	64	70
Miscellaneous ...	6,34	8,87	11,54	16,12	13,29
Total Class III	1,11,80	1,08,56	1,45,35	2,74,98	1,89,47
IV—MISCELLANEOUS AND UNCLASSI- FIED.	2,16	3,33	4,12	7,65	4,32
Grand Total	1,45,85	1,47,80	2,07,97	3,35,60	2,66,43

APPENDIX C.

Value (in lakhs of rupees) of Exports, Private Merchandise, according to four main classes and sub-divisions thereof.

	Average of five pre-war years 1909-10 to 1913-14.	Average of five war years 1914-15 to 1918-19.	1919-20.	1920-21.	1921-22.
I.—FOOD, DRINK, AND TOBACCO.					
Grain, pulse and flour	65.82	37.32	15.15	25.65	29.99
Tea	13.07	7.55	20.56	12.15	18.32
Spices	.86	1.03	1.57	.83	1.01
Tobacco	.37	.55	.23	.75	.71
Provisions and oilman's stores	.46	.50	.69	.74	.71
Fruits and vegetables	.47	.57	.63	.60	.63
Sugar	.16	.22	.54	.95	.25
Fish (excluding canned fish)	.39	.43	.51	.56	.60
Liquors	.1	.1	.1	.1	.1
Other food and drink (coffee and salt)	1.38	1.19	1.73	1.43	1.39
Total Class I.	62.97	59.57	42.23	43.67	53.51

APPENDIX C.—(Contd.)

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FISCAL YEAR REPORT

	Average of five pre-war years 1909-10 to 1913-14.	Average of five war years 1914-15 to 1918-19.	1919-20.	1920-21.	1921-22.
II.—RAW MATERIALS AND PRODUCE AND ARTICLES MAINLY UNMANUFACTURED.					
Cotton	33,28	33,63	58,65	41,63	53,67
Jute	22,20	12,80	24,70	16,36	14,05
Seeds	24,37	12,17	26,27	16,83	17,41
Hides and skins, raw	10,32	9,88	23,41	5,25	8,98
Wool	2,68	3,90	4,01	2,26	2,54
Oils	92	1,87	3,22	1,78	1,02
Gums, resins, and lac	2,29	2,66	7,42	7,68	7,94
Metallic ores and scrap iron or steel for re-manufacture.	1,15	1,91	1,50	2,47	1,70
Hemp	78	1,18	1,89	66	89
Textile materials, other than cotton, jute, wool, and hemp.	43	45	1,40	90	82
Wood and timber	98	69	1,42	1,24	59
Coal, coke and patent fuel	76	48	83	1,50	16
Tallow, stearine, and wax	9	8	9	11	9
Miscellaneous	2,28	3,25	5,01	4,56	3,11
Total Class II	1,02,58	84,96	1,59,83	1,03,43	1,09,73

APPENDIX C—(contd).

	Average of five pre-war years 1908-10 to 1913-14.	Average of five war years 1914-15 to 1918-19.	1919-20.	1920-21.	1921-22.
III.—ARTICLES WHOLLY OR MAINLY MANUFACTURED:					
Yarns and textile fabric—					
Jute	20,25	40,19	50,02	52,99	30,00
Cotton	11,41	11,78	27,41	18,27	15,65
Wool	26	21	67	84	71
Silk	7	5	6	5	5
Others	1	2	5	2	5
Hides and skins, tanned or dressed, and leather	4,30	7,19	12,71	3,30	4,05
Chemicals, drugs and medicines	10,53	3,37	3,04	3,79	2,86
Dyes and colours	1,18	2,42	2,66	1,11	1,33
Metals other than iron and steel and manufactures thereof.	22	47	58	1,19	1,28
Metals, iron and steel and manufactures thereof.	32	34	47	59	56
Apparel	18	12	27	30	31

APPENDIX C—(contd).

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FISCAL COMM. REPORT

	Average of five pre-war years 1908-10 to 1913-14.	Average of five war years 1914-15 to 1918-19	1919-20,	1920-21.	1921-1922.
Cutlery, hardware, implements (except machine tools) and instruments.	6	4	8	10	9
Paper, pasteboard, and stationery ...	1	2	4	2	3
Furniture, cabinetware, and manufactures of woods.	7	4	12	9	12
Railway plant and rolling-stock ...	1	2	8	11	7
Glassware and earthenware ...	2	1	3	2	2
Machinery of all kinds, including belting for machinery.	...	1	2	...	...
Carriages and carts, including cycles and motor cars.	...	...	1	...	...
Miscellaneous ...	3,00	3,12	5,01	4,10	4,50
Total Class III ...	51,88	69,40	1,03,25	86,91	61,67
IV.—MISCELLANEOUS AND UNCLASSIFIED	2,13	2,04	3,71	4,29	4,64
Total ...	2,19,50	2,15,97	3,09,02	2,38,50	2,29,55

APPENDIX D.

Percentage share of the principal countries in the total trade in merchandise only

Countries	AVERAGE OF FIVE PRE-WAR YEARS 1909-10 TO 1913-14			AVERAGE OF FIVE WAR YEARS 1914-15 TO 1918-19			1919-20			1920-21			1921-22		
	Imports	Exports, in- cluding re- -exports	Total	Imports	Exports in- cluding re- -exports	Total	Imports	Exports in- cluding re- -exports	Total	Imports	Exports in- cluding re- -exports	Total	Imports	Exports in- cluding re- -exports	Total
BRITISH EMPIRE															
United Kingdom	62.8	25.1	40.0	56.5	31.1	41.2	50.5	29.6	37.7	61.0	31.0	44.1	56.7	19.7	39.0
Ceylon	.5	5.7	2.4	1.1	4.8	3.0	1.2	3.4	2.0	.6	4.6	2.8	.5	5.1	2.7
Strait Settlements	2.1	3.4	3.0	3.0	2.7	2.8	2.9	2.2	2.5	1.4	3.6	2.3	1.5	3.1	2.3
Australia .....	.7	1.4	1.1	.8	2.2	1.7	1.6	1.0	1.3	.4	2.4	1.3	3.6	1.7	2.6
Hongkong .....	.7	4.1	2.7	.9	3.0	1.6	1.3	2.2	2.2	.7	3.6	1.7	.6	2.7	1.6
India & Dependencies	1.8	.5	1.1	1.1	.6	.8	.8	.4	.5	.3	.7	.5	.6	.9	.8
Total (including other British possessions)	69.8	41.9	52.9	65.4	51.7	57.1	61.0	44.0	51.0	63.0	43.0	56.0	63.0	37.3	52.0
FOREIGN COUNTRIES															
Japan	2.5	7.5	5.3	10.4	11.2	10.9	9.3	14.3	12.3	7.9	9.5	8.6	6.1	15.8	10.2
U. S. of America	3.1	7.5	5.3	7.0	11.9	9.9	12.1	14.9	13.6	10.5	14.6	12.4	8.1	10.5	9.1
Canada	6.4	1.8	3.3	7.8	1.1	3.3	9.4	.6	4.0	4.6	1.2	3.9	3.0	1.7	3.5
France	1.5	3.3	4.6	1.3	4.5	3.2	.3	4.3	3.3	1.1	3.1	2.0	.3	4.0	2.4
Italy	1.0	3.2	2.3	1.2	3.9	2.3	.6	2.4	1.7	1.3	2.6	1.6	.3	2.4	1.5
China (exclusive of Hongkong and Hanoi)	1.1	3.9	2.9	1.3	2.0	1.7	1.3	3.4	2.3	.9	3.3	1.3	1.0	4.3	2.7
Greece	.4	.5	.5	.6	1.6	1.2	1.3	1.6	1.4	.4	1.3	.9	.3	1.4	1.0
Russia	.7	.9	.8	.1	1.2	.8	.1	...	...	.1	...	.04	.01	...	.01
Holland	.9	1.5	1.3	.5	.2	.3	.5	.5	.5	.5	.5	.7	.9	.9	.9
Belgium	1.9	5.3	3.9	.3	.5	.4	.3	3.1	3.0	1.6	3.0	3.1	2.0	3.3	2.6
Germany	6.4	10.0	8.6	.7	.3	.3	...	.4	.3	1.4	3.4	2.3	2.7	6.6	4.6
Austria-Hungary	3.2	3.5	3.3	.2	.4	.3	.1	.1	.1	.2	.3	.3	.1	.3	.3
Total (including other foreign countries)	30.3	58.1	47.1	34.6	48.3	42.9	39.0	66.0	49.0	34.0	37.0	44.0	33.4	62.7	47.4

APPENDIX E.

Table showing the effect of Tariff Valuations as compared with "ad valorem" Duties if the valuation is taken as the average of the prices of the three preceding years.

Prices are considered to vary during the three years from Rr. 1 to Rr. 3 and the duty is taken as 20 per cent for ease of calculation.

If the prices for the three years are respectively	Then the average will be	IF THE PRESENT PRICE IS 1.		IF THE PRESENT PRICE IS 2.		IF THE PRESENT PRICE IS 3.	
		COST PLUS AD VALOREM DUTY	COST PLUS TARIFF VALUATION DUTY	COST PLUS AD VALOREM DUTY	COST PLUS TARIFF VALUATION DUTY	COST PLUS AD VALOREM DUTY	COST PLUS TARIFF VALUATION DUTY
1, 1, 1	1	1-2	1-2	2-4	2-3	3-6	3-2
1, 1, 2 or 1, 2, 1 or 2, 1, 1.	1-33	1-2	1-266	2-4	2-266	3-6	3-266
1, 2, 2 or 2, 1, 2 or 2, 2, 1 or 1, 2, 1 or 1, 1, 2 or 2, 1, 1.	1-66	1-2	1-334	2-4	2-334	3-6	3-334
1, 2, 3 or 1, 3, 2 or 2, 1, 3 or 2, 2, 2 or 2, 3, 1 or 3, 2, 1 or 3, 1, 2.	2	1-2	1-4	2-4	2-4	3-6	3-4
1, 2, 3 or 2, 3, 2 or 3, 2, 3 or 3, 3, 1 or 3, 1, 3.	2-33	1-2	1-466	2-4	2-466	3-6	3-466
3, 3, 2 or 3, 3, 3 or 2, 3, 3.	2-666	1-2	1-534	2-4	2-534	3-6	3-534
3, 3, 3	3	1-2	1-6	2-4	2-6	3-6	3-6

When the present price is low, the consumer pays a higher duty and the manufacturer gets a greater protection. When the present price is higher, the consumer pays a lower percentage duty and the manufacturer gets a lower percentage protection.

Report

On The Burma Reforms

The report of the Burma Reforms Committee, (the Whyte Committee), the Government of India's Despatch, and the Draft Rules as approved by the Joint Committee, and the correspondence presented to Parliament including the recommendations of the Burma Govt., were published in May 1922.

The Whyte Committee Report

The report of the Burma Reforms Committee, presided over by Sir Frederick Whyte, covers 24 pages and is generally unanimous, but contains three minutes of dissent by Maung Po Bye, Maung Myint and Mr. P. P. Giwala. The report consists of eight chapters. The first lays down the terms of reference and the second reviews the history of the question of Reforms in Burma. It points out that the tentative scheme of the Lieutenant-Governor and the Government of India's scheme, made in the previous year, were unacceptable to the Secretary of State (Mr. Montagu) who finally decided on the application to Burma of the Government of India Act and decided to appoint for enquiry a special committee. The committee examined 101 witnesses in all. The committee next refers with regret to its boycott by the general council of the Burmese Association and the Indian Association, which adopted threats and intimidation to prevent some witnesses from appearing before the committee. The committee believes that when the result of their labours are made public, wiser counsels will prevail and that the purely negative attitude displayed by the general boycott will give way to co-operation in an endeavour to give the new constitution an auspicious inauguration.

In this connection the committee refers to the political situation in Burma when the committee's report was written. The movements of political opinion in Burma were only visible as uncertain phenomena on a distant horizon, but owing to the rapid movement of events in India the political awakening of Burma is not only a fact of profound significance but it has come about with astonishing rapidity and its influence is nowhere more clearly shown than in the successive modifications which constitutional proposals of the local Government have undergone since 1916 when Sir Harcourt Butler set up a committee to enquire into the reforms of the Legislative Council. The least important factor, more-

over, in the ripening of Burmese opinion has been the constitutional progress of India. The politically minded Burman, while loth to accept any Indian model, watched the incubation of Indian reforms with a not unpardonable jealousy, and when he saw from afar the inauguration of the new legislatures at Delhi and elsewhere in February 1921 by H.R.H. the Duke of Connaught, his national pride suffered a shock at the exclusion of his own province. The influence of Indian affairs did not, however, stop there. Certain decisions regarding the electoral and representative parts of the new Indian constitution appeared in his eyes to be influenced by considerations which hardly applied to Burma. On this point, most of our Burmese witnesses, says the report, have been at pains to lay some stress, and it will be seen from our electoral recommendations that we attach weight to their opinion. On other aspects of constitutional reform, there has been no small amount of controversy. The relative merits of Dyarchy and Home Rule have been canvassed in a manner which shows an ever spreading interest in politics, but which also suggests that even the politically minded Burman regards the former as the enemy of the latter, and has according to the committee, not fully understood either the principle of Dyarchy or its present operation in India, where developments of great significance are in progress.

The report next quotes paragraphs from the resolution of the local Government dated 17th December 1918 and 2nd June 1919 wherein the local Government emphasise that Burma undoubtedly offered a more promising field for Self-Government than did India. The passage of time, the report observes, has only increased the relevance and force of these arguments for the promise Burma gave for representative institutions.

Chapter third deals with the question of franchise. After full consideration the Committee unanimously feel that land revenue should not be the basis of franchise in Burma, because of the enormous difficulties involved. The system of assessment in Burma is widely different from that prevailing in India and any attempt to prepare an electoral roll on a minimum land revenue basis would be comparatively impermanent, because transfers of lands in Burma are very frequent. The general rural franchise recommended by the Committee is: (1) for Upper Burma--the payment of *thathameds* which will yield an electorate practically based on household suffrage, (2) for Lower Burma--the payment of a married rate of capitation as the principal qualification. The capitation tax is virtually a poll-tax levied on individuals at the general rate of rupees 2-3 for an unmarried man for the eight towns in which urban franchises will be exercised. The adoption of the existing municipal

qualification is recommended as the basis of the electoral roll so that there should be added those who pay a minimum amount of four rupees in yearly rates and taxes (including capitation tax and land rate in lieu of capitation tax) either in a municipality or a notified area or a cantonment with the further alternative qualifications of (a) a minimum value of immoveable property either in a municipality or a notified area or a cantonment of Rs. 200, (b) a minimum amount of Rs. 5 paid as monthly rental either in a municipality or a notified area or a cantonment or (c) a minimum rental value of Rs. 5 of the residences of employees living rent free in employers' houses either in a municipality or notified area or a cantonment, both in rural and urban areas. All retired, pensioned or discharged officers, non-commissioned officers or soldiers of His Majesty's regular forces should be qualified as electors. The report touching female suffrage says that there should be no disqualification on the ground of sex, because, payment of *thathameda* being the basis of electoral qualification, any woman who is the head of a household in Upper Burma and pays *thathameda* is entitled to vote. The Committee suggests no test of literacy. Plumping in the plural member constituencies is not permitted by the Committee. The draft electoral roll for the Legislative Council is recommended to be the same as drawn up by the local Government for the rural Self-Government Act. The Committee estimates the rural electorate at about fifteen lakhs but cannot give an approximate estimate of the urban electorate. The minimum age of a candidate for election should be 25 years, but no residential qualification is imposed.

Constituencies

Chapter fourth deals with constituencies and the constitution of the Council. The Committee says, however much in theory it was unanimous that communal electorates are undesirable, they had to give way to fact and in the face of the evidence have recommended certain special measures for minority representation. Proportional representation is considered as impossible at present, but it is opined that in any further constitutional development proportional representation will probably offer the most satisfactory manner of securing representation. The Committee have recommended communal representation for European and Anglo-Indian communities and reservation of special seats in certain plural member constituencies for Indian and Karen communities.

Touching the question of constituencies, the Committee recommend that nineteen districts be represented by two members each. In five out of them (Amherst, Bassien, Maubiu, Myaungmya and Thaton) the second seat will be reserved for the Karen community. The following remaining twelve districts will be represented by one

member each :—Insein, Katha, Kyaukpadaung, Kyaukse, Mandalay, Mergui, Mindu, Prome, Pyawon, Sandoway, Tavoy and Thayemye.

Continuing the Committee states :— "We consider that this allotment represents satisfactorily the relative interests of Upper and Lower Burma and sufficiently corresponds to the population ratio of the different districts. We propose to confine urban representation to the following 8 towns which have more than 20,000 inhabitants :—Rangoon (of which 4 are reserved for Burman candidates, three Indian candidates and one seat is left open) 8 ; Mandalay (2 reserved for Burmans and 1 for an Indian) 3 ; Moulmein (1 Burman and 1 Indian) 2 ; Bassein (1 Burman and 1 Indian) 2 ; Akyab (one Burman and one Indian) 2 ; Henzada 1 ; Prome 1 ; Tavoy 1. The nominated members of the Legislative Council will consist of 12 officials, to be chosen by the Local Government, which seems to us to be the irreducible minimum; 8 non-officials, among whom will be found representatives of the backward tracts and one representative for Indian commerce; in the first instance, 2 members of the Executive Council and the President, making the total number of members for the Legislative Council 101, not including two experts provided for in the Government of India Act. The composition of the Legislative Council will then be : elected urban members 20, rural members 50, Burma Chamber of Commerce 2, Burmese Chamber of Commerce 1, Chinese Chamber of Commerce 1, Rangoon University 1, Rangoon Trades Association 1, European 1, Anglo-Indian 1, total 78 ; nominated officials 12, non-officials 8, Executive Council 2, President 1, total—101.

Areas Excluded from Franchise

Dealing with the question of excluded areas, the Committee accept the proposals of the local government in their entirety, the effect of which will be that the Shan States and the areas to which the Kachin Hill Tribes Regulation, 1895, Chin Hill Regulations, 1896, and Arakan Hill District Laws Regulation, 1918, apply should be excluded. The Committee is satisfied that the difficulties of holding elections in them are almost insuperable and that their inhabitants are not politically advanced. They therefore recommend that, while these areas should not be excluded from the scope of the Government of India Act, the franchise should for the present not be extended to them.

Division of Functions

Turning to the division of functions the Committee accept the proposals of the local government contained in their note of October 25th 1921 regarding the political changes. They affirm that the transfer of these subjects to the provincial list should take place at

soon as necessary adjustments have been made. All these proposals would entail an enquiry into financial considerations which are inseparable from them. The Committee suggest that the local government should be entrusted with fuller powers in dealing with the question of rice controls and recommend the transfer of (1) salt, (2) forests, (3) European and Anglo-Indian education, (4) regulation of betting and gambling, (5) prevention of cruelty to animals, (6) protection of wild birds and animals, (7) control of dramatic performances and cinematograph to the list of provincial subjects in addition to those already recommended by the local government. The Committee does not agree with the suggestion to exclude the Port of Rangoon from the list of major ports. The Rangoon Development Trust is mainly concerned with the management and development of the Government estates in Rangoon and should be treated as a reserved subject.

Representatives in Indian Legislature

Finally, the Committee recommend that the number of representatives for Burma to the Indian Legislature should remain unchanged and do not agree with Mr. Ginzwa that the elected members from Burma on the Legislative Assembly should be considerably increased. Continuing the Committee states:—"For the Council of State we recommend that the existing classes of electors remain unchanged, but that the minimum qualification on the basis of land revenue payment should be Rs. 1000 and the minimum income-tax qualification Rs. 3000 instead of Rs. 3000. In the case of the Legislative Assembly we accept the arguments on which the decision to adopt the direct election of Indian members to the Legislature was based. The present indirect franchise in Burma was never regarded as more than a stop-gap and we consider that it should not be retained. In its place we propose that the following qualifications be adopted:—

(A) Payment in the previous year of land-revenue of an amount not less than Rs. 100 for Lower Burma and Rs. 50 for Upper Burma.

(B) Assessment in the previous year to income-tax.

(C) The payment in Upper Burma in the previous year of *thathameda* not less than Rs.25.

(D) Being qualified as an elector for the Burma constituency of the Council of State.

"It will be seen that we have adopted as the primary basis of the franchise the payment of minimum amount in land-revenue. We have already put forward strong arguments against the adoption of this basis for the wider franchise for the provincial Legislative Council. These arguments are not applicable in anything like the same degree to the present proposal and we anticipate little difficulty

in the preparation of the electoral roll on this basis for the Legislative Assembly. Moreover, if we had excluded payment of land revenue as one of the basis of franchise for the Legislative Assembly, we should have excluded from the roll a large number of residents in rural districts engaged in agriculture who on broad political grounds are entitled to the franchise. We have adopted *thathamida* in Upper Burma, because, with the exception of Mandalay and Maymyo, income-tax is not there levied and we consider it is necessary to enfranchise certain classes of house-holders, who if they had lived in other areas, would probably have been included in the income tax assessment. If these recommendations are adopted we would prescribe the same qualifications for the electorate for the Burma European constituency for which assessment to income-tax is at present the same qualification."

The following are the views of the Government of India on the Whyte Committee Report.

The Government of India sent on the 31st March 1922 a lengthy despatch to the Secretary of State expressing their views on the proposals of the Burma Reforms Committee. The Government of India disagreeing with both the Committee and the Burma Government recommend that the area which the Committee propose to exclude entirely from any constituencies, even though the areas are not backward tracts, should be included in appropriate constituencies. On the question of woman's franchise the recommendation of the Committee has been accepted and the Governor is given discretion to accept or not the recommendation of the Legislative Council removing female disqualification regarding eligibility for election.

In case of cumulative votes the Government of India reject the opinion of the Committee and accept the view of Local Government which favours plumping in plural constituencies.

In the case of representation of the Karen community the idea of communal representation on the basis of division rather than reserved seats is favoured, but in the case of Indian representation the view of the Committee is adopted in preference to the view of the local Government. Sir William Vincent, however, dissents from the view of the majority of his colleagues and considers the method of reserved seats as unsuitable for adoption for Indians in urban constituencies as for Karen's in rural constituencies.

Regarding franchise the despatch accepts the Committee's proposals generally for the qualifications. The Government of India further considers that immigrants of agricultural and labouring classes should not be enfranchised as they have no stake in the province. The despatch discusses in detail the effects of the fran-

chise and concludes that entry on the capitation tax roll should qualify for a vote whether a man pays married rate or not. The Government of India further accept the assessment to income-tax as a qualification for vote which will mainly affect women, and they consider the payment of twenty rupees land revenue as minimum qualification under that. The despatch agrees with the Committee and the Local Government that the residential qualification is not necessary for candidature for rural constituency and accepts the Committee's proposals regarding the distribution of seats in urban and rural constituencies with certain modification with reference to European representation. The Government of India propose increasing the number suggested by the Committee from one to three regarding special constituencies and representation of special interests by nomination. The Government of India do not consider seats for backward tracts necessary. They propose representation for mining and planting industries and labouring classes. The despatch proposes additional five members of the Legislative Assembly who would be nominated by the Governor in any way he thought proper. The Government of India accept the Committee's proposal regarding electoral rules for the Assembly and Council of State. In conclusion the despatch refers to the need for prompt action in order to get the elections held next October and trusts that the Secretary of State will be able to accord sanction to Government of India's proposals at an early date.

The following are the views of the Government of Burma on the Whyte Committee Report.

The Burma Government in a letter to the Government of India dated the 21st December, 1921 expressed their disagreement with some of the Committee's recommendations. It opposes the recommendation that an elector having two or more votes should not be permitted to give more than one to any candidate. The proposal for special representation of Indian and Karen Communities by reservation of seats in general constituencies does not find favour with the Local Government who advocate communal electorates constituted on lines on which the Committee has recommended reservation of seats for the two communities. The Local Government would give Indians 7 and Karens 5 seats by communal electorate and would raise the membership of Legislative Council to 103 of whom 80 shall be elected.

On the question of division of functions, the Local Government stresses at length the advisability from an administrative point of view of the transfer of forests to the popular Minister, but for the sake of the political advantage of the moment they acquiesce in the

view of the Committee for the transfer of both forests and European and Anglo-Indian education to Ministers.

The following is a summary of the Report of the Parliamentary Standing Joint Committee on the Draft Burma Rules.

The draft Burma Electoral Rules as approved by the Joint Committee on Indian affairs have, as far as possible, been framed on the lines of those in Indian provinces. The rules provide for a Legislative Council of the Government of Burma of 103 members consisting of members of the Executive Council, *ex officio*, 79 elected members and such number of members nominated by Government as with the addition of the members of the Executive Council shall amount to 24. Of the members so nominated not more than fourteen may be officials and two shall be persons nominated to represent respectively Indian Commerce and labouring classes.

The qualification of an elector of an urban constituency as approved by the Joint Committee is that he should have (1) a place of residence in the constituency or within two miles of the boundary thereof and who (2) possesses immovable property in the constituency of the value of not less than Rs 200, or (b) has paid during and in respect of previous financial years municipal taxes or Cantonment taxes which together with any capitation tax or land rate in lieu of capitation tax paid by him in respect of previous agricultural year amount to not less than Rs. 4, or (c) is the occupier of a house or building in the constituency of which the rental value is not less than Rs. 60 per annum whether rent is paid by a house belonging to his employer on his behalf, or (2) has a place of residence in the constituency and possess any of the qualifications prescribed for an elector of a rural constituency.

The qualifications for rural constituencies are that an elector has a place of residence in the constituency and (a) has been entered in the capitation tax assessment roll as liable to pay a capitation tax of not less than Rs. 5, or in the *thathameda* tax assessment roll of the previous agricultural year and has not been exempted from payment of capitation tax or *thathameda* tax, as the case may be, on the ground of poverty or of being an immigrant from a country outside Burma, or (b) has paid during and in respect of previous agricultural or financial year, a tax on circumstances and property under Section 26 of the Burma Rural Self-Government Act of 1921 or (c) has paid during and in respect of previous agricultural year, a land revenue of not less than Rs. 5, or (d) was in the previous financial year assessed to income-tax, or (e) in case of a person possessing a place of residence within the municipalities of Toungoo, Kyaukpyn or Th-yetmyo, possess qualification prescribed for urban

constituency, or (i) is a retired officer or soldier of His Majesty's regular forces.

The Draft Burma Electoral Rules

Paras 1 and 2:—Brief explanation of the subject matter of inquiry.

Para 3:—Rules as drafted by the Government of India carry out in the main the proposals of the Whyte Committee and Local Government with certain modifications proposed by the Government of India on the advice of the Secretary of State in Council.

The Committee have decided in nearly every case to accept the proposals of the Local Government in preference to those modifications. They recognise the care with which the Government of India have examined the case and the fact that the adoption of modifications proposed by the Government of India would probably have resulted in a theoretically more perfect scheme, but they were impressed with the importance of adhering as closely as possible to the advice of the committee entrusted with special investigation and of the authority which will be responsible for the successful working of the scheme and has full knowledge of local conditions.

Para 4:—Changes made by the Committee are embodied in the rules as presented to Parliament and the report does not specify them in detail. Observations are confined to a few points of outstanding importance.

Para 5:—Special representation agreed on by all authorities for Europeans, Anglo-Indians, Indians and Karens. The Committee endorse this decision. Sub-para 1:—European representation confined to one seat in view of the unanimous recommendation of the Whyte Committee and of the fact that non-official Europeans are represented by other seats. Sub-para 2.—Indians and Karens:—Some members of the Committee would have preferred the expedient of reserved seats as likely to stereotype the principle of separate representation of communities which the Committee as a whole agree in regarding as a necessity even if a temporary expedient, but the Committee have decided that in all the circumstances the preferable solution is provision of 5 separate communal seats for Indians and 5 for Karens in 5 towns and 5 rural areas respectively. Total communal seats number 15 (including European and Anglo-Indian) out of 79 elected, thus making special provision for Karens and Indians to the extent mentioned in places where these form a considerable proportion of the population. Elsewhere Indians and Karens will be eligible as voters and candidates with the rest of the population, and Europeans will be eligible as candidates in general constituencies.

Para 6:—The Committee endorse the rules as drafted regarding the eligibility of women to vote and stand for election. The arrangement is an advance on that in other provinces, but the Committee see no ground for dissenting in view of the undoubted fact that the position of women in Burma differs materially from that of Indian women.

Para 7:—Rules as drafted contain provision giving power to Local Government to split up into single member constituencies certain named plural member constituencies. The Committee think an advantage might result from making this power applicable to any plural member constituency, and commend the suggestion to the Parliament.

Para 8:—The Committee do not propose transfer of forests but in view of the support it has received, they accept it with some misgivings and record their sense of the heavy responsibilities which Ministers will assume in view of the extreme importance of forests of Burma to the general prosperity of the province.

Para 9:—The Committee point out that it will be the business of the Parliamentary Commission provided for in the Government of India Act to review exhaustively the evidence of success or failure in the working of the Act, and make recommendation accordingly.

Para 10:—The Report concludes with the hope that no avoidable delay will occur in securing the approval of Parliament to the draft rules.

[For the Debate in the House of Commons on these rules presented on the 21st June 1922, see p. 208(xxi)]

Govt. of India Resolutions on
The Indian Public Services
On Premature Pensions, Etc.

DELHI—8TH NOVEMBER 1921

The Government of India published at Delhi on 8th November 1921 the following two important resolutions, the first relating to the terms to be granted to officers who wish to retire prematurely from service consequent on the changed conditions brought about by the Reforms Act, and the second dealing with the right of officers to retire under the ordinary regulations.

The first resolution runs as follows :—

In their report on Clause 36 of the Government of India Bill of 1919 the Joint Committee observed, "the Committee think that every precaution should be taken to secure to the public servants the career in life to which they looked forward when they were recruited, and they have introduced fresh provisions into this clause to that end. If friction occurs a re-adjustment of persons and places may often get over the difficulty and the Governor must always regard it as one of his most important duties to establish a complete understanding between his Ministers and the officers through whom they will have to work. But if there are members of the service whose doubts as to the changes to be made are so deeply rooted that they feel they cannot usefully endeavour to take part in them, then the Committee think it would only be fair to those officers that they should be offered an equivalent career elsewhere, if it is in the power of His Majesty's Government to do so, or, in the last resort, that they should be allowed to retire on such pension as the Secretary of State in Council may consider suitable to their period of service."

The principle embodied in this recommendation, namely, that public servants, the conditions of whose employment have been altered by the constitutional changes introduced by the Act of 1919, could not under certain circumstances be fairly required to continue in the service of the Crown in India, was accepted by the Secretary of State. The detailed orders necessary to give effect to it have since been the subject of prolonged consideration by the Government of India and the Secretary of State, and the Government of

India are now in a position to announce the decision of the Secretary of State in Council regarding applications for permission to retire prematurely and the terms which will be granted to officers whose applications are accepted by the Secretary of State. In framing these terms the object aimed at has been to secure as just a mean as can be devised between an offer which is open to the criticism that few of those in whose interests it is made can afford to avail themselves of it and one so liberal as to seem unfair to those who are willing to remain and play their part in the new order; and while duly recognising the claims of loyal and meritorious service which might have continued both to the public advantage and to the increasing credit of the officer himself, to avoid any unjustifiable addition to the non-effective charges which have to be met from Indian revenues.

All-India Services

The constitutional changes introduced by the Act of 1919 have affected the structure of the Central Government and that of the Provincial Governments unequally. The Central Government is still an official Government responsible to the Secretary of State and to Parliament and there has been no such alteration in the conditions of service of officers employed under it as would justify a relaxation of the rules governing retirement and pensions. For the present, therefore, and pending any further constitutional developments which may affect the character of the Central Government, applications for permission to retire prematurely in consequence of the Reforms will be considered only if received from officers who

(1) are members of the following services :

(a) The Indian Civil Service.

(b) The Indian Police Service.

(c) The Indian Forest Service.

(d) The Indian Educational Service.

(e) The Indian Agricultural Service.

(f) The Indian Service of Engineers.

(g) The Imperial branch of the Civil Veterinary Department.

(h) Officers of the Indian Medical Service in civil employ.

(i) Military and other officers holding posts other than listed posts borne in the provincial cadres of any of the above-mentioned services.

(2) are not permanently employed under the Government of India, that is, officers who will not normally serve in future under a Provincial Government ;

(3) have arrived in India for the first time after joining the service in question on a date antecedent to the 1st January 1920, the Act of 1919 having become law a few days before this date.

All applications must reach local Governments before the 31st March 1924, by which date officers will have had ample opportunity to appreciate the effects of the recent constitutional changes and to arrive at a considered decision. Officers of the services specified who do not apply before that date will not be eligible for a pension on premature retirement in consequence of any constitutional developments which may subsequently take place. In the case of Burma, where the Reformed Constitution is not yet in force, the period will be extended beyond the 31st March 1924 to a date which will be announced hereafter.

Every application must be accompanied by a certificate in the following form :

"I consider that the conditions of my service have been radically changed by the introduction of the Reformed Constitution and in consequence thereof I feel unable to serve the Government of India with advantage to the State. I, therefore, desire to be released from the obligations which I undertook in different circumstances."

Applications when received by Local Governments will be forwarded with their recommendations to the Governor-General-in-Council and will be transmitted by him to the Secretary of State whose orders will be required before any officer is finally adjudged entitled to the new concessions. The Secretary of State in Council reserves to himself the right to postpone the acceptance of the resignations of officers until suitable arrangements can be made for their replacement. Officers who are not allowed for this reason to retire immediately will be permitted to retire as soon as the exigencies of the service to which they belong permit.

The compensation normally to be awarded to an officer who is allowed to retire prematurely will be such pension as is appropriate to the conditions and the period of his service. It would be improper, however, to burden Indian revenues with the payment of a pension to any officer who has not completed five years' total service and is, in view of age, in a position probably to take up a new career in life. But in all services alike such officers will be eligible for a gratuity equal to the number of completed years of total service multiplied by their monthly pay at the date of their retirement. This gratuity will be converted into sterling at the rate of 1s. 9d. per rupee, the ordinary rate for the conversion into sterling of Indian pensions expressed in rupees. The pension to be allowed to officers who have completed more than five years' total service will in all cases be based upon the number of completed years of active

service and not of total service. Active service will for this purpose be interpreted in the same way as active service for the purposes of pension in Article 8 of the Civil Service Regulations, war leave being treated for this purpose as privilege leave. The pensions calculated on this basis which will be admissible to officers in the various services are indicated below :

The letter "n" = number of completed years of active service.

(A) Indian Civil Service—The maximum pension of £1,000 is obtainable after 21 years' active service. The pension admissible will be £n divided by 21, multiplied by 1,000, subject to a maximum of £1,000 a year.

(B) OFFICERS TO WHOM THE ORDINARY PENSION RULES IN PART FOUR OF THE CIVIL SERVICE REGULATION APPLY—

(1) A maximum ordinary pension of Rs. 6,000 a year is obtainable after 30 years' service of which four years may be spent on leave out of India, i. e., the pension of Rs. 6,000 obtainable after 26 years' active service. In addition these officers may obtain additional pensions under Article 475A of the Civil Service Regulations and for the purpose of the present scheme it is assumed that they will qualify for the maximum lower additional pension of Rs. 1,500 per annum making a total of Rs. 7,500 per annum after 26 years' active service. The pension admissible will therefore be Rs.n divided by 26 and multiplied by 7,500 a year, subject to a maximum of Rs. 6,000 a year.

(2) Under the provisions of Articles 403 to 404A of the Civil Service Regulations members of certain services are permitted to additional years to their actual qualifying service for super-annuation pension but not for any other class of pension. Such officers will, however, be allowed to deduct the number of additional years which they may be entitled to reckon under the articles cited from the divisor 26.

(3) The pension will be converted into sterling at the rate of 1s. 9d. per rupee, the ordinary rate for the conversion into sterling of Indian pensions expressed in rupees.

(C) Officers of the Indian Army IN CIVIL EMPLOY—Under the provisions of Paragraph 305 of the Army Regulations, India, Volume 2, an Indian Army Officer remains on the effective list of the Army and is eligible for reversion to military employment until he is placed on the supernumerary list on the expiration of ten years from the date of his original transfer to civil employment. An officer not so placed but who desires to take advantage of the concessions set out in this resolution will first be given an opportunity

of returning to military employment and he will not be eligible for any of them unless the Army is unable or unwilling to absorb him.

The ordinary maximum pension obtainable by an Indian Army officer in civil employment is £800 a year. This pension is obtainable after approximately 30 years' total service and for the present purpose it may be assumed that of this period about five years might have been spent on furlough. The pension admissible to these officers will therefore be £ $n \div 25 \times 800$ subject to a maximum of £800 a year.

(D) Officers of the Indian Medical Service IN CIVIL EMPLOY.—An officer of the Indian Medical Service who desires to take advantage of these rules will similarly be given first an opportunity of returning to military employment and he will not be allowed any concession under this resolution unless the Army is unable or unwilling to absorb him.

Under the ordinary rules pensions are admissible to officers of the Indian Medical Service after 17 years' total service. Special provision is therefore required only for officers of less than 17 years' total service. The pension after 17 years' total service is £400 a year of which three years may be assumed to have been spent on furlough and the pension admissible to those officers will, therefore, be £ n divided by 14 multiplied by 400 subject to a maximum of £400 a year.

In addition to the gratuity of pension admissible to an officer under Paragraph 4, a gratuity equal to the actual cost of first class fares and passages from his last place of employment in India to his new home for the officer himself and for his wife and children if in India, or in the case of passages, free passages of the same number and class will be granted to an officer in India at the time when he retires or goes on leave preparatory to retirement under the terms of this resolution provided that he actually proceeds to some other part of the British Empire. No officer will be entitled to receive any gratuity under this if he is entitled to the maximum pension specified for his service in (4). The gratuity will be payable under the orders of the Local Government under whom the officer is serving when he actually retires or proceeds on leave preparatory to retirement and after the Secretary of State has approved of his admission in due course to the benefits of this resolution.

An officer who desires to retire under the terms set out in this resolution will ordinarily be allowed to take the full amount of leave admissible to him under the regulations for the time being in force subject to the condition that it shall expire on the 31st March, 1924. After that date officers will normally only be allowed to take the

privilege leave admissible to them. It will, however, be within the competence of the Local Government to grant leave which will extend after that date to an officer who has given notice of his intention to retire under these rules before that date if he has enjoyed no leave after the date of this resolution and has after the date of this resolution formally applied to Government for it and been refused leave.

Indian Civil Service Family Pension.—In order to secure suitable provision for the widows and orphans of members of the Indian Civil Service, contributions are compulsorily deducted from their salaries during their period of service. A *pro forma* account is maintained of the receipts and payments, and the contribution levied are so adjusted that the pensions provided by the regulations shall not bring any charge on Indian Revenue in excess of the amount specially sanctioned in aid of the pensions and for the cost of management. Members of this Service, who desire to retire under the terms of this resolution, will naturally desire to be informed of the family pension terms, which will be admissible to them. These will be as follows, according to the three permissible alternatives for which the officer elects :—

(A) He may cease to make any contributions and payments under the regulations, and he will retain only the right to a proportion of the contingent benefits under the regulations for his wife and children existing on the date of retirement and for any children subsequently born to that wife. This proportion shall be equal to the number of his completed years of total service divided by 25, and the calculations shall be based upon the pension admissible to the widow of an officer of the class to which he belongs at the time of his retirement.

(B) He may continue up to his 55th birthday (the age up to which an officer, who resigns the service before becoming entitled to a pension under the ordinary rules, is required to continue to subscribe) if permitted to do so at all, to make contributions under the regulations at the rates payable by him at the date of retirement, and he will then retain the right to the full contingent benefits admissible under the regulations according to his class on the date of his retirement, for his wife existing at the date of retirement and for any children by her, whether born before or after retirement. Under this alternative, subscriptions will be payable under the ordinary regulations for each child, whether born before or after retirement. Further, the widow's pension under the regulations varies with the class of an officer at his death, and in this case the right to the contingent widow's benefit retained will be limited

to the scale applicable to her if her husband had died at the time of retirement.

(C) He may continue up to his 54th birth-day to make contributions and payments under the regulations at the rates which would have been payable by him from time to time had he remained in the service. In this case he will retain the full benefits admissible under the regulations as if he had remained in the service until death or retirement with an ordinary pension. The Secretary of State in Council will make good to the Indian Civil Service Family Pension Fund, under a suitable procedure, any loss which these concessions may be estimated to throw upon it.

A few minor points remain for settlement, e. g., the family pension terms which will be admissible to Indian Army Officers and the conditions upon which the commutation of pensions admissible under Paragraph 4 will be allowed. The decisions on these points will be announced later.

The second resolution mentioned above runs as follows :—

The Governor-General in Council has separately announced the special terms sanctioned by the Secretary of State in Council for officers retiring prematurely in consequence of the introduction of Constitutional Reforms. It is considered desirable to announce at the same time, the under-mentioned general decisions of the Secretary of State in Council as to the right of officers to retire under the ordinary regulations. Note S. under Article 465-A of the Civil Service Regulations, which was introduced with the new pension rules announced on November 15, 1919, reserved to Government an absolute right to decline to permit an officer to retire before reaching the age of superannuation, should it be necessary in the public interests to retain his services. This note has, it is understood, led members of the Services to fear that it may, in the future, be difficult to secure permission to retire before the age of superannuation. Indeed, certain officers, it is believed, have, on this account, refused to accept the new pensions rules. In order to allay this apprehension, it has been decided :—

(a) In the case of officers in service on November 15, 1919, to substitute for the rule in Note 2, under Article 565-A of the Civil Service Regulations a rule giving the right to retire, subject to six months' notice, and

(b) In the case of officers who have joined, or who may join the service after that date, to substitute for the rule in Note 2 a new rule corresponding to the rule in Article 561 of the Civil

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RESOLUTIONS ON THE

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Service Regulations (which has always been applicable to members of the Indian Civil Service) and permitting them to retire on pension under the ordinary rules when their resignations have been accepted. Any officer who may have declined to elect to come under the provisions of the new pensions rules, because of his objection to this Note, may now elect in writing before March 31, 1922, to do so. This option applies also to any person who may have retired already after the announcement of the new pension terms in November 1919.

The Revised Indian Civil Service Regulations

The Provisional Regulations for admission to the Indian Civil Service by an annual competitive examination in India, which were published on 19th December 1930 (see *I. A. B. 1931* part II, p. 247) have now been superseded by new Regulations made by the Secretary of State in Council. These regulations were published on April 21, 1922 and are liable to alteration from year to year:—

(1) A competitive examination for admission to the Indian Civil Service shall be held annually in India in the months of February and March or at such other time as the Governor-General in Council may direct.

(2) The maximum number of candidates to be admitted to the examination shall be 200.

(3) Of the candidates to be admitted the number to be drawn from each area are specified below. Such number is hereinafter referred to as "Provincial Quota"; Assam—5; Bengal—33; Bihar and Orissa—22; Bombay—25; Burma—15; Central Provinces—12; Madras and Coorg—33; Punjab, N. W. F. Province and Delhi—25; and United Provinces and Ajmere-Merwara—30.

(4) The Local Government of every Governor's Province and of the Province of Burma shall appoint a committee to be called the "Quota Committee," the majority of the members of which shall be non-officials. Each Quota Committee shall select the Provincial Quota for the area comprising the Province by the Local Government of which the Committee is appointed, from among such of the persons applying for admission to the examination from that area as possess the qualifications hereinafter prescribed. The selection or rejection of an applicant by the Quota Committee shall be final. Provided nevertheless, that the Local Government may remove from the Quota a candidate who is reported by a Medical Board to be physically unfit for appointment to the Indian Civil Service.

(5) The Local Government of Madras and of the United Provinces shall be responsible for the due representation of Coorg and Ajmere-Merwara, respectively, on the Quota Committees appointed by them, and the Local Government of the Punjab shall, in like manner, be responsible for the due representation of the North-West Frontier Province and Delhi.

(6) A person desiring to be admitted to the examination shall apply, before such date as the Governor-General of India in Council may prescribe, to the Quota Committee for the area in which his parents reside at the time of application, or have previously resided for a period of not less than three years, or in which he has himself resided otherwise than as a student at a University only for a like period. Provided that application shall not be made to more than one such Quota Committee. Provided, further, that persons resident in State in India shall apply through their Durbars to the Quota Committee for the area comprising the province in which they wish to serve and that, for the purpose of Rule 3, such persons shall, if selected by the Quota Committee, constitute a part of the Provincial Quota for such area.

(7) Application shall be made at such time and in such manner as the Governor-General in Council may prescribe.

(8) A candidate must be either a British Subject, or a Ruler or Subject of a State in India in respect of whom the Governor-General in Council has made a declaration under Section 96-A. of the Government of India Act. If a candidate (being a British Subject), or his father, or his mother was not born within His Majesty's Dominions and allegiance, the father must at the time of the candidate's birth have been a British Subject or Subject of a State in India, and, if alive must be, or if dead, must have continued to be until his death, a British Subject or a Subject of such State.

(9) A candidate must have attained the age of 21 and must not have attained the age of 23 on the first day of August in the year in which the examination is held, or be in a position to claim such a concession under the provisions of the Appendix to these Regulations as will render him eligible.

(10) A candidate must be free from disease, constitutional affection or bodily infirmity unfitting him, or likely to unfit him, for the Indian Civil Service.

(11) A candidate must be of good moral character.

(12) A candidate must hold the degree of B.A., or B.Sc., of a University incorporated by law in British India, or of the Mysore University, or the Senior Diploma of the Mayo College, Ajmer.

(13) No candidate shall be admitted to the examination unless he holds a certificate of selection by a Quota Committee.

(14) Any attempt on the part of a candidate to enlist support for his application through persons of influence will disqualify for appointment. Spontaneous recommendations from persons who are not themselves acquainted with a candidate's work at school or at a University, or otherwise, will be disregarded.

(15) A candidate will pay a fee of Rs. 5 with his application

form, and a candidate chosen for admission to the examination will pay a further fee of Rs. 100.

[The regulations then give in detail the subjects for examination.]

A list of competitors shall be made out in order of their proficiency as disclosed by the aggregate marks finally awarded to each competitor, and in that order, so many competitors up to the determined number of appointments as are found by the Civil Service Commissioners to be qualified by examination, shall be designated to be *Selected Candidates* for the Indian Civil Service, provided that the Governor-General of India in Council is satisfied that they are duly qualified in other respects. Should any *Selected Candidate* become disqualified, the Secretary of State for India will determine whether the vacancy thus created shall be filled or not. In the former case the candidate next in order of merit, and in other respects duly qualified shall be deemed to be a *Selected Candidate*. *Selected Candidates* will be on probation for two years in the United Kingdom.

Selected Candidates on Probation

Candidates selected at the open competition held in London will be required to remain in the United Kingdom on probation for one or two years, as may be decided by the Secretary of State for India in Council. Candidates selected at the competitive examination held in India will be required to proceed to the United Kingdom on probation for a period of two years.

ONE YEAR PROBATIONERS.—One year probationers will, at the end of the year of probation, undergo an examination called the *Final Examination on Indian Criminal Law, Indian History, the vernacular of the Province, and Riding*.

An Indian assigned to Madras, whose mother tongue is one of the two principal vernacular language of the Province, must offer the other for examination. An Indian assigned elsewhere, whose mother tongue is the principal vernacular language of the Province to which he is assigned, must substitute *British History (1760-1914)* in place of the Vernacular Language.

TWO YEAR PROBATIONERS.—will during their period of probation undergo two examinations, the *Intermediate Examination* at the end of the first year and the *Final Examination* at the end of the second year. The subjects of the *Intermediate Examination* are the *Principal Vernacular Language of the Province, Jurisprudence, Law of Evidence and Criminal Law, Indian History, Notes of Cases, and Economics*.

The *Selected Candidates* whose performance in the compulsory subjects of the prescribed examinations, namely, the *Final Examination* for one year men and the *Intermediate and Final Examinations* for two year men, is such as to satisfy the Civil Service Commissioners, and who have also satisfied the Commissioners of their eligibility in respect of nationality, age, health, character and conduct during the period of probation, shall be certified by the Commissioners to be entitled to be appointed to the Indian Civil Service, provided that they shall comply with the regulations in force at the time for that Service.

If any Candidate is prevented by sickness or any other adequate cause from attending the *Final Examination*, the Commissioners may, with the concurrence of the Secretary of State for India in Council, allow him to appear at

the Final Examination to be held in the following year or at a special examination. A Selected Candidate absent for such adequate cause from the Intermediate Examination may under similar conditions be allowed to appear at the Intermediate Examination a year later, or at a special examination, or may be excused the Intermediate examination and allowed to appear for the Final Examination in the regular course.

The above regulations will be the first regulations issued for the probation and the Intermediate and Final Examinations of Selected Candidates recruited by competitive examinations held in India, and will also take the place of Sections 16 to 27 of the Regulations previously made by the Secretary of State for India in Council for the examination of candidates for the Indian Civil Service at the open competition held annually in the United Kingdom.

Sanction of the Sec. of State for new Posts etc.

The Secretary of State for India in Council has made new rules superseding all existing rules under which certain classes of expenditure from central and provincial revenues may not be sanctioned by the Government of India or Provincial Governments, without the previous consent of the Secretary of State in Council. These were published on October 6th, 1922. In the case of the Government of India, the sanction of the Secretary of State in Council is necessary :—

(1) To the creation of any new or the abolition of any existing permanent post, or to the increase or reduction of the pay drawn by the incumbent of any permanent post, if the post in their case is one which would ordinarily be held by a member of one of the services named in the Schedule, or to the increase or reduction of the cadre of any of those services. (2) To creation of a permanent post on a maximum rate of pay exceeding Rs. 1,200 a month, or the increase of the maximum pay of a sanctioned permanent post to an amount exceeding Rs. 1,200 a month. (3) To the creation of a temporary post on pay exceeding Rs. 4,000 a month, or the extension beyond a period of two years (or in the case of a post for settlement operations, of five years) of a temporary post or deputation on pay exceeding Rs. 1,200 a month. (4) To the grant to any Government servant, or to the family or other dependents of any deceased Government servant, of an allowance, pension or gratuity which is not admissible under the rules made or for the time being in force under section 96-B of the Government of India Act, except in the following cases :—(a) Compassionate gratuities to the families of Government servants left in indigent circumstances, subject to such annual limit as the Secretary of State in Council may prescribe, and (b) pensions or gratuities to Government servants wounded or otherwise injured while employed in Government service, or to the families of Government servants dying as the result of wounds or injuries sustained while employed in such service, granted in accordance with such rules

as have been or may be laid down by the Secretary of State in Council in this behalf. (5) To any expenditure on the purchase of imported stores or stationery, otherwise than in accordance with such rules as may be made in this behalf by the Secretary of State in Council. (6) To any expenditure otherwise than in accordance with such rules as have been or may be laid down in this behalf by the Secretary of State in Council upon (A) the erection, alteration, furnishing or equipment of a church, or a grant-in-aid towards the erection, alteration, furnishing or equipment of a church not wholly constructed out of public funds, or (B) the provision of additions to the list of special saloon and inspection of railway carriages reserved for the use of high officials, or (C) the staff household and contract allowances, or the residences and furniture provided for the Governor-General or railway and military services.

The Schedule

Indian Civil Service, Indian Police Service, Indian Forest Service, Indian Educational Service, Indian Agricultural Service, Indian Service of Engineers, the Imperial Branch of the Civil Veterinary Department, Indian Medical Service, Imperial Customs Service, Indian Audit and Accounts Service, Superintendents and Class 1 of the Survey of India Department, the Superior Staff of the Geological Survey of India Department, the Superior Telegraph Department, the State Railway Engineering Service, the Superior Staff of the Assam Department, the Archaeological Department and any other service declared by the Secretary of State in Council to be included in this schedule.

Provincial Governments

In the case of Provincial Governments the previous sanction of the Secretary of State in Council would be required :

(1) To the creation of any new or the abolition of any existing permanent post, or to the increase or reduction of the pay drawn by the incumbent of any permanent post, if the post in either case is one which would ordinarily be held by a member of an All-India Service, or to the increase or reduction of the cadre of an All-India Service. (2) To the creation of a permanent post on a maximum rate of pay exceeding Rs. 1,200 a month, or the increase of the maximum pay of a sanctioned permanent post to an amount exceeding Rs. 1,200 a month. (3) To the creation of a temporary post on pay exceeding Rs. 4,000 a month, or the extension beyond a period of two years (or in settlement operations of five years) of a temporary post or deputation on pay exceeding Rs. 1,200 a month. (4) To the grant to any Government or to the family of any deceased Govt. servant of an allowance, pension or gratuity which is not admissible under rules made, or for the time being in force under Section 96-B of the Govt. of

India Act, except in the following cases :—(Same as 4 (a) & (b) above)

(5) Any expenditure on the purchase of imported stores or stationery otherwise than in accordance with such rules as may be made in this behalf by the Secretary of State in Council. (6) Capital expenditure upon irrigation and navigation works, including docks and harbours, and upon projects for drainage, embankment and water storage, and the utilization of water-power in any of the following cases, namely: (A) where the project concerned materially affects the interests of more than one local Government, (B) where the original estimate exceeds 50 lakhs of rupees; (C) where a revised estimate exceeds by 15 per cent. an original estimate sanctioned by the Secretary of State in Council, and (D) where a further revised estimate is proposed after one revised estimate has already been sanctioned by the Secretary of State in Council. (7) A revision of permanent establishment, involving additional establishment charges exceeding Rs. 5 lakhs a year, provided that if a resolution has been passed by the Legislative Council recommending an increase of establishment charges for this purpose, the sanction of the Secretary of State in Council shall not be required unless the expenditure so recommended exceeds 15 lakhs a year. (8) Any increase of the contract, sumptuary or furniture grant of a Governor. (9) Expenditure upon original works on the residences of a Governor, exceeding Rs. 50,000 in any year. The Governor-General in Council shall, if necessary, decide whether a charge falls under the head of original works. (10) Any expenditure upon railway carriages or water borne vessels specially reserved for the use of high officials, otherwise than in connection with the maintenance of such carriages or vessels already set apart with the sanction of the Secretary of State in Council for the exclusive use of a Governor.

(1) Every application for the sanction of the Secretary of State in Council required by rule 1 shall be addressed to the Governor-General in Council who shall, save as hereinafter provided, forward the same with his recommendations, and with such further explanations of the proposal as he may have seen fit to require from the Local Government to the Secretary of State in Council.

(2) If the application relates: (A) to the grant in an individual case of any increase in pay or (B) to the creation or extension of a temporary post, the Governor-General in Council may, at his discretion, on behalf of the Sec. of State in Council sanction the proposal, or may, and if he dissents from the proposal shall, forward the application with his recommendations and with such further explanations of the proposal as he may have seen fit to require from the Local Government for the orders of the Sec. of State in Council.

Correspondence between Whitehall and Simla on The Central and Provincial Finances

Despatch of the Govt. of India to the Secretary of State, dated, Simla, 13th July 1922, on Financial contribution and adjustment between the Central and Provincial Governments in India.

To the Rt. Hon. the Sec. of State for India

MY LORD,

As your Lordship is aware, a conference was held at Simla in April last with the Finance Members and other financial authorities of the Provincial Governments in order to consider various matters connected with the financial arrangements between the central Government and the provinces. We now have the honour to submit a report on the more important matters discussed at the conference; you will be addressed separately, if necessary; regarding certain other subjects which the conference gave an opportunity of discussing with the provincial representatives.

Before setting forth the conclusions reached in the conference on the matters with which this despatch deals, and our own views thereon, we invite your attention to the enclosed statements (not published) which set forth the present financial position of each province as ascertained at the conference. Summarised briefly, the position is as follows:—

Financial Position of Various Provinces.

The statement for Madras shows a deficit in the current year's budget of 42 lakhs, with a closing balance (apart from the Famine Insurance Fund) of only Rs. 15,000. This province has had deficits four years in succession and the chief cause of this is stated to be the necessity for increasing the pay of the enormous subordinate staff which is required to maintain its very detailed system of administration. The provincial Government, while urging us to reduce the large contribution payable by them to central revenues, have nevertheless faced the position with resolution and have taken active steps to reduce expenditure. They have recently abolished 60 gazetted posts and about 12,500 other posts including the subordinate staff maintained in villages. The Land Records department has been abolished, the Labour department reduced to one officer, travelling allowances have been reduced by 10 lakhs and the programmes for education, sanitation and public works have been seriously curtailed, the Public Works department, in particular,

having been reduced by one superintending engineer, seven executive engineers and twenty-one sub-divisional officers. The Government of Madras are further contemplating the abandonment of minor forest reserves, the replacing of stipendiaries by honorary magistrates, the trial of civil suits in village courts instead of the court of the district munsifs, the doubling up of districts, divisions, and taluks and other measures which, they consider, will seriously affect the efficiency of the administration. The deficit in the current year would have been very much higher had it not been that the provincial Government have taken steps to increase their revenues by Rs. 77 and half lakhs from an increase in stamp duties and registration fees.

In Bombay the budget shows an expenditure of Rs. 50 lakhs in excess of income. The major portion of this deficit is due to the heavy expenditure on the service of debt in connection with the loans for development operations, which, it is anticipated will ultimately be repaid from the sale of developed land. This province also has taken steps to increase its revenues by Rs. 60 lakhs of receipts from higher stamp duties.

The Bengal statement is the only one that shows a revenue surplus in the current year. This province has been able to reach this comparatively satisfactory position owing to the remission of the contribution to the central Government, and to receipts from fresh taxation amounting to Rs. 1,40 lakhs.

The budget of the United Provinces shows a deficit of nearly Rs. 27 lakhs. No additional taxation has been imposed in this province, certain proposals, which the local Government brought forward for the enhancement of the stamp duties, having been rejected by the Legislative Council.

The Panjab budget shows a very heavy deficit of Rs. 1.30 lakhs in the current year, of which only some Rs. 22 lakhs are considered to be abnormal. This province not only has no balance but is expected to end the last financial year with an overdraft of Rs. 90 lakhs. No additional taxation has been imposed in order to cover the large gap between current revenue and current expenditure, but it is understood that proposals are under consideration for the enhancement of stamp duties, court-fees and water-rates.

In Burma there is a deficit of Rs. 1,90 lakhs in the current year, but as Rs. 2,02 3/4 lakhs of the expenditure is being financed from the portion of the balance which represents the amount which this province received from the rice control scheme, there is an actual revenue surplus on the year's working of about Rs. 12 3/4 lakhs. This province has further a closing balance of about Rs. 3 crores.

The Bihar and Orissa budget shows a deficit of Rs. 51 lakhs in the current year. The local Government have under consideration proposals for increasing court fees, for an increase in irrigation rates and a cess on coal loaded at collieries. No legislation has yet been passed, but the local Government have raised the registration fees since the budget was passed.

The Central Provinces budget shows a deficit of nearly Rs. 37 lakhs, but the estimates of revenue are abnormally high including, as they do, Rs. 34 lakhs of suspended revenue of previous years, and the normal revenue deficit is put roughly at about Rs. 50 lakhs. No measures for additional taxation have yet been passed in this province, but the local Government have under consideration proposals for increases in court fees, registration fees, and stamp duties, which it is estimated might bring in about Rs. 19 lakhs.

The Assam budget shows a deficit of Rs. 14 lakhs after allowing for additional revenue of some Rs. 3 lakhs from enhancement of stamp duties. The only further proposal at present under consideration of the local Government for raising additional revenue is the revision of registration fees.

3. It will be seen therefore that every province, with the exception of Bengal and Burma, is at present working on a deficit, that steps have been taken by the Governments of Madras, Bombay, Bengal and to a certain extent, by Bihar and Orissa and Assam to raise additional revenue by increases of taxation, but that in the United Provinces, the Punjab, Burma, and the Central Provinces no additional taxation has yet been imposed.

Not only are the majority of the provinces at present working on a deficit but they also contemplate very considerable capital expenditure to be financed from loan funds.

Local Gov'ts. Contemplating Capital Expenditure

The Government of Madras propose to undertake remunerative capital projects (mainly irrigation) in the next five years, involving a capital expenditure of about Rs. 4 crores; they have also in contemplation expenditure amounting approximately to Rs. 4 crores for unremunerative capital projects chiefly in connection with buildings and roads; and they further anticipate that the local bodies in the presidency will require for their own purposes loan aggregating Rupees seven and half crores. The total amount of loans which they themselves require or for the financing of which they will be responsible is approximately Rs. 15 crores in the next five years.

The Government of Bombay have a programme of capital expenditure on the Sukkur Barrage and protective irrigation works which would require a provision of about Rs. 14 crores within the

next five years, they also anticipate that they will require in connection with the Bombay Development Scheme, loans to local bodies, etc., (according to present information) about Rs. 25 crores in the next five years.

The Government of Bengal took a loan of Rs. 50 lakhs from the central Government last year and propose to take another loan of Rs. 50 lakhs in the current year on account of dredgers which have already been ordered through the High Commissioner. In their future capital expenditure they consider the most urgent item to be the Howrah Bridge, the total cost of which is put at not less than Rs. 3 & 1/2 crores. Towards this project the Calcutta Corporation and other local bodies will be required to contribute, but a loan has to be raised initially by the Bengal Government. They are also considering the question whether the Grand Trunk Canal scheme which is estimated to cost about Rupees three and half crores will be remunerative. If it is not remunerative, the project will be dropped. The local Government also wish to take loans for general schemes of development amounting about Rs. 4 crores. They put their minimum requirements for the next five years at Rupees seven and half crores, viz., Rupees three and half crores for the Howrah Bridge and about Rs. 4 crores for general provincial schemes, but their maximum requirements might involve an additional Rs. 2 crores for general provincial schemes and Rupees three and half crores for the Grand Trunk Canal scheme if it can be worked on a remunerative basis.

The United Provinces Government have already raised a loan of Rs. 4 crores, and in the current year they are drawing upon their balances to the extent of Rs. 193 lakhs. They contemplate that they will require no further loan until 1923, but that within the next five years they will have to raise further loan amounting to Rs. 10 crores for the purpose of financing irrigation schemes and schemes for the improvement of communications and sanitation, for capital outlay on the development of forests and for large building programmes, the average annual requirements from 1923 onwards being put at Rs. 2 crores.

The Punjab Government have under contemplation large schemes—mainly irrigation and hydro-electric projects—involving a total expenditure of about Rs. 47 crores in the next 20 years, the average annual amount required from loans being put at about Rs. 3 crores per annum during the next five years. These schemes include the Sutlej valley irrigation projects and the Sutlej river hydro-electric scheme.

The Governments of Bihar and Orissa, the Central Provinces and Assam have no schemes of sufficient magnitude to be taken

into consideration in this connection while Burma is still in a position to finance its immediate capital requirements from the balance of rice profits. The total requirements of the provinces for capital projects within the next five years may, therefore, be put at approximately Rs. 18 crores per annum.

Action Must Speedily be taken to Improve Position.

It is obvious from the above review of the financial position and financial requirements of the provinces that action must speedily be taken to improve their financial position if they are to carry on their administration on the present scale and to undertake any of the improvements and schemes which they have in view. We recognize that the gradual reduction and final abolition of the provincial contributions would materially improve the financial position of most provinces. Our hon. colleague Sir Malcolm Hailey impressed, however, upon the provincial representatives that, while we recognized the seriousness of the financial position of most provinces, it would be impracticable for us to give them any relief in the near future from this source. We think, indeed, that the provinces are now fully seized of the difficulties of our own position and of the fact that, inspite of large increases in taxation imposed in our last two budgets and of the economies in expenditure already effected and, we may hope, likely to result from the appointment of Lord Inchausa's Committee, equilibrium between revenue and expenditure in the central budget is not yet attained and that until that position has been reached, a reduction of the provincial contributions cannot be looked for. As we have already stated, several provincial Governments have taken steps to enhance the rates and taxes which have been assigned to the provinces and we consider it of the utmost importance that the remaining provinces, in so far as their deficits will not be covered by the further economies which we understand they are contemplating, should follow suit without delay. For, as your Lordship has pointed out in your telegram of the 28th March 1922 the financing of provincial deficits by advances from the central Govt. is at the best a most unsatisfactory expedient.

As regards the provincial programmes of capital expenditure, it is clear that an attempt to carry these through in full will place an unduly heavy strain upon the borrowing resources of the country as a whole, and the provincial representatives were warned that all-India interest might necessitate the postponement of many of the schemes for expenditure debitable to loan funds which provincial Governments desire to take in hand. We need hardly say that we shall give this aspect of the situation very careful attention when exercising our powers under the borrowing rule.

**THE WHITE PAPER ON
Bombay Government's Proposal.**

With a full knowledge of the financial difficulties and of the steps taken to remove them both in the central Government and in each province, the conference proceeded to discuss the situation. Among the first subjects for consideration were certain proposals of the Government of Bombay for a revision of the allocation of revenues between the central Government and the provinces which was fixed by the Devolution Rules on the basis of the recommendations contained in the Montagu-Chelmsford Report and the report of the Financial Relations Committee. In a letter addressed to the Government of India before the conference took place, the local Government pressed for a complete revision of the settlement, to be undertaken after full consultation with the representatives of the provinces. Pending this revision, which the local Government recognised would take time to complete, the Government of Bombay asked for temporary relief by the concession to themselves of one-third of the amount by which the income-tax collected by the central Government in each year exceeded the standard figure of 1920-21. When the conference assembled the Bombay representative put forward a suggestion that a system of divided heads might again be considered, and proposed that the local Government should in future receive half the amount collected as income-tax in the presidency and should cede to the central Government in return one-half of its receipts of land revenue.

The representatives of all the other provinces strongly opposed the entertainment of any idea of reversion to a system of divided heads. We completely identify ourselves with this opposition. The abolition of divided heads was emphasized as a most important feature of the reforms proposals in paragraphs 109 and 200—203 of the Montagu-Chelmsford Report and was accepted as such without further discussion by all authorities concerned. A clear division of revenues between the central and local Governments was the basis of the whole scheme of Reforms, and we consider it axiomatic that, unless such a division is made and entirely separate revenue resources are secured to each Government, there can be no provincial autonomy in any sense of the term.

Bengal's Plea for Revision of the Financial Settlement.

8. The representatives of the other provinces, with the exception of Bengal, evinced strong disapproval of the proposal to revise the financial settlement. While they laid the greatest possible stress upon the necessity for the speedy reduction and abolition of the provincial contributions, they held firmly to the view that the existing financial settlement, as contained in the

Devolution Rules, should be retained intact. They pointed out that the settlement had been made after full enquiry by an impartial committee and had been accepted by Parliament after every province had been allowed to state its views regarding the proposals of the Financial Relations Committee, and they urged that the statutory arrangements so fixed should be rigidly observed. The only difference in the attitude of the Bengal representatives from that of the other provinces was that, while the representatives of other provinces were strongly opposed to any disturbance in the future of the present distribution of revenues between the central and local Governments, the Bengal representatives stated, that the revenues they had obtained under the existing settlement were insufficient to cover the cost of the ordinary administration as it stood at the time of the introduction of reforms, that the relief afforded by the remission of the provincial contribution was inadequate, and that, while they quite realised that in the existing financial position it was impossible for the central Government to afford any further relief at present, they would, when the financial position of the Government of India improved, again raise a claim that some additional source of revenue should be assigned to them.

9. All provincial representatives were further most emphatically of opinion that, since the allocation of revenues between the central and local Governments and the contributions payable by the local Governments had been definitely fixed by statute, no action should be taken by the Secretary of State in Council or by the Government of India for the benefit of any province which would be likely to prejudice the interests of other provinces, without the latter being given an opportunity of commenting thereon before-hand. In particular, the concession to the Bengal Government was cited as one in which action was taken without any previous consultation, the result being, in the opinion of the other provinces, that their interests had been prejudicially affected. All members attending the conference were unanimously of opinion that, should there be any question of disturbing the settlement embodied in the Devolution Rules, no action should be taken in that direction until the proposal had been referred to, and considered by, an impartial committee before which each province should have an opportunity of stating its case.

10 We are in entire agreement with the view expressed by the provincial representatives that no question of altering in any way the present financial settlement should be considered except by an impartial committee and after full discussion with each of the provinces. We further agree with the representatives of all provinces, except Bombay and Bengal, that the present settlement

should be retained intact. We adhere to the view expressed in our first Reforms despatch that it is essential that the financial arrangements between the central and provincial Governments should be free from ambiguity, and we are of opinion that it would be most disastrous to hold out hopes to the provinces of the possibility of the present financial settlement being disturbed—at all events until the provincial contributions have been abolished. Any such hope would have the effect of encouraging the provincial Legislative Council to sanction new expenditure without undertaking the liability of raising the necessary revenues. Without financial responsibility there can be no responsible Government. We would renew the undertaking, given in the despatch of Lord Chelmsford's Government, No. 296, dated the 24th June, 1920, that we would work our financial policy towards reducing, and ultimately abolishing, the existing financial contributions, but, as stated in that despatch, we can give no undertaking as to the definite period within which the contributions will be abolished or as to the pace of reduction. You are aware of our present financial position, of the heavy additions we have made to the rates of taxation from which our central revenues are derived and of the appointment of a Retrenchment Committee to effect the utmost possible reduction in expenditure. As our uncovered deficit amounts to about Rs. 10 crores and provincial contributions to another Rs. 9 and quarter crores, it is obvious that, unless a marked revival in trade results in the narrowing of the present gap between revenue and expenditure, very considerable retrenchment will have to be effected or substantial additional taxation imposed before the provincial contributions can be abolished.

11. Neither can we accept the proposal of the Government of Bombay for a temporary increase of the resources of the local Government by the assignment to it of one-third of the growth of revenue from income tax. We adhere unreservedly to the views as to this source of revenue which were expressed by Lord Chelmsford's Government in paragraph 7 of their despatch No. 296, dated the 24th June, 1920. Moreover, any reduction of the amount of growing revenues at the disposal of the central Government must react upon the provinces generally; and the proposal to make such a reduction, even as a temporary measure, without full consideration of the views of other provinces, is open to the objection set forth in paragraph 9, of this despatch. We therefore recommend that this proposal also should be rejected.

12. If you agree with our conclusions we would ask your permission to publish this despatch and your reply thereto. We have been much impressed by the views expressed by the representatives

of the provinces as to the necessity for the publication of a clear statement on the financial position in order to remove numerous misapprehensions and to indicate clearly to the members of the central and provincial legislatures the nature of their financial responsibilities in their respective spheres.

We have the honour to be,

My Lord,

Your Lordship's most obdt. & humble Servants,

READING.

RAWLINSON.

W. H. VINCENT,

MUHAMMAD SHAFI.

B. N. SARMA.

T. B. SAPRU.

C. A. INNES.

E. M. COOK.

Secretary of State's Reply

To H. E. The Governor-General of India in Council

My Lord,

I have considered in Council your Financial Despatch No. 13, dated the 13th July, 1922, in which you report the result of the conference held at Simla in April last with financial representatives of provincial Governments to discuss various matters arising out of the financial situation in the provinces, and your conclusions thereon. It appears to me that the conference has served a valuable purpose. Issues of great importance to the stability of the central and the local Governments have been carefully explored by officers conversant with the difficulties that at present surround Indian finance. Though complete agreement on all points may not have been attained, it may be hoped that the removal of misunderstandings will result in the cordial co-ordination of the efforts of all concerned in the task of restoring to a sound position the finances of India as a whole.

The financial statements forwarded with your despatch set out the position in the several provinces and justify the serious concern which your Government and I have for some time felt on the subject. The estimated revenue and expenditure of the nine provinces for 1922-23 is as follows:—

THE WHITE PAPER ON

(Figures in Lakhs of Rupees.)

	Madras.	Bombay.	Bengal.	United Provin- ces.	Punjab.	Burma.	Bihar and Orissa.	Central Provin- ces.	Assam.	Total.
Revenue (in- cluding new taxation).	16,77 (78)	14,92 (60)	10,56 [*] (140)	13,59	11,38	10,01	4,63	5,55	2,68 (8)	89,29 (261)
Expenditure	17,18	15,42	10,37	13,85	12,68	9,88 [*]	5,14	5,72	2,25	92,49
Deficit ...	42	50	...	27	1,30	...	51	37	15	3,52
Surplus ...	...	...	19	...	...	13	...	...	...	32

Net deficit (all provinces) 3,20

Equilibrium between current revenue and expenditure is only found in two provinces, Burma and Bengal, and in the latter this result has only been attained by the temporary remission of its contribution to the central Government. The aggregate deficits of the other seven provinces, amounting to 352 lakhs, will be financed by drawing on balances and by loans from the public and the central Government. It may be remarked, however, that the process of financing provincial deficits in part from the accumulated revenue balances of the past will now practically come to an end, as such balances will be generally exhausted by the end of the current financial year.

I share to the full the regret which your Government and the local Governments must feel that the expectations held when the financial settlement was drawn up have been disappointed. It was then hoped that the increased resources placed at the disposal of the provinces as a result of that settlement would assist them in financing large schemes of economic and social development, for which the need is generally recognised. In spite of the nonfulfilment of these hopes it still remains true that the settlement laid down as the result of the Financial Relations Committee's Report has placed at the disposal of local Government considerable sums which would not have accrued to them under the pre-existing arrangements; but so far from being available for meeting new demands, the money, for reasons in the main beyond the control of the authorities, has had to be largely devoted to financing the increased cost of administration, due primarily, to the general rise in prices, from which India is suffering in common with other countries of the world.

* Excluding all rice profits figures.

No Relief Possible From Financial Contributions.

There has, in these circumstances, perhaps not unnaturally, been a tendency in some quarters to assume that the obvious remedy is the immediate remission or reduction of provincial contributions. But such a measure would do nothing towards increasing the aggregate of the resources available for meeting central and provincial expenditure, and so long as the balancing of the central budget has not been achieved, its only effect would be to transfer responsibility for a further deficiency of revenue to the central Government. The imposition in the central Government's budgets of 1921-22 and 1922-23 of additional taxation estimated to produce 23 crores of additional resources (apart from the yield from increased railway and postal charges), leaves a gap which is estimated in paragraph 10 of your despatch about at 10 crores between the Government of India's revenue and expenditure; and the increase of this deficiency by a general reduction of the provincial contributions would not only be highly prejudicial to the interests of your Government, but would also affect the credit of India as a whole to the detriment of the provincial Governments. While no relief is, in the present circumstances, possible for the provinces from this direction, and no pledge can be given as to the period in which reduction or remission will be practicable, I fully endorse your proposal to renew formally the undertaking that you will shape your financial policy towards the reduction and ultimate extinction of the contributions.

It is, of course, impracticable to make a change in this settlement contained in the Devolution Rules approved by Parliament for the purpose of redistributing the resources of the provinces between themselves. I am, therefore, forced to the conclusion in paragraph 10 of your despatch, that the present system as laid down in the Devolution Rules should be maintained. The sole alteration hitherto made, *viz.*, that in favour of Bengal, was, as you are aware, only decided on in view of the special recommendation on behalf of that province made by the Joint Select Committee in their report to Parliament on the Devolution Rules before their adoption. For the reasons which I have stated above I am also unable to accept the proposals put forward by the Government of Bombay for the modification of the existing settlement.

Measures Ought to be Adopted to Increase Revenue.

If the financial stability of the provinces is not to be undermined, with ultimate jeopardy to the Government of India itself, it is impossible to contemplate the continuance of a series of provincial deficits financed by borrowing either direct from the public or from the central Government. Equilibrium can only be

achieved by reduction of expenditure and the adoption of measures which will lead to an increase of revenue.

I note that action has already been taken in some provinces in both these directions. Others doubtless appreciate the necessity for taking similar steps without delay. In this connection all provinces which have not yet done so might with advantage consider forthwith whether they would not be well advised to follow the example of central Government in appointing a Retrenchment Committee. It is also not clear whether sufficient attention has been given to the exploration of all possible fresh resources of provincial revenue. The high position was due to the careful management of Indian finances, and a rapid deterioration would be certain to follow if matters are allowed to drift. It is incumbent upon the local Governments and their legislatures to face the situation with courage and resources and with a fixed determination to accomplish the balancing of their budgets.

The Danger of Meeting Unproductive Expenditure from Loans

The considerations discussed above have also an important bearing on the capital programme of the provincial Governments. I share your view that the financing in full of all the provincial programmes of capital expenditure, together with your own heavy capital requirements, is likely at the best to place an unduly heavy strain on the loanable resources of India even when supplemented by borrowings in the United Kingdom. The danger of this is seriously increased if, in addition to borrowing for productive purposes, the provinces have to rely on loans for meeting expenditure which should properly be met from revenue. When the provincial legislatures realise that failure to secure budget equilibrium cannot but handicap all schemes for social progress and for the development of provincial resources, I feel assured that they will support the executive Government in the adoption of the necessary measures for remedying the existing position.

I cannot close this despatch without an expression of regret that the new provincial Councils should, like the Legislative Assembly, have found themselves, so early in their history, confronted with a financial situation of such difficulty. The task of ordering its finances is a primary function of Government, and I am confident that the heavy burden of responsibilities placed on the provinces will be firmly shouldered.

I approve your proposal to publish your despatch and this reply.

I have the honour to be,

My Lord,

Your Lordship's most obt. & humble Servant,

PKEL

Report of the Indian Press Act Committee.

In accordance with the instructions contained in the Home Department Resolution No. 534, dated the 31st March 1921, we the members of the Committee appointed by the Government of India to examine the Press and Registration of Books Act, 1867; the Indian Press Act, 1910, and the Newspapers (Incitements to Offences) Act, 1908, have the honour to report for the information of Government and such action as they may think desirable, our conclusions on the question referred to us for examination.

2. These conclusions have, we may state, been reached after a careful survey of the political situation, an exhaustive examination of witnesses who appeared before us, and scrutiny of voluminous documentary evidence including the valuable and weighty opinions of local Governments placed at our disposal by the Government of India as well as of memoranda submitted to us by various members of the public. Many of these memoranda were sent in response to a general invitation issued by the Government of India to those interested in the subject under discussion to communicate their views to Government for the information of the Committee. We have examined orally 18 witnesses, all connected with the Press, and we also invited eight other prominent journalists to give evidence. To our great regret they were, however, either unable or in some cases unwilling to accept our invitation.

The Indian Press Act

3. Of the Acts referred to us for examination, the Indian Press Act, 1910, is by far the most important and it will therefore be convenient, if, in the first place, we record our conclusions in respect of that Act. This is the more desirable because our recommendations in respect of the other two Acts referred to us must be largely dependent on our findings regarding this measure.

It is necessary to discuss in this report the reasons which induced the Government of India to place the Indian Press Act on the statute book. Those who are interested in the subject will find the facts fully explained in the reports of the discussions on the Bill in Council. It is apparent, however, that the main object of the Act was to prevent the dissemination of incitements to violence and of sedition, although the scope of section 4 of the Act is much wider. Since 1910, however, circumstances have changed very materially and we have to consider the necessity for the continuance

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the resentment caused by the measure is the more bitter because of the great services rendered to Government by the Press in the war.

Many witnesses, indeed, are of opinion that the Act is fatal to the growth of a healthy spirit of responsibility in the Press and that it deters persons of ability and independent character from joining the profession of journalism.

Finally it is maintained that the Act places in the hands of the executive Government arbitrary powers not subject to adequate control by any independent tribunal, which may be used to suppress legitimate criticism of Government, and that such a law is entirely inconsistent with the spirit of the Reforms Scheme and the gradual evolution of responsible Government.

Repeal Recommended.

8. There is, in our judgment, great force in many of these criticisms. We find, as already noted, that the Act has not proved effective in preventing the dissemination of sedition and that it is doubtful whether it is necessary to retain it for the purpose of preventing incitements to murder and similar violent crimes.

Further, in view of the cogent criticisms made as to the principles and operation of the Act, we have come to the conclusion that it would be in the interests of the administration that it should be repealed. In making this recommendation we have not overlooked the opinion expressed by various local Governments that the retention of the Act is desirable in the interest of law and order. We observe, however, that there is a considerable divergence of opinion among these Governments on this point, and while we realise that the views of those who are opposed to the repeal of the Act are entitled to great weight, and indeed that these views have been accepted by the Government of India frequently in times past, we are satisfied that there is a genuine popular demand for its repeal and we consider that in the altered circumstances created by the Reforms, the advantages likely to be secured by repeal of this measure outweigh the benefits which could be obtained by its retention on the statute book.

9. In our examination of the question of the repeal of the Press Act, we also considered the further question as to which, if any, of its provisions should be retained by incorporation in other laws. Various questions have been placed before us in this connection, some of greater and some of minor importance.

Position of Princes.

Perhaps the most important of these is the question whether the dissemination of disaffection against Indian Princes through the Press of British India should be penalized in any way. We have

been handicapped in our examination of this question by very inadequate representation of the views of the Princes, many of whom were unwilling to allow their opinions to be placed before the Committee. We have, however, had the advantage of seeing some minutes submitted by them and of examining Sir John Wood, Secretary of the Political Department. It has been argued that the Govt. of India is under an obligation to protect Indian Princes from such attacks, that the Press Act alone affords them such protection, and that if it is repealed it is unfair, having regard to the constitutional position of the Govt. of India *vis-a-vis* the Indian States, that the Press in British India should be allowed to foment disaffection against the Ruler of an Indian State. On the other hand various witnesses have protested in the strongest terms against any such protection being afforded to Princes. It is alleged that the effect of any such provision in the law would be to stifle all legitimate criticism and deprive the subjects of such States of any opportunity of ventilating their grievances and protesting against mal-administration or oppression. We understood that, before the Press Act became law, it was not found necessary to protect Indian Princes from such attacks and we note that the Act, so far as the evidence before us shows, has only been used on three occasions for this purpose.

We do not, in the circumstances, think that we should be justified in recommending, on general grounds, any enactment, in the Penal Code or elsewhere for the purpose of affording such protection, in the absence of evidence to prove the practical necessity for such a provision of the law. Our colleague, Mir Asad Ali desires to express no opinion on this question.

Confiscation of Presses.

10. We have also considered the question of vesting Courts of Justice with power to confiscate a Press if the keeper is convicted for the second time of disseminating sedition. Although Section 517 of the Criminal Procedure Code affords some faint authority for the enactment of such a provision in the law, we feel that it would operate inequitably, particularly in the case of large and valuable presses, used not only for the printing of a particular paper, but also for other miscellaneous work. In the case of smaller presses, the forfeiture of the press would probably not be an effective remedy and on a careful consideration of the facts we doubt the necessity for inserting any such provision in the law.

11. There is, indeed, only one provision of the Act which, we think, should be retained, namely the power to seize and confiscate newspapers, books or other documents, which offend against

the provisions of Section 124-A of the Penal Code. If this power is retained, the auxiliary power of preventing the importation into British India, of transmission through the post, of such documents, on the lines now provided for in Sections 13, 14 and 15 of the Indian Press Act, is a necessary corollary if the law is to be effective,

Openly Seditious Documents.

12. The confiscation of openly seditious documents in no way, we believe, constitutes an interference with the reasonable liberty of the Press and the openly seditious character of some of the documents which are now circulated in India has convinced us of the necessity of retaining this power as a regular provision of the substantive law.

The exact method by which this should be effected is, we think, a matter for the expert advisers of the Government of India to decide. We would, however, also provide for redress in cases in which the owner of a press or any person interested in the production of any such document or in the possession of any particular copy of the document consider himself aggrieved, by allowing such persons to apply to the High Court and challenge the seizure and confiscation of the document. We would also provide that when such an application is made the onus of proving the seditious character of the document should be on the Government. We think that the power conferred by sections 13 to 15 of the Press Act might be conveniently incorporated in the Sea Customs Act and Post Office Act, so that the customs and postal officers should be empowered to seize seditious literature within the meaning of Section 124-A of the Indian Penal Code, subject to review on the part of the Government and to challenge, by any person interested in the courts.

We recommend that in this case, and in the case of seditious leaflets seized under the conditions referred to in the earlier portions of this paragraph, the orders of the Government should be liable to be contested in the High Court.

It follows almost of necessity, from what we have said about the Press Act, that we recommend the total repeal of the Newspapers (Incitements to Offences) Act, 1908. We may observe that this Act has not been used for the last 10 years.

Registration of Editors.

13. As to the Press and Registration of Books Act, we recommend that this Act should be retained with the following modifications :—

(1) That no person should be registered as a publisher or printer unless he is a major, as defined by the Indian Majority Act.

(2) That in the case of all newspapers, the name of the responsible Editor should be clearly printed on the front sheet of the paper and that an editor should be subject to the same criminal and civil liability in respect of anything contained in the paper as the publisher and printer.

(3) That the term of imprisonment prescribed in Sections 12, 13, 14, 15 should be reduced to six months.

(4) That the provisions of Section 16 of the Press Act should be reproduced in this Act.

We have also considered certain other matters of detail, which are of a technical nature. We think they should be left to expert department to deal with.

Summary of Conclusions.

14. We append a summary of our conclusions :—

(1) The Press Act should be repealed.

(2) The Newspapers (Incitements to Offences) Act should be repealed.

(3) The Press and Registration of Books Act, the Sea Customs Act and the Post Office Act should be amended, where necessary, to meet the conclusions.

(a) The name of the Editor should be inscribed on every issue of a newspaper and the Editor should be subject to the same liabilities as the Printer and the Publisher as regards criminal and civil responsibility.

(b) Any person registering under the Press and Registration of Books Act should be a major, as defined by the Indian Majority Act.

(c) Local Governments should retain the power of confiscating openly seditious leaflets, subject to the owner of the press, or any other person aggrieved, being able to protest before a court and challenge the seizure of such document, in which case the local Government ordering confiscation should be called upon to prove the seditious character of the document.

(d) The powers conferred by Sections 12 to 15 of the Press Act should be retained, Customs and Postal officers being empowered to seize seditious literature within the meaning of Section 124-A, Indian Penal Code, subject to review on the part of the local Government and challenge by any persons interested in the proper courts.

(e) Any person challenging the orders of the Government should do so in the local High Court.

(f) The term of imprisonment prescribed in Sections 12, 13, 14 and 15 of the Press and Registration of Books Act should be reduced to six months.

(g) The provisions of Section 16 of the Act should be reproduced in the Press and Registration of Books Act.

Report of the Repressive Laws Committee

The Repressive Laws Committee was appointed in pursuance of Mr. Sastri's motion in the Council of State "to examine the Repressive Laws now on the Statute Book and report whether all or any of them should be repealed."

In accordance with the instructions contained in Resolution No. 533-Political, dated March 21st, 1921, we have examined the following Regulations and Acts:—

- (1) The Bengal State Offences Regulation, 1804 ;
- (2) Madras Regulation VII of 1898 ;
- (3) Bengal State Prisoners Regulation, 1818 ;
- (4) Madras Regulation II of 1819 ;
- (5) Bombay Regulation XXV of 1837 ;
- (6) The State Prisoners Act, 1850 ;
- (7) The State Offences Act, 1857 ;
- (8) The Forfeiture Act, 1857 ;
- (9) The State Prisoners Act, 1858 ;
- (10) The Indian Criminal Law Amendment Act, 1908 ;
- (11) The Prevention of Seditious Meetings Act, 1911 ;
- (12) The Defence of India (Criminal Law Amendment) Act, 1915 ;
- (13) The Anarchical and Revolutionary Crimes (the infamous Rowlett) Act, 1919.

2. Appendix A to this report gives the names of the witnesses who were invited to give evidence. We examined at considerable length 24 witnesses, some of whom came from distant provinces at much personal inconvenience. We desire to record our appreciation of their public spirit. We have also considered the opinions of local Governments and some written statements sent by witnesses or by recognised associations. In addition we perused a large amount of documentary evidence in the shape of reports of disturbances, confidential reports on the political situation, speeches delivered at public meetings, debates in the Legislative Council when the Acts under consideration were introduced, and correspondence with local Governments regarding the exercise of powers under these Acts and the proceedings of the previous Committees, including the Sedition Committee.

3. The reports from local Governments show that recourse was taken to these 'repressive' or 'preventive' enactments only in cases of emergency, or to deal with exceptional disorder for which

the ordinary law did not provide any adequate remedy. It is also proved that the Government of India have scrutinized with the greatest care all requests for either the introduction of the Seditious Meetings Act or action under the Defence of India Act or the Indian Criminal Law Amendment Act, 1908. During the war the maintenance of internal peace was a supreme consideration and early preventive action was essential.

The first question then that we have to decide is whether with the conclusion of the war and the introduction of constitutional changes in the Government of India, there has been such an improvement in the general situation as to justify the repeal of all or any of these measures. We have particularly to consider whether there exists such an anarchical movement as prevailed in Bengal during the last decade, or any probability of a recrudescence of a movement, which at that time seriously disturbed the tranquillity of certain parts of India. On this point a certain amount of plain speaking is unavoidable.

4. The evidence of many witnesses indicates that the constitutional reforms have produced a distinct change for the better in the attitude towards Government of the larger portion of the literate or 'politically minded' classes. As regards the illiterate masses, the position is much less satisfactory. It must be recognised that recent appeals to racial feeling, religious prejudices or economic discontent have in fact shaken respect for law, government and authority, and "created an atmosphere of preparedness for violence." Intimidation, social boycott and the establishment of courts, the jurisdiction of which is in some cases enforced by violence and insult, are among the methods employed to create a situation full of dangerous potentialities. Similarly, while many witnesses expressed the view that the general position had improved and that the cult of non-co-operation had generally failed to appeal to more thoughtful persons, we are forced to the conclusion that the leaders of this movement have succeeded in arousing a deep and widespread feeling of hostility towards Government. It is however as yet more marked in urban than in rural areas. The large number of serious riots during the past seven months cannot be regarded merely as passing ebullitions of temporary discontent. The disturbances in places so widely apart as Rae Bareilly, Malegaon, Nagpur, Giridih, Dharwar, Aligarh and Matlari indicate a growing contempt for law and order. We have no doubt that economic and agrarian discontent has been exploited by agitators, and that these riots have in many cases disclosed a disregard of authority or an attempt to intimidate the courts or officers carrying out the orders of the courts, which justifies us in ascribing them to an active and malicious

propaganda. In attempting any survey of the present political situation we cannot leave out of account further dangerous developments adumbrated by leaders of the Extreme party. To illustrate this point we cite some extracts from recent speeches :—

(1) "Mahatma Gandhi says that if you are determined SWARAJ can be attained within one year. The machinery of the Government is entirely in your hands. * * * * * At first we will request the military and the police to throw up their services with the Government. If this request is rejected the public will be asked to refuse to pay taxes and then you will see how the machinery will work. We do not recognise the authorities of the present Government and refusal to pay taxes will settle everything. This can only be achieved by unity. Now it rests with you whether you will sit under the SATYAGRAH flag or will come under the flag of God. The day will come when the sweepers, washer-men and others will be asked to boycott those who are on the side of SATYAGRAH."

(2) "I believe that the struggle with Government will commence when we withhold payment of taxes. In that case Government will come to its senses. I require students these days. Some are required for (work among the) tenantry. When they will refuse to pay taxes and Government will issue warrants and send its sepoys, the peasants will boldly defy its order and will say "Kill us or put our property to auction, but we would not pay taxes with our hands."

(3) We may also quote an extract from an article in "Young India" by Mr. M. K. Gandhi :—

"Civil Disobedience was on the lips of every one of the members of the All-India Congress Committee. Not having really ever tried it, every one appeared to be enamoured of it from a mistaken belief in it as a sovereign remedy for our present-day ills. I feel sure that it can be made such if we can produce the necessary atmosphere for it. For individuals there always is that atmosphere except when their Civil Disobedience is certain to lead to bloodshed. I discovered this exception during the SATYAGRAH days. But even so a call may come which one dare not neglect, cost it what it may. I can clearly see the time coming to me when I MUST refuse obedience to every single State-made law, EVEN THOUGH THERE MAY BE A CERTAINTY OF BLOODSHED. When neglect of the call means a denial of God, Civil Disobedience becomes a peremptory duty."

(4) The following are Resolutions passed by the All-India Congress Committee of Bombay :—

(i) "The All-India Congress Committee advises that all persons belonging to the Congress shall discontinue the use of foreign cloth as from the 1st day of August next and advise all Congress organisations * * * to collect foreign cloth from consumers for destruction or use outside India at their option."

(ii) "It is of opinion that Civil Disobedience should be postponed till after the completion of the programme referred to in the Resolution on SWADESHI after which the Committee will not hesitate, if necessary, to recommend a course of Civil Disobedience even though it might have to be adopted by a special Session of the Congress. Provided however it is open to any Province or place to adopt Civil Disobedience subject to the previous approval of the Working Committee obtained within the Constitution, through the Provincial Congress Committee concerned."

Witnesses unanimously agreed that Civil Disobedience, particularly if it took the form of a "no-revenue" or "no-road" campaign,

would result in wide-spread disorder, and that a boycott, whether of foreign goods or of liquor, if accompanied by intimidation, might result in violence. The boycott of foreign cloth would also tend to raise prices, and the consequent economic distress would end in "hat looting" such as has occurred in the past.

5. In the light of the evidence before us it is therefore impossible to describe the state of affairs to-day as normal. Nor is India singular in this respect: the reaction from the war is world-wide and no country has escaped its effects. There are however grounds for hoping that an improvement has begun: there are signs of a gradual adjustment to *post bellum* conditions: a favourable monsoon would do much to remove economic discontent: the relations between Government officials and the public, between the Ministers and officers serving under them are admittedly undergoing successful readjustment: finally, the response made to the opportunities offered by the Reformed Councils, no less the attitude of the Executive and the Legislators of mutual co-operation is encouraging. But as militating against this improvement there is an active widespread campaign which, if judged by recent utterances, is certain to increase economic difficulties and to promote disaffection.

6. We have carefully scrutinised the evidence dealing with the *Khilafat* movement. With its religious aspect the Committee is in no way concerned: indeed we fully sympathise with the desire for favourable peace terms for Turkey, but it is our duty to examine closely the activities of the extremist leaders of this movement and the methods by which they seek to attain their aims. We are informed that any real appreciation of the difficulties of the situation is confined to a small class, but it cannot be denied that the terms of the Turkish peace treaty have been used to cause a dangerously bitter feeling amongst the masses, and that religious enthusiasm exploited by unscrupulous agitators has in many places developed into fanatical hostility to the British Government. Thus, despite frequent contradiction, the lie that holy places have been desecrated is still repeated. We cite below extracts from reports of speeches submitted to us.

(1) At Karachi a Hindu 'Ecclesiastical' supporter advised "sympathy with their Moslem brothers because the power that had caught hold of the Muslim holy places would not spare those of the Hindus."

(2) Or again, "The British had caused Hindu and Muhammadan brothers to fight and have thus made straight their own road. They had destroyed Mecca and Medina. Shots had even fallen on the Prophet's remains. All Muhammadans who had fought against the Turks should be divorced."

(3) "Referring to the fight in Mecca he said that the Sheriff was the master of the place. There were only 80 or 85 Turkish soldiers. When the British Army reached Mecca they killed 3 of the Turkish soldiers who were found marketing. Two others, who took shelter in the KAABA (the only temple)

were not a tiger nor even a fly was allowed to be killed according to religion, were slaughtered by the British soldiers. Moreover the holy carpet of the KAABA which was prepared by the hands of the innocent little girls was burnt by the fire of the British shells."

(4) The following extract refers apparently to the Ekeri murder case:—

"I am going to pronounce the order of God that if the slayer of a heathen is killed, he will certainly become a martyr. If he dies it is your duty to pray for him.

"One Englishman has died here; lakhs of Hindus and Mussalmans have been martyred there—

"If after lakhs of Mussalmans have been martyred in Smyrna, somebody has killed Christians, Christians have retaliated entering Constantinople. If he has committed the murder for the sake of religion and he is slain he will attain martyrdom. Heavens await him and the HOWISS are standing (to welcome him) with cups in their hands."

7. It was, we were told by a frontier officer, statement of this kind, particularly relating to the desilement of holy places, which has created such bitterness and led to the Hijrat from Upper Sindh and Peshawar with such disastrous consequences. Instances of gross misrepresentation are numerous. Nor does it end here. Perhaps the most sinister feature in this campaign of calumny is the direct attempt to seduce the military and the police forces from their allegiance. Evidence has been adduced of many specified instances of such attempts, which the military authorities regard as most dangerous. Speeches have also been reported:—

(1) "Tell every Muhammadan clearly that it is his religious duty to avoid being recruited for the army. Do not give a single soldier that he may behold his brother with his own hands."

(2) "Your religion is calling for help, but you do not lay down your life for God; you join the army or police an fourteen rupees a month. You say you are a Government servant, but you are God's servant."

8. We have also had placed before us reports of many speeches made by various leaders of the movement which can only be considered as direct incitements to disloyalty and violence. The following are instances:—

(1) "If the Amir of Kabul does not enslave India and does not want to subjugate the people of India who have never done any harm and who do not mean to do the slightest harm to the people of Afghanistan or elsewhere, but if he comes to fight against those who have always had an eye on his country, who wanted to subjugate his people, who hold the Holy Places of Islam, who want to crush Islam in their hostile grip, who want to destroy the Muslim faith and were bent on destroying the KHILAFAT, then not only shall we not assist, but it will be our duty and the duty of every one who calls himself a Mussalman to gird up his loins and fight the good fight of Islam.

(2) "When we have to kill all Englishmen we will not come stealthily, we will, that very day, declare openly that there is (war with) the sword between you and us now and it will be sheathed only when either your neck disappears or ours.

(3) "The object of my speaking so plainly is to secure you that in the question of KHILAFAT we have not gone an inch against the doctrines of Islam, in my religion, to die and to kill in the cause of God are both good deeds.

(4) "He told his audience that their time had at last come. Everything was ready for JEHAD and the signal was about to be given. He exhorted them to be bold and steadfast. The weapons of the British soldiers and sepoy could not harm them for he had the power to render them innocuous. This time there was little talk of non-co-operation. The business for the moment was war.

(5) "If you do not come forward, God shall raise another nation for Islam's defence. Those who wage the war of JEHAD will not mind any reconstructions. . . . SWARAJ is a religious obligation with me. I am doing my work for the sake of the holy KAABA, Medina and the Qoran. It is better to be slaves of Muhammadans than of the English. It is our duty to help the Amir if he comes to carry on JEHAD. I am prepared to fight the battle of Independence whether my Muhammadan brothers help me or not.

9. These quotations could be multiplied. We notice also repeated statements casting on England, and not on the Allies, the whole responsibility for the terms of the Treaty of Sevres or for any delay in amendment. After a careful perusal of these and other similar utterances, and making every allowance for inaccurate reporting, we have no hesitation in holding that this form of propaganda is directly calculated, when addressed to an impressionable and excitable audience, to lead to violence.

10. We endeavoured to ascertain the effect of this combined movement (the Non-co-operation and the Khilafat) on the student community, and have received valuable evidence from educational authorities. The situation was at one time disquieting. Direct appeals were issued of which we give one example :—

"Those who read the newspapers know the part taken by the students in all countries in these days. The first example was set by the students of Russia at the time of revolution. They took great part therein and you know the result. In China also the students agitated and the courses of the universities were changed according to their wishes. Look at the condition of Egypt and the work done there by the students? They have obtained the religious forces of instruction. They have agitated for years and in the long run they have been successful in their revolution. Both boys and girls took share in the revolution. Our only hope of spreading agitation is by means of the students who are always enthusiastic."

Evidence shows that the mischievous results of this appeal to students were short-lived. Our general impression is that the student community at large has not been permanently or seriously affected, save in the way of sentimental sympathy for the non-co-operation movement and the personality of its leader. The 'national' institutions have obtained meagre support whether in the shape of funds or pupils. Several have now been closed. There was at first some response in the form of strikes, but the large majority of students returned. The result of the University Examinations, and the number of entries shew that there has been no appreciable falling-off in the number of admissions or of candidates.

It is noticeable that the effects varied in different institutions,

which we attribute to the influence or lack of influence of the Principal and Professors. We are however convinced that as in the case of the public generally, so with the students there is less respect for authority than there was before. Nor can we overlook the fact that there is a small residue of misguided boys who, by forsaking their studies, have not only imperilled their future career but would seem to have elected that of the professional agitator. We have dwelt upon this aspect of the situation in view of the unhappy activities of the student community of Bengal ten years ago.

11. Taking into consideration all the evidence we have adverted, and bearing in mind the still prevailing economic discontent, we cannot dismiss as improbable the possibility of sudden labour, agrarian or sectarian disorder on a large scale probably culminating in riots.

12. We may now in the light of this appreciation of the present political position examine the question of repealing or retaining the various Acts under consideration. Dealing with the older Acts first, we notice that they relate generally to an unsettled condition of affairs which no longer exists. We regard it as undesirable that they should be used for any purpose not contemplated by their authors. The objections to them are obvious. Some, as for example, Bengal Regulation 10 of 1804, or the Forfeiture Act of 1857, are inconsistent with modern ideas; others are clothed in somewhat archaic language and are applicable only to circumstances which are unlikely to recur. Many arm the executive with special powers which are not subject to revision by any judicial tribunal. Their presence on the Statute Book is regarded as an offence by enlightened public opinion. The arguments for their retention are as follows. The use of the Bengal State Prisoners' Regulation, 1818 (Regulations III of 1818) in Bengal was necessitated by the revolutionary movement which the ordinary law failed to check. The wholesale intimidation of witnesses rendered recourse to the ordinary courts ineffective. Though we have evidence of a change in the attitude of individual leaders of the anarchical movement in Bengal, we are warned that similar symptoms of intimidation have been noticed, and that, should there be a recrudescence of any revolutionary movement, it would, in the absence of these old preventive Regulations be impossible to cope with the situation, and fresh emergency legislation would be necessary. Lastly, the plea is advanced that these old Acts may be regarded as measures intermediate between the ordinary law of the land and martial law, the ultimate result in case of extreme disorder. The abolition of these special laws, it is suggested, may mean earlier recourse to martial law than might otherwise be the case.

13. We recognise the force of these arguments, in particular the difficulty of securing evidence or of preventing the intimidation of witnesses. We also appreciate the fact that the use of the ordinary law may in some cases advertise the very evil which the trial is designed to punish. But we consider that in the modern conditions of India that risk must be run. It is undesirable that any Statute should remain in force which are regarded with deep and genuine disapproval by a majority of the Members of the Legislatures. The harm created by the retention of arbitrary powers of imprisonment by the Executive may, as history has shewn, be greater even than the evil which such powers are directed to remedy. The retention of these Acts could in any case only be defended if it was proved that they were in present circumstances essential to the maintenance of law and order. As it has not been found necessary to resort in the past to these measures save in cases of grave emergency, we advocate their immediate repeal. In the event of a recurrence of any such emergency we think that the Government must rely on the Legislature to arm them with the weapons necessary to cope with the situation.

14. Our recommendation in regard to Regulation III of 1818 and the analogous Regulations in the Bombay and Madras Presidencies is subject, however, to the following reservations. It has been pointed out to us that, for the protection of the frontiers of India and the fulfilment of the responsibilities of the Government of India in relation to Indian States, there must be some enactment to arm the Executive with powers to restrict the movements and activities of certain persons who, though not coming within the scope of any criminal law, have to be put under some measure of restraint. Cases in point are exiles from Foreign or Protected States who are liable to become the instigators or focus of intrigues against such States; persons disturbing the tranquillity of such States who cannot suitably be tried in the Courts of the States concerned and may not be amenable to the jurisdiction of British Courts; and persons tampering with the inflammable material on our frontiers. We are in fact satisfied of the continued necessity for providing for the original object of this Regulation, in so far as it was expressly declared to be "the due maintenance of the alliances formed by the British Government with the Foreign Powers, the preservation of tranquillity in the territories of Native Princes entitled to its protection and the security of the British Dominions from foreign hostility," and in so far as the inflammable frontier is concerned from "internal commotion."

We desire to make it clear that the restrictions which we contemplate in this connection are not of a penal or even irksome

character. We are satisfied that they have not been so, in cases of the kind referred to above, in the past. Indeed, in several instances they have been imposed as much in the interests of the persons concerned as in the interests of the State. The only desideratum is to remove such persons from places where they are potential sources of trouble. Within such limits as may be necessary to achieve this object they would ordinarily enjoy full personal liberty and a freedom from any kind of stigma such as would be associated with restrictions imposed by criminal law. We therefore think that the retention of Regulation III of 1818, limited in its application to the objects outlined above, would be unobjectionable.

This reservation may also involve the retention in a modified form of the State Prisoners' Acts of 1850 and 1858, but this is a matter for legal experts. We have carefully considered the cases in which the Madras State Prisoners' Regulation of 1819 has been used. The procedure adopted was certainly simpler and more effective, but if the ordinary law is insufficient, we think it is for the Local Government to consider whether any amendment of the Mappile Outrages Act XX of 1859 is needed.

15. Turning now to the more modern Acts, we notice that the Defence of India (Criminal Law Amendment) Act, 1915, will in the ordinary course of events shortly expire. It is, we understand, at present only used in order to give effect to the Government of India's policy in the matter of colonial emigration. Section 16-B of the Defence of India (consolidated) Rules, 1915, is at present employed to prevent the departure from India of unskilled labour, which does not come within the definition of 'emigration' given in Act XVII of 1908.

A special regulation may, we think, also be needed for the exclusion of persons whose presence may endanger the peace and safety of the North West Frontier Province. We understand that a Bill to meet the case of Indian Emigrants has already been introduced. We recommend that the Defence of India Act be repealed at once, as it was only intended to cope with difficulties arising from the war.

16. The Anarchical and Revolutionary Crimes Act, 1919, has never been used. Its enactment was extremely unpopular; it was to continue in force only for three years from the termination of the war. We consider that the retention of this Act is not necessary or advisable. The power to restrain personal liberty without trial conferred by this Act is not consistent with the policy inaugurated with the recent constitutional changes, and we therefore recommend its immediate repeal. It is however necessary to strike a note of warning. This Act was passed on the report of a Committee 3 years ago, which recognised the need for special legislation, both preven-

tive and punitive. While we think that there has since 1918 been some improvement in the situation so far as the anarchical movement is concerned, we realize that strong measures may be needed for the suppression of any organised attempt at widespread disorder. We prefer, however, to leave this contingency to be dealt with when and if it arises, rather than retain a statute which is regarded as a stigma on the good name of India.

17. There remain then two Acts, the Indian Criminal Law Amendment Act, 1908, and the Prevention of Seditious Meetings Act, 1911. It is around those two Acts that controversy has centred and regarding which we have been careful to obtain a full expression of opinion. These Acts also differ from those to which we have already referred in that while the Committee was sitting, they were actually being used in the Punjab, Delhi and the United Provinces. The evidence adduced satisfies us that their effect was beneficial and necessary to the maintenance of public tranquillity. It is affirmed that local officers responsible for the maintenance of peace and order would, under existing conditions if these Acts were repealed, find themselves in an impossible situation faced, it might be, with disorder on a large scale which they could not prevent. The application of these Acts moreover is subject to safeguards which ensure that sanction to their introduction is only granted after careful scrutiny of the necessity for such action. The Local Governments are unanimous in asking for the retention of the Seditious Meetings Act. Most of the Local Governments similarly affirm the need for retaining Part II of the Criminal Law Amendment Act, 1908. It is desirable therefore to examine most carefully the reasons for and against their repeal.

18. These Acts are first attacked as being "unconstitutional," and, like the Act of 1919, inconsistent with the present policy of Government. In support of this view our attention has been directed to the law that obtains in England with regard to public meetings. The following dictum of Professor Dicey is quoted: "The Government has little or no power of preventing meetings which to all appearance are lawful even though they may in fact turn out when actually convened to be unlawful because of the mode in which they are conducted." We would point out that the learned Professor is merely stating what are actually the principles underlying the law in England. He does not attempt to discuss their propriety, nor, we may add, their applicability to another country where entirely different conditions may prevail. He does however allude to "the policy or the impolicy of denying to the highest authority in the State the very widest power to take in their discretion precautionary measures against the evils which may flow

from the injudicious exercise of legal right." The learned author also points out that the right of public meeting is "certainly a singular" (not "similar" as given in the written statement of one of the witnesses before us) "instance of the way in which adherence to the principle that the proper function of the State is the punishment, not the prevention, of crimes, deprives the Executive of discretionary authority." We are unable to accept as complete the analogy to be drawn from English practice. Apart from the great difference in the class of audience which may be addressed, we recognise that while democracy and all the rights that it entails have been the result of gradual growth through the course of centuries in Great Britain, it is a recent introduction into India. We know that some public speakers do not exercise that self-restraint which has become customary in England and which is certainly no less desirable in India.

19. The next argument advanced for the repeal of these Acts is that they offend public sentiment and that their retention would be a direct incitement to further agitation. This argument is one to which we attach great weight, even though we recognise that the repeal of these Acts would only appeal to a few. The masses would remain unaffected and would probably be unaware that they had been repealed. We realise that the wholesale repeal of these Acts would do much to strengthen those who are anxious to assist Government and would be useful for the purposes of counter-propaganda. We realise also that substantial support is necessary for Government to meet the strong extremist movement, which is the greatest obstacle to the successful development of the reforms recently introduced and to all political and industrial progress.

20. The real point, however, at issue is whether the ordinary law that would remain would provide sufficient means for coping with any existing or reasonably apprehended disorder. Evidence has been adduced to show that in certain places the ordinary law is inadequate and this evidence we are not prepared to reject.

This brings us to the third objection that the ordinary law alone should be applied to prevent the evil with which these two Acts are designed to cope. We have had long discussions as to the manner in which section 144 of the Criminal Procedure Code has been recently applied. It is no part of our duty to express an opinion on any individual case in which this Section has been used or to enter into any legal argument. In the opinion of those best qualified to judge this section cannot be used effectively when danger of unrest is widespread. We also note the popular view that Section 144 of the Criminal Procedure Code was not designed to prevent meetings over a large area, and that its use for such a

purpose arouse probably as much resentment as the application of the seditious Meetings Act. It is the only preventive section in the ordinary law. Sections 108A of the Criminal Procedure Code is only partially preventive. Sections 120A and B, 124A, and 123A of the Indian Penal Code are punitive. Further, even if satisfactory evidence is available these sections can be used only against individuals and not to prevent seditious meetings or speeches. We consider it probable that if in those areas to which the Seditious Meetings Act has recently been applied, no preventive action other than that possible under Section 144 of the Criminal Procedure Code had been taken, the danger of disorder would have been appreciably increased, and the number of prosecutions under these punitive sections would have been larger, which might have had the effect of exasperating public opinion. We would point out that in some cases referred to in Appendix B, the riot was directly connected with such a prosecution.

31. A fourth argument is based on the recent findings of the Committee appointed to examine the Press Act. It is unnecessary for our purpose to discuss whether the written or the spoken word commands the greater circulation. We agree with that Committee that "the more direct and violent forms of sedition are now disseminated more from the platform and through the agency of itinerant propagandists than by the press." The prosecution of a paper is moreover much simpler than the prosecution of a speaker, attended as the latter is by the difficulties of obtaining an accurate report of the speech delivered. We think that the instances we have given above are sufficient illustration of the danger of allowing violent and inflammable speeches. Though the speaker can be prosecuted the mischief may have been done. Of this there have been lamentable illustrations.

22. Fifthly, it is argued that the seditious Meetings Act of 1911 not only stifles noxious speeches at public meetings but also deters people who might assist in counter-propaganda. Cases have been quoted of persons otherwise well disposed to Government who declined "to ask for leave to hold a meeting or make a speech." We recognise that this is a necessary and undesirable result of the application of the Seditious Meetings Act. It is, however, a lesser evil than allowing speeches to be made which result in such disorder as would equally prevent any exponent of moderate views from obtaining a hearing. Such intimidation is, we learn, very general.

23. In this connection, since we regard it as important that every opportunity should be given to the electorate of hearing both sides of a question, we recommend, before the next general election, the introduction of a Bill on the lines of the Disorderly Public

Meetings Act, 8, Edward VII, which makes a disturbance at a public meeting an offence, and provides a heavier penalty when this offence is committed during a Parliamentary election. We would also suggest that should such a Bill be presented, it should include a clause making it incumbent on the promoters of any meeting to provide adequate facilities and security for such reporters as the District Magistrate may wish to depute. We recommend for the consideration of the Government of India the suggestion that the District Magistrate should, with the consent of the Local Government, be empowered to demand in any area of his district, notified in this behalf, that notice be given to him of the intention to hold a public meeting, so that he may be able to make proper arrangements for obtaining a report of the proceedings. This we may observe, is entirely different from demanding that a person should obtain leave to hold a meeting.

24. Finally, it is pointed out that, in the last resort, should the ordinary law prove insufficient, recourse can be had to legislation by Ordinance. We would deprecate any idea that this method of legislation should be regarded as part of the ordinary procedure of the Legislature. It should, we think, be reserved for exceptional circumstances or sudden emergencies. To regard it as in any way the normal method of legislation implies a distrust of the Legislative Assembly and Council of State to which we would be sorry to subscribe. In fact, the most potent argument advanced in favour of the repeal of these two Acts is that such repeal would be an illuminating object lesson in the value of constitutional reforms. "Trust your Legislatures," we are told, "confidence will beget confidence. If you need exceptional powers, prove your necessity and the Legislatures will grant them." We have accepted this principle to the utmost limit consistent with safety in advising the repeal of the enactments to which reference has already been made. These can clearly be differentiated from the measures now under discussion, in that the latter are of a less drastic character. To quote from the speech of the late Hon'ble Mr. Gokhale on the Seditious Meetings Bill: "I will freely admit that from the stand-point of Government it could not have introduced a milder measure than this. The more objectionable features of the Act of 1907 have been removed, and if, when the need arises, the law is applied with reasonable care and caution, it is not likely to produce any serious hardship." Though seldom applied these two enactments were actually found necessary for the preservation of law and order during the sitting of the Committee. An obvious objection to a more complete acceptance of this principle in regard to the enactments under objection is that it allowing proof of the necessity for legislation to accumulate, even

stronger measures than those now under consideration might eventually be required for the suppression of disorder. There might quite conceivably be difference of opinion as to the amount of proof required to justify such legislation, and any action by Government in the way of Ordinance in advance of public opinion might provoke a grave constitutional crisis. By the time public opinion had become sufficiently alarmed to demand legislative action the damage might be complete, and in some cases beyond repair.

25. As regards the Indian Criminal Law Amendment Act, 1908, it has been suggested that sections of the Indian Penal Code are sufficient to cope with any situation that is now likely to arise. It is generally accepted that part I of this Act has failed to achieve in Bengal the purpose for which it was designed. As regards Part II the conspiracy sections of the Indian Penal Code might meet the case if, but only if, evidence were forthcoming. It was in no small measure the impossibility of obtaining evidence owing to the intimidation of witnesses that led to this enactment. As we have already seen, there is definite evidence of certain organisations encouraging acts of violence or resorting to intimidation. Recently in Delhi it has been necessary to declare certain Associations of Volunteers unlawful under Section 16 of this Act. We have carefully examined the circumstances which led to this action. The Volunteer movement as did the *Samitis* in Bengal, began to intimidate and terrorise the general body of the population. There was a tendency towards hooliganism. It has been proved that some of these Associations resorted to violence, that their behaviour at Railway Stations and public meetings was objectionable and rowdy, that they obstructed the funeral of an honoured citizen and held a most undesirable demonstration at the house of another. They actively interfered with the elections by threats and picketing. There was every reason to believe that their activities, if left unchecked, would lead to serious disorder. The conclusion we have arrived at is that some of these Volunteer Associations in Delhi were seditious organisations, formed for the purpose of intimidating loyal citizens, and interfering illegally with the administration of the province. The result of the action taken by Government has been, we were told, to destroy the worst features of volunteer activity in so far as it was synonymous with rowdyism in the city of Delhi." Evidence has also been given of a possible recrudescence of secret associations in another part of India. It has also been stated in evidence that Bolshevik emissaries have entered India, and we cannot overlook the possibility of illegal associations promoted by them, terrorising the population, as was the case in Bengal in 1909, or in Poona in 1910, and engaging in a campaign of crime and terrorism. Actually

Part II of this Act has been sparingly used. Its object is not only to break down existing unlawful association, but to deter young and comparatively guiltless persons from joining these bodies and to discourage the supply of pecuniary assistance. We regret that we cannot at this juncture recommend the immediate repeal of Part II of this Act. There are too evident indications that its application might be necessary to prevent the formation of secret societies. Nor can we for the reasons already given advise the immediate repeal of the Seditious Meetings Act of 1911. We were informed, and see no reason to disbelieve it, that the result of the application of the Act in each case has been that sober-minded people approved the action taken by Government, and that the application of the Act was of the greatest value in preserving public tranquillity.

26. Our recommendation follows that made by the Bihar and Orissa Government: "Subject, however, to the reservations temporarily made in favour of the Seditious Meetings Act and Part II of the Criminal Law Amendment Act, which cannot be abandoned until the present tension created by the non-co-operation movement has been relieved by the action of its leading promoters. His Excellency in Council desires again to emphasise the importance of removing from the Statute Book, as far as possible, all special laws of this character, so that the Government of India under the reformed constitution may proceed with a clean slate. At the same time, however, His Excellency in Council is conscious that in the future the need for the special powers may again arise."

In view of the grave situation which exists and which may become more serious, we also think that it would be more prudent to defer actual repeal of these Acts until such time as the situation improves. We sincerely hope that it may be possible for the Government to undertake the necessary legislation during the Delhi session. But it is impossible for us to make any definite recommendation on this point at present. We hope that the repeal of these Acts may be expedited by a healthy change in the character of the agitation going on at present. The duration of retention rests in other hands than ours.

27. To this endeavour to adjust the conflicting claims of political considerations and administrative necessity we have applied the principles on which the Constitutional Reforms are based. The problem before us is, we consider, a test case of the "co-operation received from those upon whom new opportunities of service will thus be conferred and the extent to which it is found that confidence can be reposed in their sense of responsibility." We recognise our responsibility, which a year ago we did not share in

the maintenance of peace and order. We are prepared to trust both the Provincial Councils and the Imperial Legislature for such support as may be necessary. We are confident that the Executive will use any exceptional powers with the utmost caution and restraint. Their action may always be challenged in the Legislatures. Lastly, we desire also to take into account the difficulties which at the present time confront local officers. Evidence before us shows that the Magistrates and the Police have on many occasions been sorely tried, and we wish to record our appreciation of their loyalty in very difficult positions. We look forward to the day when the District Magistrate himself seeking the help and advice of such persons as may be in a position to influence public opinion will find not merely critics but defenders in the Legislature, and when the discharge of his duties will not be regarded with suspicion, or made the subject of further enquiry. Animated by these ideas, we recommend the repeal of all the Statutes included in the terms of reference to this Committee, with a reservation as to Bengal Regulation III of 1818 and the corresponding Regulations of the Madras and Bombay Presidencies, but we advise that the repeal of the Prevention of Seditious Meetings Act, 1911, and Part II of the Indian Criminal Law Amendment Act, 1908, should be deferred for the present. Their retention is necessary in view of recent declarations which we cannot but regard with the gravest apprehension.

SUMMARY OF RECOMMENDATIONS OF The Indian Railway Committee (THE ACWORTH COMMITTEE.)

A.—Unanimous Recommendations

[The Railway Committee 1920-21 appointed by the Secretary of State for India issued a bulky report early in October 1921. On the main question of Company *VANUS* State management of Railways there was a strong divergence of opinion. The Chairman along with the non-railway men members were for State management, thus upholding Indian Public opinion demanding the nationalisation of Railways. The other coup consisting of capitalist vested interests, the majority being agents of Company-management. The report of the Committee caused an immense flutter in financial circles in London and very great influence was brought to bear upon the authorities in order that English capital may continue to exploit the Indian Railways as ever.

1. We propose great changes in the constitution, status, and functions of the Railway Board. We recommend that at the head of the Railway Department there shall be a Member of Council in constant touch with railway affairs; and we suggest that with this object there shall be created a new Department of Communications responsible for railways, ports and inland navigation, road transport (so far as the Central Government deals with this subject) and posts and telegraphs. We think the Member in charge of Communications must be an experienced administrator and able to represent his Department both in the Legislature and with the public. We do not think he need be expected to be a technical expert.

2. We recommend that, on the one hand the re-constituted Railway Department should delegate considerably increased power of day-to-day management to the local Railway administration, and on the other hand should be relieved from control by the India Office and by the Government of India except on large questions of finance and general policy.

3. We recommend that the Finance Department should cease to control the internal finance of the railways; that the railways should have a separate budget of their own, be responsible for earning and expending their own income, and for providing such net revenue as is required to meet the interest on the debt incurred or to be incurred by the Government for railway purposes; and that the railway budget should be presented to the Legislative Assembly, not by the Finance Member of Council, but by the Member in charge of Railways.

4. We recommend that, subject to independent audit by the Government of India, the Railway Department should employ its own accounting staff, and be responsible for its own accounts. We think that the present accounts and statistics should be thoroughly overhauled and remodelled with the assistance of experts familiar with recent practice in other countries.

5. We recommend that the title of Railway Board be replaced by the title Railway Commission; and that under the Member of Council for Communications, there shall be a technical staff consisting on the Railway side of a Chief Commissioner and four Commissioners; that of the four, one should be in charge of finance and the organisation and staff of the office, and that the three other Commissioners should be in charge of three respective geographical divisions, western, eastern and southern. The Divisional Commissioners, while normally engaged at head-quarters, should devote a substantial portion of their time to personal visits to their divisions.

6. We recommend that the technical staff attached to the Commission shall be strengthened, especially on the traffic side. We think the staff should be divided into six sections, each under a Director, one of whom should be responsible, under the Commissioners, for Ports and Inland Navigation and Road Transport.

7. The changes and additions to the head-quarters establishment which we have proposed may cost from £25,000 to £30,000 per annum. But we recommend this expenditure in the interest of true economy. And we point out that salaries in the highest posts of the Indian Railway Services are at present, inadequate, and that, in consequence, not only does the service fail to attract the right men, but it is actually losing to other employment those already in it.

8. We think that the present number of Circles, each with an Engineering Inspector, is unnecessarily great, and we recommend that the number of Engineering Inspectors be reduced, and the money utilised for the appointments of new officers called Inspectors of Traffic.

9. We discuss the rights of management reserved to the guaranteed companies under their contracts, and we recommend that the new Member for Communications should by agreement, where necessary, with the companies, modify the present position; on the one hand giving to the Railway Commission greater powers in reference to matters to such as initiation and enforcement of reforms and some control over the appointment and retention of principal officers; and on the other hand, giving to the local executive officers greater freedom from interference in matters of every-day management.

10. We suggest that there should be a less rigid regard than hitherto to the claims of seniority.

11. We lay stress on the importance of giving to the Indian public an adequate voice in the management of their railways. And accordingly we recommend the establishment of Central and Local Railway Advisory Councils. We propose that the Central Advisory Council, under the Chairmanship of the Minister of Communications, should consist of not more than 25 members of whom three or four would represent the Departments of Government specially concerned; eight or nine, should be nominated, according to a scheme to be arranged, by the various associations representing trade and industry; and a similar number, to represent agricultural interests and the travelling public, should be added by the nomination of one member by each of the Provincial Legislative Councils.

12. We recommend the establishment of Local Advisory Councils, similar in constitution to the Central Council and perhaps of half the size, either at the head-quarters of each railway, in which case the Agent would act as Chairman; or alternatively, at each important railway centre, in which case the Agents of all the railways concerned should be members, and one of them Chairman.

13. We recommend that these Councils be established as soon as possible, without waiting for the full introduction of the scheme which we put forward.

14. We recommend the establishment of a Rates Tribunal, consisting of an experienced lawyer as Chairman, and two members representing respectively, railway and commercial interests; and that there be given to them jurisdiction over all the questions of the reasonableness of rates and of facilities; that they be instructed to investigate the conditions attached to "owners" and "railways" risk notes at the present time, and to frame new standard forms for use in future; and that there be, under certain circumstances, an appeal from the decisions of the Rates Tribunal to the Governor-General in Council.

15. We recommend that steps be taken to reduce the delay in settling claims for loss and damage, and that the utmost possible efforts should be devoted, not only by the local officials, but by the Railway Commission itself, to stamping out the very serious and wide-spread abuses in connection with allocations of railway wagons.

16. We discuss the hardships to which third-class passengers are subjected, especially on the occasion of the great "Melas" or pilgrimages; and we recommend various measures which, pending the radical improvement of the situation by the provision of adequate facilities, may do something to mitigate present conditions.

17. We recommend that there be reasonable general increase in Indian rates and fares, and that the sur-taxes at present levied on railway traffic be withdrawn.

18. We recommend that greater facilities should be provided for training Indians for the superior posts in railway service ; and that the process of their employment in such posts should be accelerated.

19. We recommend that branch lines shall, as far as possible, be constructed and worked by the main lines to which they are tributary ; and only if the State is unable or unwilling to provide the funds itself shall the formation of separate branch line companies be encouraged.

20. We recommend that, as soon as financial conditions make it possible for the Government to go forward again with the railway development, the Indian States should be called into Council and invited to take part in working out a common interest.

21. We recommend an enquiry into the question of inland water way communication as effected by alleged unfair railway competition.

22. We recommend a thorough investigation, by a Commission of the most competent experts whom the railway board can furnish, of the gauge question as it affects and is affected by the potential future development of the Indian system as a whole.

23. We recommend that the system of management by companies of English domicile should not be continued after the termination of their existing contracts, and that these companies should not be permitted further to increase their share capital.

24. We recommend that no steps should be taken towards establishing combined companies, both with English and with Indian domicile.

B.—Supplementary Recommendations.

By the Chairman and Indian Interest.

The Chairman ; The Hon. Mr. V. S. Sastri, Mr. E. H. Hilley ; Mr. Purushotamadas Thakurdas ; and Mr. J. Take.

25. We recommend that the undertakings of the guaranteed companies, as and when the contracts fall in, be entrusted to the direct management of the State, and that when the contract with the East Indian Railway terminates in 1924, the Oudh and Robilkhand State Railway be absorbed into that undertaking.

26. We recommend that the whole of the capital for the future development of the Indian railways be raised directly by the State.

27. We recommend that the money required to put the existing railways into proper shape should be raised, even at to day's prices as fast as can be economically spent, but we do not recommend the immediate raising of capital for the extension of the existing system.

28. We recommend that Government issues for railway purposes should in England take the form of ordinary sterling loans, while in India rupee loans might perhaps be earmarked as for railway purposes.

29. We support the recommendation of the Mackay Committee that in periods of easy money, fund should be raised in excess of immediate requirements so that it may not be necessary to have recourse to the market at a time of stringency.

30. We recommend the establishment of a systematic organisation to familiarise the population of India with the idea of subscribing to Government loans, and specially to reach through local Indian agencies the mass of the people to whom the idea of investment has hitherto been strange.

C.—Supplementary Recommendations.

By the European Capitalist Interest.

By Sir H. P. R. Burt ; Sir E. N. Mookerjee ; Sir E. Anderson ; G. C. Godfrey , and Sir E. Ledgard.

25 A. We recommend that the system of both State and Company management should be continued, and that the Government should not be committed to a policy of State management only for all railways. We accordingly propose a scheme for creating Indian domiciled companies to manage the East Indian and, possibly, the Great Indian Peninsula Railways. The cases of other lines to be considered on their merits when the contracts become terminable.

We do not recommend that the provincial Governments should take any part in the work.

26 A. We agree that much capital must be raised direct by the State, and that this should be done by the Central Government. We also recommend, from 1924 onwards, that the fullest use be made of Indian domiciled companies, as proposed under our scheme, as a means of providing funds from independent sources. We also hold that as the total amount required is so large, no channel through which money can be obtained on reasonable terms should be neglected ; for instance, further debenture loans through existing companies might be negotiated.

27 A. We agree that money should be raised as fast as it can be economically spent, rather than that new development should be arrested. We recommend that the assistance of private enterprise should be enlisted to provide capital for new lines.

28 A. We recommend that Government borrowings for State and Guaranteed railways should be by direct Government loans advertised, whether in England or India, as being for railway purposes.

29 A. We agree in supporting this recommendation of the Mackay Committee.

30 A. We recommend that the assistance of all Banks in India should be enlisted when money is required to be raised, and that independent offers of loans on special conditions should not be lightly set aside.

D.—Conclusion.

We desire to express our sense of our exceptional indebtedness to our Secretary, Mr. T. Ryan. Not only has he performed all the ordinary duties of a Secretary with the utmost efficiency, but during the sittings in India he also bore, owing to our inability to obtain a verbatim report of the proceedings, the heavy burden of preparing each day for our use an accurate précis of the oral evidence received. Further, during the whole course of our proceedings, he placed at our disposal the resources of his exceptional memory in reference to the subjects that came before us.

To Mr. E. E. Pole, who came to India as Personal Secretary to the Chairman, and was almost immediately appointed Assistant Secretary to the Committee, we also owe our hearty thanks. No task was too heavy for him and he was always ready to work unsparingly to obtain any information that any member of the Committee desired to obtain.

W. M. ACWORTH (*Chairman*.)

V. S. SRINIVASA SASTRI

PURUSHOTAMDAS THAKURDAS.

JAMES TUKE.

H. LEDGAARD.

H. P. BURT.

R. N. MOOKERJEE.

E. H. HILEY.

A. R. ANDERSON.

G. C. GODFREY.

T. Ryan (*Secretary*).

London, 22nd August 1921.

REPORT OF THE Indian Railway Committee

The following are important extracts :—

The Mackay Committee of 1907 considered that the Government should fix periodically a standard of annual capital expenditure which at that time they thought might be taken at £12,500,000 equal to Rs. 18'75 crores, and they laid stress on the desirability of Government adopting a steady annual rate of expenditure which they might reasonably hope to maintain even in times of difficulty. In practice the Government did not see their way either to attain the modest standard recommended by the Committee, or to adhere over a series of years to any uniform rate.

The effect of this policy of inadequate allotments, varying irregularly up and down from year to year, would have been bad enough in any case. But it is made worse when, as not infrequently happens, the allotment is suddenly cut down during the currency of the year to which it relates, and works in progress are suspended, staffs are disbanded at a moment's notice, and materials are left lying on the ground for an indefinite period. An almost equally bad effect is produced when later on the year, the general financial position having unexpectedly improved, the Finance Member with equal suddenness lifts his hand and thus encourages the railways to spend more freely. For then, in fear of the guillotine of "lapse" which must descend on 31st March, in eager haste the railway officials start to spend, with inadequate staff and hurriedly collected materials, the money unexpectedly thrust upon them.

We cannot but feel that the authorities ultimately responsible for Indian railway finance—how far that responsibility was located in Whitehall, and how far in India, we cannot say—have entirely failed to appreciate the position of the Indian railways as a commercial undertaking. The owner of a factory, with a record of success behind it, who found his entire output reduced and slowed down for lack of a certain new machine costing, say, £10,000 and refused to buy this new machine, saying he could not raise more than £3,000 to pay for it except at a rate of interest to which he was unaccustomed, would ere long find himself in the Bankruptcy Court. And his fellow businessmen would say he had deserved his fate. This is in effect what has been happening in India from a date long before the war. With this difference: the manufacturer only brings

down a single factory. The Indian case is that railway undertakings, in which a great capital has been invested all over the country have been held up for lack of the relatively small new investment in new machinery required year by year to make the whole of the plant efficient and economically productive. And there is another difference. If the single factory goes down, the customers can go elsewhere to fill their wants. The unfortunate customers of the Indian railways have nowhere else to go to. They merely suffer. They are ceasing to suffer in silence.

How much the economic development of India has suffered, not from hesitation to provide for the future—no attempt has been made to do this—but from the utter failure even to keep abreast of the day-to-day requirements of the traffic actually in sight and clamouring to be carried, it is impossible to say. Had the Government thought fit to borrow money even at a rate considerably higher than the rate of net return that the railways could earn on it we believe its action would have been abundantly justified. But in fact the Indian Government never needed for many years previous to 1914 to face this position. A reference to the curve of net revenue given in the Administration Report on Railways in India will show that, though in the earlier years the interest on railway capital had to be met partly out of taxation, for the last 45 years the net earnings of the capital invested in Indian railways has never sunk below 4 per cent. For the last 20 years it has only three times sunk below 5 per cent; and this result was attained, though a substantial sum had been charged against revenue for repayment of capital and in spite of the fact that a not inconsiderable part of the total mileage had been built not on commercial grounds but for strategic purposes. Now the average rate payable by the Government of India on this borrowed money is about 3-3/4 per cent. We are unable with these figures before us to find any justification for the policy which has been persistently pursued of starving the development of Indian Railways.

We are aware that those responsible for Indian finance are impressed with the idea that borrowing must be restricted lest the rate of interest be advanced and the credit of the Government of India be thereby impaired. Speaking with all modesty on a matter on which the bulk of the Committee have no expert knowledge, we are unable to agree. So long as the solvency of the borrower remains unquestioned, all experience shows that the rate of interest the borrower has to pay depends not on the amount of his borrowing, but on the market value of money at the date of the issue. First-class English railway debentures are quoted to-day at, roughly, two-thirds of their pre-war price. The companies have not borrowed

in the interval; the security of the debentures remains unquestioned; it is only the value of money which has changed.

India has a population of 300,000,000. It has an area of 1,800,000 square miles, and it is under the British flag. Argentina has a population of 8,000,000, an area of 1,150,000 square miles, and it is not under the British flag. At the time when the Mackay Committee reported that it might be possible to borrow up to £9,000,000 per annum in the London market for the extension of Indian railways, the Argentine railway companies were raising money in the same market at an average rate of about £11,000,000 per annum, solely on the security of the railway earning; and the credit of the Argentine railway companies was not impaired. We are not aware that there has been any suggestion that the Argentine railways were extended with undue haste. India has, as we have said, a population of 300,000,000. It has to-day 36,700 miles of railway. In railway mileage it stands intermediate between Canada with 39,000 miles for a population of 8,000,000, and Australasia with 29,000 miles for a population of 6,000,000. We can not believe that India would have occupied so humble a position had the railway management not been fettered by a policy which has constantly restricted the raising of new capital for improvement and development.

Railway Supplies.

Till quite recently India produced hardly any of the supplies that her railways require. Locomotives, carriages, wagons, or at least their component parts, rails, signalling work, bridge work—all were imported from Europe. Even now India produces only a very small part of what she needs. At an early stage of the war it became difficult to obtain from Europe the customary supplies. Later on it became practically impossible. The inevitable result was that maintenance and renewals fell seriously into arrears from 1914 to 1918.

Obviously, the expenditure was only postponed and had to be faced later on. An ordinary commercial concern would, as a matter of course, have carried the money so underspent to a reserve for renewals, to be spent when the materials were again available. The Independent railway companies did this. Not so the State. The money was treated as part of the ordinary revenue of the Government in the year in which it was not spent, with the result that the net profits of the State railways are shown in the official returns as having risen steadily from 4.54 per cent. in 1914 to 7.07 per cent. in 1918-19. The apparent gain was not real. Had there been a separate railway budget the money underspent would have been earmarked in it as advanced to the Government for general purposes. It was indeed announced at one time that a reserve was

being made, or would be made. The end of the war has come, and the money is not there: other liabilities had been too strong for the Government of India and so the reserve fund vanished. The railway machine is in urgent need of repair, and funds to put it right are not forthcoming. The position at present is this: maintenance is lamentably in arrears. The cost of materials of all kinds is far above pre-war level. Wages likewise have advanced steadily.

Indian railway rates and fares have always been among the lowest, if not actually the lowest, in the world. They have only been advanced in the last few years very slightly as compared with the rest of the world. A general and substantial increase is overdue. Witnesses from all parts of India have agreed in recognising that rates and fares should be increased, and saying that they will be ready to pay the increases, provided a reasonably efficient service is given in return. One of the most important railway companies applied many months ago to the Railway Board for permission to increase its rates beyond the maximum hitherto authorised. It met with a refusal.

The Manner of Reform

We now proceed to discuss the manner in which reform should be carried out. At the outset we wish to disclaim any idea that the railway organisation should be independent, an *imperium in imperio*. This is quite out of the question. The Indian Government owns the railways; the Indian Government must control them. But that is no reason why the control should take the form which is found suitable in respect of other departments of the State. What we propose is in outline that the railways should have a separate budget of their own and assume the responsibilities for earning and expending their own income. The first charge on that income, after paying working expenses, is interest on the debt incurred by the State for railway purposes. The amount of this debt is known—we may call it roughly 252,000,000*l.* The annual liability of the Indian Government for the interest is 8,700,000*l.* Whether the railways should pay precisely this amount, or a large amount, in consideration of the fact that in early years taxation had to be imposed to meet that portion of the interest which the railway receipts did not then cover, or a smaller amount in consideration of expenditure which the railways have since incurred for non-railway purposes, is a matter for argument. We have no wish to express a positive opinion, though we think there is much to be said for letting by-gones be by-gones and fixing the payment to the Government at the same sum that the Government has itself to find at the present time for interest on the railway debt. The point is that the Railway Department, subject to the general control of

Government, once it has met its liability to its creditors, should itself regulate the disposal of the balance, and should be free to devote it to new capital purposes (whether directly or as security for new debt incurred) or to reserves, or to dissipate it in the form either of reduction of rates or improvement of services.

We have expressed our own view that the only payment by the railway to the general Exchequer should be the interest at a fixed rate on the capital advanced. But we desire to point out that this is not necessarily involved in the separation of the railway budget. It would be possible, however undesirable, for the Government to impose a sur-tax on railway traffic such as is now in force, or even to call upon the railways for an emergency contribution to the necessities of the State. Neither method would involve interference by the Finance Department with the Railway Department's control of its own internal finance.

Naturally, the steps taken to raise new capital and in general the large questions of policy must continue to be controlled by the Government, i. e., by the Viceroy's Council and the Legislative Assembly, and in the last resort by the Secretary of State and the House of Commons. But there must be a Member in charge of railways, taking part in the Council deliberations, and able to discuss with his fellow Members railway questions equally where they concern finance as where they are management questions proper. Under the new constitution the Budget is to be voted by the Legislative Assembly. This right must, of course, be preserved. But there is no reason why the Railway Budget should not be submitted by the Railway Member as an annexe to the general Budget instead of by the Finance Member himself. Even in England, though departmental, estimates have to be approved by the Treasury, and the Treasury control over them is undoubted. The estimates for the War Department are submitted to Parliament, not by the Chancellor of the Exchequer, but by the Secretary of State for War.

In India, with its vast population, normally sedentary, but at intervals—sometimes of months, sometimes of a year, sometimes of several years—flocking in enormous numbers to *melas* (fairs or fates) or on pilgrimages to holy places, occasional overcrowding is inevitable. To construct and equip the railways so that on rare occasions they should be able to accommodate, without inconvenience, traffic out of all proportion to the normal is evidently impossible. And so long as the present shortage of funds persists serious hardship is unavoidable. But when it comes to overcrowding as a constant every-day affair, carried to the length that Members of the Committee have seen with their own eyes passengers by regular trains perched in

the luggage racks and in suburban services hanging on outside or squatting on the steps of the coaches, it is another matter. Serious measures must be taken to deal with it. It cannot be done away till funds are provided on a scale sufficient to allow of railways being brought up all round to a much higher standard of efficiency. But even with restricted facilities something more might be done by measures such as borrowing stock to the utmost possible extent from other lines to meet exceptional local pressure, and by strict supervision of matters such as enforcing cleanliness and the provision of drinking water. We consider that in such ways as these the utmost efforts should be made to minimise the inconveniences to which the lower class passengers are subjected.

Rates and Fares.

Dealing with Government's right to control rates and fares the Report states :—We have no doubt whatever that further power to control rates ought to exist and be exercised by some appropriate public authority. We believe that the clause which exists in all contracts, and provides in effect that every company shall be liable to have its position modified by subsequent Act of general applicability, enables the Government to confer such power upon a competent authority.

We have discussed with very many witnesses, representing not only the Indian public but the railway companies, what the authority to control rates should be. We have found an unanimous readiness on both sides to accept the constitution of a new Tribunal, practically identical with that recommended for the same duties by the Rates Advisory Committee constituted under the English Ministry of Transport Act 1919, and accepted as satisfactory both by the railway companies and by representative organisations of the traders in England. We recommend the establishment of a Rates Tribunal consisting of an experienced lawyer as chairman and two lay members, one representing the railways and the other the commercial interests, with power, in any case deemed of sufficient importance, to add two additional members, one on each side. We do not think it necessary to go into the constitution and powers of the suggested Tribunal in any further detail. The proposals of the Rates Advisory Committee, which are the result of an exhaustive public discussion by all parties interested from all points of view, are embodied in Part III of the Railways Act 1921, just passed by Parliament. The causes in Part III raise all the questions in issue and are available for reference when the time comes for practical action to be taken in the matter.

That the proposed Tribunal in England will not lack work is evident. It is not, however, possible at present to say how far this

will be the case in India. We suggest that in the first instance the lay members of the Tribunal should be appointed, but only paid a retaining fee until it can be seen what the work is. We think, however, that the legal chairman should be appointed forthwith as a whole-time officer. The law of railway rates is not a simple matter. In addition to legal knowledge there is required a grasp of the economic principles involved and at least a general familiarity with geographical and business relations and the communities to which they are to be applied. Railway rates are not a subject in which, as far as we know, any lawyers in India have specialised at the present moment. There are not a few lawyers who have so specialised in England. But to preside over an Indian Tribunal a chairman would need both to be a specialist in railway law and to be familiar with Indian conditions. It is evident that the Indian Railways Act, which dates from 1880, require extensive revision. We consider that the lawyer appointed as chairman of the Rates Tribunal could not be better employed at the outset than in examination of the Act in the light of modern developments, both of circumstances in India and of legislation in other countries and preparing for the consideration of the competent authorities the draft of a new Railway Act.

The jurisdiction of the new Tribunal should, we think, embrace all questions of the reasonableness of rates even within the contractual maxima and minima, and of the conditions attached thereto, whether the question be the unreasonableness of a rate *per se* or its unreasonableness as compared with the rates charged to other persons or at other places in what are alleged to be comparable conditions. The same Tribunal might have jurisdiction in respect of the obligation to provide reasonable facilities, a matter which at present also has to be determined by a Railway Commission.

But both in respect of reasonable rates and reasonable facilities we think the Tribunal should be protected from being flooded with applications. We think that by a procedure analogous to that under section 31 of the Railway and Canal Traffic Act, 1888 (commonly known as the Conciliation Clause), application should in the first instance be addressed to the Ministry of Communication. The Ministry should bring the two parties together, not necessarily having regard to the great distances in India, face to face, by the interchange of statements and should then express its opinion on the merits of the dispute.

We do not think that applicants should be prevented from taking their case to the Tribunal by the fact that the opinion of the Ministry was adverse to their claim. But the question should be considered whether frivolous allegations should not be checked by requiring the deposit with the Tribunal of a certain sum—a figure

of Rs. 100 has been suggested—to be dealt with at the discretion of the Tribunal.

We recommend that in cases of importance, either by reason of the amount of money involved or because they raise a question of general principle, there should be an appeal. We suggest that it should lie to the Governor-General-in-Council—this is in accordance with the Canadian precedent. Leave to appeal might be granted either by the Tribunal itself or by the Governor-General in Council.

Employment of Indians

At the date of the last report there were employed on the railways of India about 710,000 persons; of these, roughly 700,000 were Indians and only 7,000 Europeans, a proportion of just 1 per cent. But the 7,000 were like a thin film of oil on the top of a glass of water, resting upon but hardly mixing with the 700,000 below. None of the highest posts were occupied by Indians; very few even of the higher. The position of a District Engineer, District Traffic Superintendent, or of an Assistant Auditor is, with one or two exceptions, the highest to which Indians have hitherto attained. The detailed figures in Appendix No. 2 show that, on the principal railways of the country, out of 1,749 posts classed as superior, 182, or rather more than 10 per cent., are filled by Indians. Of the 182 Indians, 158 occupy posts as assistant district officers in the various departments; 24 have reached the higher grade of district officers.

Case Against State Management.

The report on future management signed by Sir H. P. Burt, Sir R. N. Mookerjee, Sir A. B. Anderson, Sir G. O. Godfrey and Sir H. Ledgard states:—

This issue of State *versus* Company management is not such a clean-cut one as might appear at first sight, especially to those who advocate State management without any qualification: for it is not a question whether from now onwards all railways in India should be managed by the State or whether all should be managed by the companies. On the one hand it is agreed that the position as regards at least one State railway, the North-Western, cannot for strategical considerations be altered; and on the other hand there is the case of the Bengal-Nagpur Railway Company, between whom and the Secretary of State there is a contract which is not terminable for more than a quarter of a century hence, *i.e.*, in 1950. The company system cannot therefore be extended to the former, and, as for the latter it appears to us that prudential consideration alone forbid the pronouncement of a permanent policy for meeting the circumstances which may exist at that advanced date. It is clear, therefore, and it must be recognised at the outset as fundamental

to a proper consideration of the question, that for many years to come the dual system of both State and company operation must remain in force.

There is another fundamental fact of which the Indian public are perhaps not generally aware or sufficiently appreciative, but which has been brought prominently to the notice of the Committee through evidence ; and that is that owing to the effects of the war on Indian finance the Central Govt. will be unable for at least the next decade, and probably for much longer, to finance the railway system to the extent which the development of the country demands. It is admitted on all hands that the State in the past has been fitful and parsimonious in its contributions to railways ; it is this failure on the part of the State to provide for the crying needs of rail transport which is responsible more than anything else for the complaints made by the public against railways, and though a separate railway budget which has been suggested is administratively possible, and may conceivably give more stabilisation, this will not in itself produce more money.

The immediate problem which we have to consider resolves itself into the question what should be done in the case of the two guaranteed companies whose contracts are terminable in the near future, the East Indian Railway and the Great Indian Peninsula Railway, in 1924, and 1925 respectively. The next would be the Burma Railway in 1928, followed at intervals by other railways till 1950, when the contract with the Bengal-Nagpur Railway Company falls in. The importance of the question is greater than is suggested by the mention of the two railways whose contracts shortly expire, because their mileage is approximately one-third of the total mileage of all the guaranteed companies' lines in India, about 6,000 out of 19,000 miles, and they form the great arteries of the Indian system connecting the two largest cities, Bombay and Calcutta, with each other and with the capital at Delhi.

The problem raises two issues ; in the first place, whether the management of company railways by London Boards should continue, or whether the management should be located in India. This issue has been partially settled by the decision of the Secretary of State, that the management of the East Indian Railway should be moved to India after the expiry of the present contract in 1924. We need not discuss further the arguments for and against a continuance of the London Boards. The weight of evidence in India rejects the present system of management by companies domiciled in England, and for the reasons stated and notwithstanding the valuable services rendered by the companies in the past, we are in agreement that that system should be changed, according as the several contracts can be determined.

As regards the second issue, whether, if the complete control be in India, management should be by a company or by the State, it is desirable in the first instance to summarise briefly in the case for each policy, as set forth in the recorded evidence of the Committee. The opinions elicited are very divergent.

It has been suggested that in India there is no company management in the ordinary meaning of the words, and that the system which exists there at present has not worked and cannot be made to work satisfactorily. The system is that the State owns the lines and contracts with companies to work them. There are certain faults in the way in which the system has been worked, but these are capable of elimination—they are not inherent in the system.

The difficulties referred to above which have so seriously hindered the railway administrations in India in meeting trade demands and providing better accommodation for passengers, particularly for the third class, afford no proof that the company system must be a failure and no argument in favour of complete nationalisation. In fact the latter might well result in perpetuating and even accentuating the timid financial policy to which we have referred, as it is on record that the companies repeatedly and strenuously pressed for greater liberality in expenditure. The working of the company system as evolved for India can only be judged in the light of the financial difficulties which have surrounded it at every turn. Freed from these difficulties, which are certainly not inseparable from the system, it has in our opinion great national advantages suitable for any country, in that it ensures the larger share of any profits which may be made from the railways going into the coffers of the State, while avoiding the extravagance and other serious disadvantages of State management through a vast and growing bureaucracy.

We desire to emphasise this aspect of the case as strongly as possible. Reliance on Government for providing the necessary funds for railway purposes has been tried for many years and found to be altogether wanting. We have during the current year the curious spectacle of Government in its Industries Department doing all it can to encourage trade development, and in its Finance Department failing to supply funds necessary for the development of its transport services on which industries depend. We can see no reason for thinking that Government will be in a position to provide year by year the large sums needed for railway purposes, and we have given our reasons for coming to that conclusion. The future holds out little hope that greater reliance can be placed on Government in this connection, and we are convinced that the position will never be remedied if Government loans are alone relied upon to secure the vast amounts required for railway purpose. The extreme

importance therefore of finding new sources for the supply of capital is evident.

On a review of all these considerations, it appears to us that in the interests of India it is as necessary as it is desirable that its railways should be worked as far as possible by company rather than by State agency, and we believe there will be no difficulty in evolving a scheme of company management in India which will meet the legitimate aspirations and claims of all sections of the community, will satisfy both political and industrial interests, will relieve the financial situation and will at the same time, give an opportunity for the harmonious co-operation of both Indians and Europeans in the working of the great and vital industries of the country and thereby ensure the rapid development of the resources of India for the benefit of all. We do not think State management can be relied upon to secure the same results:

We now put forward two constructive schemes for this end. Taking the line that, as between Government and a new (Indian) East Indian Railway Company, there is no reason to complicate matters by taking into account the question of direct obligations, which at the end of 1924 Government will be under, towards the late share holders, annuitants, and debenture-holders of the existing English company. It is easy to suggest the outlines of a contract which should give the new company a reasonable return for its capital and remuneration for its services as managing agency.

If the East Indian Railway's net earnings at the end of 1924 over a period of three years have averaged about Rs. 8 crores per annum and if 8 per cent. be the then prevailing and estimated future value of money, then the capital value of the line will be about Rs. 134 crores, and this might be taken as a basis for negotiation. A new limited liability company might then be promoted with rupee capital, domiciled in India with its headquarters at Calcutta, the present headquarters of the system. The company would have a nominal capital of, say Rs. X Plus 50 crores, of which Rs. X would represent the Government share capital, the balance of 50 crores being the authorized new share capital, of which about 25 crores might be called up in the first few years.

Interest at 1 per cent, less than the prevailing rate from time to time for Government loans, on the paid-up public share capital, should be a first charge against the net earnings. Government must guarantee this return in order to ensure public confidence and make the shares a trustee security, but in reality this rate of interest would unquestionably be met from the net earnings, and the guarantee would therefore be purely nominal. Interest at the same rate on the Government share capital (X) should next be charged,

And the balance of net earnings should be regarded as surplus profits to be divided between the Government and the public share-holders in proportion to their respective holdings. The amount to be assumed for X must be determined on a reasonable basis.

Under the foregoing scheme the Government liabilities towards the old East Indian Railway Company are liabilities of the general revenues of India, and would be a matter for Govt. to deal with quite apart. But if preferred, an arrangement could be made which we call the second scheme, based on the booked capital outlay for the line, under which the interest on the outstanding liabilities would have to be specially provided for as first charges against earnings of the new company. In this case, the amount of such charges and liabilities, and the amount to be taken as Government capital in the company, would need detailed investigation, but if capital outlay be taken as the Government holding in the new company, it would be equitable that Government should receive a fixed proportion, say one-third of the surplus profits, before division, in recognition of its ownership and guarantee.

It should be noted that under both the foregoing schemes, the actual terms and fixation of capital must be settled in the light of the financial conditions prevailing at the time the contract is made.

Whichever of the foregoing alternatives be chosen, the following general provisions would apply ;—

(a) The company with the sanction of the majority of the share-holders, which in effect would mean Government, should have the power of raising further capital when required.

(b) The Government of India should have the right to acquire the shares subscribed by the public at a stated period, by giving six or twelve months' notice, and at such reasonable premium as may be agreed at the inception of the company.

(c) The Board should consist of 10 Directors; five to be elected by the outside share-holders and five to be nominated by Govt. It is desirable that half the number of Directors should be Indians.

(d) Govt. should have the right to nominate a chairman from among the 10 members; the chairman should have a casting vote.

(e) The management should rest with the Board of Directors as is usual in commercial concerns, except so far as legislation intervenes and except in such matter as control of rates, allocation of capital and revenue expenditure and service to be rendered to the State.

(f) Should there be any disagreement between the nominated and the elected Directors which necessitates the exercise of the chairman's casting vote, the matter should be referred to the Government of India, if the minority so desire.

Let us now consider the advantages of a scheme of this nature and the possible objections. The experiment of having an Indian domiciled company is certainly worthy of trial, while it would not form an irrevocable policy when existing contracts expire at later dates. As regards advantages, we consider that in the first place Indian public opinion will obtain full recognition without the bureaucratising of a commercial organisation. The Government of India, as now constituted under the Reform Scheme, will provide sufficient assurance that such opinion will not be disregarded; and the remedy against complaints such as unduly favourable treatment of foreign trade, if it exists in competition with internal trade, will lie with the Tribunal which the Committee have unanimously recommended should be set up.

In the second place, we hold that the appointment of Indians to high administrative posts and the promotion of successful meritorious Indians from subordinate to higher grades will be better secured under this scheme than on State-managed railways. The proposal will afford to educated Indians the best possible opportunities and facilities for learning the management and control of large commercial and public undertakings, and give them an opportunity of becoming equally competent with trained Europeans in direction and management. This is one of the most important grounds which lead Indian opinion at present to desire State management; but we believe that by our proposal their object can be achieved in a more direct and definite way.

Whatever may have been the case in the past, India is now at the parting of the ways; and, simultaneously with political reform; reform in commercial and industrial developments is essential. No country can prosper politically without industrial prosperity; and this cannot be secured merely by increasing the number of Government employees.

Financing the Railways.

A third advantage is to be found in this new method of financing Indian railways. According to our reference it is a primary duty to suggest means of raising sufficient funds for the development of Indian railways. The difficulties in regard to finance of the Government in India and of companies in England have already been indicated; and on political grounds it is desirable to limit India's indebtedness to the non-resident investor. Now, the scheme which we suggest will, we are confident, achieve our object in finding a new market in India. By the Government guarantee of a fair rate of interest such trust money as requires investment will be attracted; and there is a great probability, nay, almost a certainty, that a large amount of money from insurance companies

which have of late been rapidly growing in India, will become available. It will have the further advantage of taping a new field of investors in India itself, to whom a guarantee with additions based on a share of the profits will naturally appeal; for there are many grades of possible investors in India ranging between the public trustee and the speculator.

The first loan of the new company will undoubtedly receive a great impetus from what may be described as patriotic motives—as was the case in connection with the issue of the loan for the Development Scheme in Bombay—and when the practice is established of investing in railways, it is likely to become permanent. Moreover, the amount required for the East India Railway will, we are informed, not be likely to exceed 4 crores a year for a reasonable period in the future; and we are confident that with good security and the prospect of a satisfactory dividend, the amount will be forthcoming in India itself, if not entirely from Calcutta.

It may be argued by way of general criticism of our scheme that Government must in some way or another find the money for railway development, presumably by fresh borrowings or increased taxation, if it is asked to do so. But the facts should be faced; increased taxation has already been applied to meet the deficit of the present year (1921-22) and there is a heavy burden of floating debt. If, as it is hoped, Government may at some later period be in a position to raise larger sums than at present for the requirements of railways in India, there will be ample scope for utilising the money, first, in bringing State-managed railways to greater efficiency; secondly, in providing funds for the guaranteed company railways which will still remain under contracts; and, thirdly, in constructing the many new lines which are so urgently required. Moreover, past history cannot be ignored, the Government have regularly and continuously failed, and even refused to attempt, to raise the funds so badly required for the railways of the country.

We consider we have evolved a practical scheme of management through an Indian domiciled company which will prove to be in the interests both of India and of her people; and in putting it forward we desire to emphasise that company management of this kind has not yet been tried on railways in India, and that those who criticise company management for reason chiefly directed against the boards in London cannot be regarded as opponents of a system which has not yet existed. When our scheme is introduced, we are confident that the public, European and Indian alike, will find many advantages in it, and will appreciate that the country is in a fair way to escape the dangers of railway nationalisation.

REPORT OF THE Railway Finance Committee

By the middle of December 1921 the report of the Railway Finance Committee appointed by the Legislative Assembly to consider matters arising out of the Acworth Committee Report concerning the question of separation of railway from general finance and the requirements of railways in regard to capital expenditure during the next ten years was published. The Committee considered that both on point of principle and as a practicable proposition, railway finances could not be separated from the general budget, either just at present or in the immediate future, till the conditions become more normal and the financial equilibrium was re-established. Not only the separation would involve surrender by the Central Government of Railways as a source of revenue, which it would be, in the existing state of Indian finance, impracticable to replace, but it would materially disturb the financial equilibrium which was assumed when the Reforms were inaugurated. For instance, the Meston Committee assumed that the Central Government would derive a net revenue of no less than Rs. ten and three-fourth crores from Railway net gains. The point of practical importance, however, was whether the State should guarantee the Railway a definite supply of capital funds over a certain period of years, thus stopping the present practice, under which funds not used by the Railways in a particular year lapsed at the end of that year. The Committee thought that the case for the provision of a larger capital for the immediate rehabilitation and the betterment of the existing lines was amply proved, and also it would be uneconomical to refuse to the Railway Administration funds necessary to complete the works now under construction. In their opinion the above two requirements must take precedence over any new lines. They added that the guaranteed programme extending over a course of years was almost as important as the provision of larger funds. On full consideration, the Committee did not advise, both from the financial and administrative point of view, to look as far ahead as ten years referred to in their terms of reference. They suggested that the programme should be prepared on a five years' basis, provision for each quinquennial period being considered about two years before the termination of the existing period. This system, they said, would necessarily imply that there should be no lapse of money

voted in one year and not spent in that year. As to the extent of the programme, the Committee said that they had taken into account the actual needs of the open lines for rehabilitation and improvement, any commitments of Government in regard to other capital liabilities, and the probable capacity of money markets to supply the necessary loan funds.

After weighing all the factors, they agreed to recommend that the minimum demand put by the Railway Board, namely, the expenditure of Rs. 150 crores, in the next five years should be provided. They recognised that the provision of funds of this amount might involve supplementing the Indian loans by outside borrowing, provided such borrowing were effected in the cheapest market.

The Committee did not fail to lay great emphasis on the improvement of the conditions of travel of Third Class passengers.

As to new lines, though the Committee contemplated the provision for new lines they felt that in order to improve the coal position certain feeder lines opening up new coal-fields should be constructed by the State, failing which private enterprise should be encouraged in the construction of such lines on branch line terms under conditions *inter alia* demanding that a guarantee should be given only to the companies domiciled in India with a substantial Indian element in their directorate and raising only rupee capital, and that should such companies work their own lines, they should engage to apply the same rule as have been or may be laid down for the proportion of Indians to be employed in the higher ranks of the State Railway's establishment.

The report of the Committee was unanimous.

REPORT OF The Income-Tax Committee

The report of the All-India Income-Tax Committee presided over by Mr. G. G. Sim, I.C.S., which assembled at Simla to make recommendations for the amendment of the Income-Tax Act more particularly regarding the assessment of mercantile profits was published on 29th July 1921. The proceedings of the Committee were opened by the Finance Member on the 12th July and the Committee finished its sittings on the 15th July. The report is divided into three parts:—the first part contains recommendation on major issues, the second part records the recommendations regarding specific sections and the third part is devoted to a report on general questions. The report is unanimous except for the divergences of opinion on certain specific issues. The following are the main recommendations of the Committee:—

We are of opinion that, in view of the difficulties arising from a recent interpretation of a High Court of the word "Income" in Section 3 of the Act, that section should be altered on the lines of the English Income-Tax Act in order to provide that income-tax shall be charged not on income but in respect of property profits or gains as described in schedules or specific sections of the Act. In view of the variety of systems of keeping accounts in this country we are of opinion that it is impossible to prescribe in the Act any uniform system of account-keeping on which profits shall be worked out.

We recommend that the Indian Income-Tax Act should be extended in full to British Baluchistan and not confined as at present to the incomes of Government servants.

We agree that the Indian Income-Tax Act should be amended in order to provide that no account shall be taken of any income derived from a Hindu undivided family by any individual member of the family in determining the rate at which that individual shall pay income-tax on his separate income.

We agree that the Act should be amended in order to make the total deduction on account of insurance premia permissible in the case of all incomes from whatever source derived.

We are not in favour of the recommendation made by the Mahomedan members of the Madras Committee that an allowance equal to or in lieu of insurance premia should be made in the case of those communities which have religious objections against life insurance. The majority of the members of the Committee are of opinion that the adjustment system should be abolished.

As regards new business we are of opinion that no assessment should be made until the second year. Provisions should however be made in the Act for businesses that close down during the course of a financial year so that the Collector may assess for that year on the profits received for the portion of the year during which the business is carried on. We consider that there should be statutory provision that the owner of a business about to be closed down should give notice to the revenue authorities of his intention to close the business 15 days before the business is closed down. An addition should be made to Section 24 for this purpose. Rai Bahadur Ganga Ram and Dewan Tekehand would prefer that this provision should not apply to persons who have not been previously assessed.

We are of opinion that all rules under the Income-Tax Act should be made by the Government of India and that no rules should be made by local Governments. We endorse the opinion of the English Royal Commission on Income-Tax in paragraph 408 (B) of their report that where it can be done without detriment to the public interest the general purport of the instructions issued to the income-tax staff so far as they affect the tax-payers should be made available to the public.

As regards the question of the graduation of the tax we are of opinion that the grievance caused by the jumps is not sufficient to justify any change in the present system. Some members consider that the schedule should be altered by the addition of two new rates of seven-half pice for incomes between Rs. 10,000 and Rs. 12,500 and ten-half pice for incomes between Rs. 17,500 and Rs. 20,000. The majority however do not consider that even this change is required.

We are of opinion that the distinction between registered and unregistered firms should be abolished and that the Act should make provision somewhat on the lines of the English Act for assessing the profits of partnerships as much at the highest rate. If the individual partners file their statements of personal income at the same time the assessors will merely have to ascertain whether the whole of the partnership profits are accounted for in these personal statements in which event he would charge the partners direct at the appropriate rate. It would be left for the decision of the assessor in each case to decide whether a partnership existed or not. The super-tax on unregistered firms should be abolished. Super-tax would then be levied on each individual partner on his total income. The only difficulty anticipated is as regards the non-resident partner. We consider that provision should be made in the Act empowering the income-tax assessor to call upon any resident partners or representatives of a firm to pay the super-tax due on the share of the profits belonging to any non-resident partner. We do not consider

it feasible to insert any provision requiring any such resident partners or representative of the firm to get from the non-resident partner a statement of any other income that may accrue to him in India.

We are of opinion that the present rules made by most local Government providing that tax shall only be refunded in the district in which it was levied should be abolished and that any rules made should provide that a refund should be granted to an assessee in the district in which he is assessed to income-tax or if he is not assessed the district of his residence.

It is recommended that it should be made obligatory on all persons who deduct income-tax from interest on Government securities or securities of companies to issue to all security-holders a certificate that income-tax has been deducted at the maximum rate and that companies distributing dividends should be required by law to give a certificate that income-tax has been or will be paid at the maximum rate. In both cases the amount of rate should be specified in the certificate. These certificates should be accepted as a final authority for a refund in the district in which the assessee is assessed or if he is not assessed in which the assessee resides.

We recommend that applications for refunds should be received by post and that the refunds for those assesses who do not present themselves before the Collector should be remitted by money order. In such cases the cost of the money order should be borne by Government and should not be deducted from the amount refunded.

We are unable to support the recommendation of the Bombay Committee that in the case of Government securities the tax should be recovered at the lowest rate, the balance due being recovered, direct from the assessee by the Collector.

**The Census
of 1921**

The Census of 1921

The Census of India was taken on the night of March 18th. The total population of India as thus ascertained is 319,075,132, viz., British Territory 247,138, 396 and Indian States 71,936,736, giving an increase of 3,205,218 in British Territory and 718,518 in Indian States. These figures are provisional, but the experience of previous censuses shows that the difference between the population according to the provisional totals and that as finally ascertained does not amount to more than about 1 in 2,500 persons and the figures are therefore sufficiently accurate for practical purposes.

The proportional variations at each of the last two censuses are given below :—

Variations per cent. since 1901

	1891 to 1901	1901 to 1911	1911 to 1921
India	plus 1'5	plus 6'5	plus 1'2
Provinces	plus 3'9	plus 8'4	plus 1'3
States	—6'6	plus 10'3	plus 1'0

These ratios differ slightly from those in the statements appended, as allowance has been made in the former for the inclusion of new areas. The areas now dealt with for the first time have an estimated population of 86,145 persons.

The agricultural conditions of the early and middle years of the decade were not unfavourable to the growth of the population. There was some local scarcity but no wide-spread famine, while the birth-rate and survival rate stood high in 1912 but declined slightly in the subsequent four years. The influenza epidemic of 1918 dominates all other direct influences on the movement of the population during the decade. The epidemic left no part of India unaffected. The death rate was nearly double that of the previous year and the direct loss of life due to the ravages of the disease during a few months in 1918 alone is put at about 7 millions in British India, while the indirect effects are shown in the heavy fall in the birth-rate in 1919, the births being less than the deaths in both 1918 and 1919. Apart from the influenza epidemic, the later years of the decade were generally unhealthy. Plague which had been virulent in 1915 in the Northern and Western portions of the country again took a heavy toll in 1917 and 1918. The general failure of the rains of 1918 caused wide-spread distress over a large part of the country and the mortality from cholera in 1918-19 was exceptionally high. In the last year of the decade a large part of the country had again to face a serious failure of the monsoon. The following are provisional figures :—

THE CENSUS OF 1921

Province, State or Agency	Population 1921			Variation 1911-21 Increase (plus) Decrease (-)	
	Total	Males	Females	Actual	Per cent
INDIA.	319,075,123	154,056,191	165,018,941	plus 3,918,756	plus 1.2
Provinces.	297,139,396	139,941,215	157,197,181	plus 3,306,318	plus 1.2
1. Ajuar-Morwara	475,899	259,887	226,022	-8,496	-1.1
2. Andamans and Nicobars	36,633	20,998	15,640	plus 374	plus 1.4
3. Assam	7,522,321	3,835,025	3,687,296	plus 387,322	plus 15.2
4. Baluchistan	421,679	225,566	196,113	plus 7,367	plus 1.6
(DISTRICTS AND ADMINISTERED TERRITORIES.)					
5. Bengal	44,655,177	24,180,691	20,474,486	plus 1,170,572	plus 2.6
6. Bihar and Orissa	39,993,773	19,767,113	20,226,660	-459,766	-1.4
Bihar	23,372,733	11,533,798	11,838,935	-375,671	-1.6
Orissa	16,621,040	8,233,315	8,387,725	-166,685	-1.2
Chota-Nagpur	6,651,614	3,233,458	3,095,198	plus 46,322	plus .8
7. Bombay (Presidency)	19,322,536	10,164,904	9,157,632	-857,632	-1.2

	Bombay	...	18,006,170	8,391,890	7,712,280	—121,498	—3
	Sind	...	8,278,498	1,236,168	1,442,227	—234,942	—67
	Adm	...	51,993	56,878	12,045	plus 8,758	plus 190
8.	Burma	...	18,306,664	6,780,781	6,454,738	plus 1,030,847	plus 99
9.	Central Provinces and Berar	...	18,908,514	6,848,985	6,959,619	7,014	—1
	Central Provinces	...	10,827,808	6,879,741	6,447,561	—31,694	—3
	Berar	...	3,081,512	1,869,244	1,511,988	plus 24,066	plus 6
10.	Coorg	...	164,488	80,851	74,608	—10,517	—60
11.	Delhi	...	486,741	280,709	306,032	plus 78,294	plus 177
12.	Madras	...	42,822,370	20,664,288	21,432,037	plus 916,866	plus 24
13.	North-West Frontier Province	...	2,247,696	1,326,791	1,020,906	plus 50,788	plus 22
(DISTRICTS AND ADMINISTERED TERRITORIES.)							
14.	Punjab	...	30,678,888	11,300,253	8,377,438	plus 1,069,220	plus 54
15.	United Provinces of Agra and Oudh	...	45,590,948	28,894,752	21,698,194	—1,218,544	—22
	Agra	...	33,420,688	17,528,767	15,636,821	—698,848	—24
	Oudh	...	12,170,260	6,366,985	5,469,819	—437,696	21
	States and Agencies	...	71,986,786	37,114,976	54,621,760	plus 718,518	plus 10
16.	Assam State (Manipur)	...	389,672	187,951	195,721	plus 37,480	plus 108
17.	Balnchistan States	...	378,999	208,988	178,011	—41,289	—28
18.	Baroda State	...	2,121,326	1,068,064	1,622,221	plus 89,677	plus 44
19.	Bengal State	...	895,172	476,544	419,529	plus 78,608	plus 22
20.	Bihar and Orissa States	...	2,365,421	1,947,688	2,017,762	plus 20,222	plus 5
21.	Bombay States	...	7,412,841	3,771,186	3,641,158	plus 24,290	plus 2

THE CENSUS OF 1931

Province, State or Agency	Population 1931			Variation 1911-31 Increase (plus) Decrease (—)	
	Total	Males	Females	Actual	Per cent
INDIA.	319,078,183	164,056,191	155,018,991	plus 3,918,735	plus 1.2
Provinces.	247,136,286	126,941,915	120,197,131	plus 3,306,316	plus 1.3
1. Ajmer-Merwara ...	408,399	200,867	208,082	—5,496	—1.1
2. Andaman and Nicobar ...	25,333	20,295	5,440	plus 274	plus 1.4
3. Assam ...	7,202,861	3,955,565	3,248,196	plus 334,569	plus 13.2
4. Baluchistan ...	421,679	224,566	196,112	plus 7,297	plus 1.6
(DISTRICTS AND ADMINISTERED TERRITORIES.)					
5. Bengal ...	46,555,177	24,180,681	22,323,556	plus 1,170,679	plus 2.6
6. Bihar and Orissa ...	33,998,778	16,767,112	17,231,666	—460,786	—1.4
Bihar ...	22,372,756	11,533,793	11,702,960	—378,671	—1.6
Orissa ...	4,963,406	2,554,855	2,512,551	—48,817	—1.2
Chota-Nagpur ...	6,551,614	2,680,462	2,925,156	plus 45,252	plus 1.3
7. Bombay (Presidency) ...	19,335,553	10,164,964	9,172,652	—857,680	—4.4

	...	...	16,005,170	8,221,850	7,712,260	-181,498	-8
	Sind	...	2,272,493	1,255,166	1,442,827	-224,942	-67
	Adco	...	54,928	86,878	18,045	plus 8,758	plus 19 0
8.	Burma	...	18,305,564	6,750,781	6,454,733	plus 1,090,347	plus 9 0
9.	Central Provinces and Berar	...	13,908,514	6,948,985	6,959,529	7,514	-1
	Central Provinces	...	10,837,302	5,879,741	5,447,561	-81,694	-5
	Berar	...	3,081,212	1,069,244	1,511,968	plus 24,050	plus 5
10.	Coorg	...	164,459	89,851	74,808	-10,517	-5 0
11.	Delhi	...	486,741	280,709	306,033	plus 73,294	plus 17 7
12.	Madras	...	42,822,270	20,824,223	21,428,037	plus 916,566	plus 5 2
13.	North-West Frontier Province	...	2,247,596	1,226,701	1,020,908	plus 50,768	plus 2 3
(DISTRICTS AND ADMINISTERED TERRITORIES.)							
14.	Punjab	...	20,678,898	11,806,955	8,877,436	plus 1,099,820	plus 5 6
15.	United Provinces of Agra and Oudh	...	45,590,946	28,894,752	21,696,194	-1,316,544	-3 6
	Agra	...	38,420,658	17,593,757	15,838,821	-828,848	-2 4
	Oudh	...	12,170,308	6,300,995	5,859,318	-227,896	2 1
	States and Agencies	...	71,936,785	37,114,976	34,821,760	plus 718,518	plus 1 0
16.	Assam State (Manipur)	...	883,672	187,951	195,721	plus 37,460	plus 10 8
17.	Baluchistan States	...	578,999	205,988	178,011	-41,292	-9 8
18.	Sarada State	...	2,121,875	1,098,064	1,023,821	plus 89,077	plus 4 4
19.	Bengal State	...	396,173	476,644	419,529	plus 79,605	plus 5 9
20.	Bihar and Orissa States	...	3,985,431	1,947,668	2,017,768	plus 20,222	plus 5
21.	Bombay States	...	7,412,941	3,771,186	3,641,155	plus 24,200	plus 6

THE CENSUS OF 1911 (contd.)

Province, State or Agency.	Population, 1911,			Variation, 1911—21. Increase (plus.) Decrease (—).	
	Total.	Males.	Females.	Actual.	Per Cent
23. Central India Agency	8,004,681	8,073,789	2,981,812	—188,414	—2.2
23. Central Provinces States	2,068,482	1,079,507	1,088,975	—48,670	—2.3
24. Gwalior State... ..	2,178,822	1,688,176	1,489,648	—41,168	—1.8
25. Hyderabad State	12,454,627	6,331,964	6,121,643	—921,049	—6.9
26. Kashmir State... ..	5,822,080	1,787,902	1,664,128	plus 168,904	plus 5.2
27. Madras States... ..	5,460,979	27,457,15	2,714,314	plus 648,188	plus 12.6
Cochin States	979,019	4,88,884	495,185	plus 60,909	plus 6.6
Travancore State	4,065,829	2,069,805	1,278,643	plus 878,874	plus 16.6
28. Mysore State	1,976,660	5,048,699	2,980,461	plus 76,1487	plus 2.9
29. North-West Frontier Province (AGENCIES AND TRIBAL AREAS).	2,828,055	1,520,672	1,507,383	plus 1,205,961	plus 74.8
30. Punjab States... ..	4,418,401	2,428,191	1,990,510	plus 202,607	plus 4.8
31. Rajputana Agency	9,657,012	5,189,785	4,867,347	—678,420	—6.4
32. Sikkim State	81,722	41,502	40,220	—6,198	—7.0
33. United Provinces States	1,184,824	5,80,803	554,521	—55,050	—4.6

THE CENSUS OF 1921

Towns.	Population 1921.	Variation, 1911-21.	
		Increase (plus) Decrease (-).	Per cent.
AMER-MERWATA			
Ajmer ...	114,196	+27,974	+24.4
BALUCHISTAN			
Quetta ...	48,933	+16,011	+44.3
BENGAL			
Calcutta with Suburbs and Howrah	1,263,392	+40,979	+3.4
Calcutta Proper ...	903,173	+7,106	+0.8
Howrah ...	192,758	+13,752	+7.1
Manicktola ...	66,750	+12,983	+19.4
Cossipore-Chitpur	56,549	+8,371	+14.7
Garden Reach ...	44,062	-1,233	-2.7
Dacca ...	117,304	+8,753	+7.5
BIHAR AND ORISSA			
Patna ...	120,102	-16,044	-13.4
Bhagalpur ...	68,832	-5,516	-8.0
Gaya ...	67,759	+17,838	+26.3
BOMBAY			
Bombay ...	1,172,953	+193,508	+16.5
Ahmedabad ...	274,202	+41,425	+15.1
Poona ...	176,671	17,271	+9.8
Karachi ...	215,781	+63,878	+29.6
Surat ...	118,299	+3,421	+2.9
BURMA			
Rangoon ...	339,527	+46,211	+13.6
Mandalay ...	147,429	+9,130	+6.2
CENTRAL PROVINCES AND BIHAR			
Nagpur ...	149,522	+48,117	+32.2
Jubbulpore ...	106,973	+8,322	+7.8
DELHI			
Delhi ...	303,146	+70,311	+23.2
MADRAS			
Madras ...	522,951	+4,291	+0.8
Madura ...	136,894	+3,779	+2.8
Trichinopoly ...	119,521	+3,991	+3.3
Calicut ...	81,995	+3,578	+4.4
Salem ...	52,270	-6,936	-13.3
N. W. F. PROVINCE			
Peshawar ...	93,884	-4,051	-4.3
PUNJAB			
Lahore ...	272,554	+50,871	+18.7
Amritsar ...	160,409	+7,552	+4.7
Multan ...	86,251	-12,992	-15.1
Rawalpindi ...	97,983	+11,500	+11.7
Ambala ...	76,497	-3,634	-4.8

THE CENSUS OF 1921

City	Population 1921	Variation, 1911-21. Increase (plus), Decrease (-).	
	Total	Actual	Per cent.
UNITED PROVINCES OF AGRA AND OUDH.			
Lucknow	243,553	-8,561	-3.4
Benares	199,993	-3,811	-1.9
Agra	185,946	+497	plus .3
Cawnpore	213,044	plus 34,487	plus 19.3
Allahabad	155,970	-15,727	-9.2
Bareilly	127,939	-1,523	-1.2
Meerut	122,567	plus 5,936	plus 5.1
Moradabad	82,713	plus 1,595	plus 2.0
Rampur	73,200	-1,116	-1.5
BARODA.			
Baroda	94,742	-4,603	-4.6
CENTRAL INDIA AGENCY.			
Bhopal	5,054	-11,160	-19.8
Indore	92,993	plus 48,046	plus 105.9
GWALIOR.			
Lashkar	76,849	plus 20,662	plus 36.8
HYDERABAD.			
Hyderabad	404,225	-97,421	-19.4
KASHMIR.			
Srinagar	141,631	+11,430	plus 8.8
MYSOBE.			
Bangalore (including Civil and Military Station)	238,111	plus 48,626	plus 25.7
Mysore	83,939	plus 12,626	plus 17.7
RAJPUTANA AGENCY.			
Jaipur	121,196	-16,902	-12.8
Jodhpur	73,480	plus 14,218	+24.0
Bikaner	69,448	+13,622	+24.4
Alwar	44,782	+3,477	+8.4

The People of India

DISTRIBUTION OF THE POPULATION.—CENSUS OF 1911

	India.	British Provinces.	Native States.
	1	2	3
Area in square miles ...	1,802,657	1,093,074	709,583
Number of Towns & Villages	722,495	538,809	183,686
(A) Towns ..	2,353	1,452	701
(B) Villages ..	720,342	537,357	182,985
Number of Occupied Houses	63,710,179	49,140,947	14,569,232
(A) In Towns ..	6,037,456	4,409,121	1,628,335
(B) In Villages ..	57,672,723	44,731,826	12,940,897
Total Population ..	315,156,396	244,267,542	70,888,854
(A) In Towns ..	29,748,288	22,817,715	6,930,573
(B) In Villages ..	285,408,168	221,449,827	63,958,341
Males ..	161,338,935	124,873,691	36,465,241
(A) In Towns ..	16,108,304	11,525,830	3,582,474
(B) In Villages ..	145,230,631	112,347,861	32,882,770
Females ..	153,817,461	119,393,851	34,423,610
(A) In Towns ..	13,639,924	10,291,885	3,348,039
(B) In Villages ..	140,177,537	109,101,966	31,075,571

OCCUPATIONS OF THE INDIAN PEOPLES.—CENSUS 1911

	INDIA	313,470,000
A.—PRODUCTION OF RAW MATERIALS		227,030,000
I.—Exploitation of the Surface of the Earth		226,550,490
Pasture and Agriculture		224,695,983
(a) Ordinary cultivation		216,787,160
(b) Growing of special products and market gardening		2,012,500
(c) Forestry		672,090
(d) Raising of farm stock		5,176,104
(e) Raising of small animals		48,063
Fishing and Hunting		1,854,588
II.—Extraction of Minerals		529,609
Mines		375,927
Quarries of hard rocks		75,424
Salt, etc.		78,258
B.—PREPARATION AND SUPPLY OF MATERIAL SUBSTANCES		58,191,121
III.—Industry		35,323,041
Textiles		8,306,501
Hides, skins and hard materials from the Animal Kingdom		698,741
Wood		3,799,892
Metals		1,861,445
Ceramics		2,240,210
Chemical products properly so called, and analogous		1,241,587
Food industries		3,711,675
Industries of dress and the toilet		7,750,609
Furniture industries		39,268
Building industries		2,062,493
Construction of means of transport		66,056
Production and transmission of Physical forces (heat, light, electricity, motive power, etc.)		14,384
Industries of luxury and those pertaining to Literature and to Arts and Sciences		2,141,665
Industries concerned with refuse matter		1,388,515
IV.—Transport		5,028,900
Transport by water		982,766
Transport by road		2,781,933
Transport by rail		1,062,493
Post Office, Telegraph and Telephone services		201,780
V.—Trade		17,839,102
Banks, establishment of credit, exchange and insurance		1,220,187
Brokerage, commission and export		240,858
Trade in textiles		1,277,470

OCCUPATIONS OF THE INDIAN PEOPLES—CONTD.

Trade in skins, leather and furs	296,712
Trade in wood	224,838
Trade in metals	59,766
Trade in pottery	101,981
Trade in chemical products	171,927
Hotels, cafes, restaurants, etc.	719,052
Other trade in food stuffs	9,478,868
Trade in clothing and toilet articles	306,701
Trade in furniture	173,413
Trade in building materials	84,613
Trade in means of transport	239,396
Trade in fuel	524,962
Trade in articles of luxury and those pertaining to Letters and the Arts and Sciences	522,150
Trade in refuse matter	3,695
Trade of other sorts	2,192,534
C.—PUBLIC ADMINISTRATIONS AND LIBERAL ARTS	10,912,123
VI.—Public Force	2,398,586
Army	665,278
Navy	4,640
Police	1,728,668
VII.—Public Administration	2,648,005
VIII.—Professions and Liberal Arts	5,325,357
Religion	2,769,490
Law	303,408
Medicine	626,900
Instruction	674,392
Letters and Arts and Sciences	951,167
IX.—Persons living principally on their income	540,175
D.—MISCELLANEOUS	17,286,678
X.—Domestic Service	4,599,080
XI.—Insufficiently described Occupations	9,236,210
XII.—Unproductive, Etc.	3,451,380
Inmates of jails, asylums and hospitals	132,680
Beggars, vagrants and prostitutes	3,318,700

Mines and Minerals.

Totals value of Minerals for which returns of production are available
for the years 1919, 1920 and 1921.

	1919.	1920.	1921.
	£	£	£
Coal	10,119,256	9,381,164	8,673,377
Petroleum	8,340,894	7,951,632	5,603,975
Manganese (A)	1,546,330	3,823,095	1,537,068
Gold	2,256,039	2,783,915	2,050,576
Salt	1,823,522	1,446,409	742,147
Mica (A)	863,448	1,065,438	426,274
Lead and Lead-ore	668,642	975,927	784,586
Silver	487,246	843,109	593,008
Saltpetre	471,247	540,012	357,032
Building materials	436,183	454,750	422,219
Tin and Tin-ore including low grade tin-ore:	251,740	325,626	162,770
Tungsten	521,194	139,707	29,292
Jadeite (A)	87,103	120,380	126,535
Chromite	88,724	79,970	36,492
Iron-ore	45,887	67,743	140,555
Ruby, Sapphire and Spinel	108,087	61,942	50,165
Monazite	60,712	49,231	30,959
Clay	49,960	40,812	37,378
Magnetite	19,728	17,216	15,632
Steatite	6,498	10,585	5,880
Alum	4,800	7,320	4,293
Asbestos	1,656	7,272	884
Ochre	3,600	(B) 5,356	2,174
Bauxite	1,934	4,128	3,280
Diamonds	20,825	4,125	4,865
Gypsum	2,869	3,693	2,267
Amber	616	1,666	1,123
Barytes	1,501	1,553	3,485
Aquamarine and beryl .. .. .	..	1,225	1,274
Corundum	5,347	575	55
Graphite	819	560	52
Antimony	203	40	70
Potash	42	25	.....
Molybdenite	101	19	13
Samaraskite	10	12	.....
Total	28,296,823	30,219,722	21,883,536

(A) Export values.

(B) Includes the value of ochre produced in the Panama and Baramuda States. The increases or decreases are shown in sterling values, taking the rupee at

2s. (The true average for 1919 was 1s. $\frac{21}{88}$ d., and for 1920, 2s. 016d.)

Trade in India
1921

EXPORTS

Share of the Principal Articles and Countries in the Export trade of British India in 1920-21, as compared with the year 1919-20.

(1) Share of Principal Articles

(2) Share of Principal Countries

(1) Share of Principal Articles		(2) Share of Principal Countries	
1920-21	1919-20	1920-21	1919-20
Jute Raw and manufactured 29 per cent.	Jute Raw and Manufactured 24 per cent.	United Kingdom 22 per cent.	United Kingdom 80 per cent.
Cotton Raw 17 per cent.	Cotton Raw 19 per cent.	Other Parts of the British Empire 21 per cent.	Other Parts of the British Empire 14 per cent.
Food Grains 11 per cent.	Food Grains 5 per cent.	United States 15 per cent.	United States 15 per cent.
Seeds 7 per cent.	Seeds 8 per cent.	Japan 9 per cent.	Japan 14 per cent.
Tea 5 per cent.	Tea 7 per cent.	Belgium 5 per cent.	Belgium 8 per cent.
Hides & Skins 4 per cent.	Hides & Skins 12 per cent.	France 3 per cent.	France 5 per cent.
Other articles 27 per cent.	Other articles 26 per cent.	Other foreign countries 25 per cent.	Other foreign countries 19 per cent.

IMPORTS

Share of the Principal Articles and Countries in the Import Trade of British India in 1920-21, as compared with the year 1919-20

(1) Share of Principal Articles.

(2) Share of Principal Countries.

	1920-21.		1919-20.
Cotton manufactures including twist and yarn 30 per cent.		Cotton manufactures including twist and yarn 28 per cent.	
Iron and steel 8 per cent.		Iron and steel 8 per cent.	
Machinery 7 per cent.		Machinery 5 per cent.	
Sugar 6 per cent.		Sugar 11 per cent.	
Ry. Plant 4 per cent.		Ry. Plant—2 Hardware—2	
Hardware—2		Mines and Mineral oil 4 per cent.	
Mineral oil—2		Silk 4 p. c.	
Silk 3 p. c.			
Other articles 27 per cent.		Other articles 26 per cent.	
	United Kingdom 61 per cent.		United Kingdom 51 per cent.
	Other parts of the British Empire 5 p. c.		Other Parts of the British Empire 10 per cent.
	United States 11 per cent.		United States 12 per cent.
	Japan 8 p. c.		Japan 9 per cent.
	Java 4 p. c.		Java 9 per cent.
	Other foreign countries 11 per cent.		Other foreign countries 9 per cent.

IMPORTS

The following table compares the values of the chief imports during each of the past three years with the values recorded during 1913-14, the last Pre-war year.

	1913-14 (pre-war year).	1918-19	1919-20	1920-21
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Cotton goods ...	62.14	51.68	54.72	22.54
" twist and yarn ...	4.16	3.37	4.36	13.68
Iron and steel ...	16.01	12.45	16.33	21.30
Machinery of all kinds, including belting ...	8.26	5.88	9.58	24.09
Railway plant and rolling stock ...	10.03	10.04	4.59	14.13
Sugar ...	14.96	15.61	22.99	13.50
Motor cars and motor cycles ...	1.52	.82	3.22	12.24
Hardware ...	3.95	3.21	4.37	9.08
Mineral oil ...	2.12	3.61	9.22	3.24
Paper and pasteboard ...	1.59	2.72	2.24	7.30
Silk, raw and manufactured ...	4.27	4.75	7.71	7.26
Chemicals, drugs, etc. ...	2.41	4.22	3.74	5.16
Liquors ...	2.24	3.30	3.37	4.90
Provisions ...	2.47	1.94	2.91	3.61
Salt ...	.88	2.32	2.10	-2.28

Imports in India.

GENERAL IMPORTS	1918-19	1919-20
	Rs. (Lakhs).	Rs. (Lakhs).
Cotton-goods	51.68	54.72
" twist and yarn	8.87	4.86
Sugar	15.61	29.19
Iron and steel	12.45	19.83
Railway plant and rolling stock	1.04	4.59
Machinery of all kinds, including belting	5.86	9.58
Mineral oil	3.51	3.26
Silk raw and manufactures	4.75	7.70
Hardware	3.21	4.87
Motor cars and Motor cycles	89	3.88
Chemicals, drugs, etc.	4.23	3.74
Liquors	3.81	3.37
Provisions	1.94	2.91
Paper and pasteboard	3.72	2.84
Salt	3.33	2.10

Other Important Imports.

Grain, pulse, and flour	1.12	3.09
Spices	3.41	3.26
Instruments, apparatus, etc.	2.17	3.22
Matches	1.65	2.05
Tobacco	3.15	2.02
Glass and glassware	2.25	2.00
Fruit and vegetables	.93	1.90
Dyeing and tanning substances	1.59	1.89
Woolen manufactures	3.17	1.81
Apparel	1.88	1.59
Wood and timber	1.00	1.58
Paints and painters' materials	1.37	1.90
Seeds	1.25	1.26
Soap	1.00	1.29
Drapery and millinery	1.07	1.07
Articles imported by post	4.98	3.54

Exports from India.

CHIEF EXPORTS	1918-1919. Tons (1,000)	1919-20 Tons (1,000)
Rice not in the husk ..	2,017.9	617.7
.. in the husk ..	35.2	33.8
.. flour ..	1	8.6
Wheat ..	476.2	8.6
.. flour ..	30.9	43.2
Gram ..	282.2	5.2
Beans ..	78.9	135.9
Lentils ..	29.8	5.7
Other Pulses ..	50.6	13.7
Barley ..	226.3	1.7
Jawar and Bajara ..	5.5	7.7
Maize ..	13.8	8
Other kinds ..	7	10.0
Total Value Rs. (lakhs) ..	40.07	15.15
Oils ..	3.51	3.22
Metals and ores ..		
.. Manganese ore ..	75	72
.. Wolfram ..	1.13	61
.. Other sorts ..	1.28	1.22
Dyes ..		
.. Indigo ..	1.25	1.33
.. Myrabolams ..	49	1.01
.. Other sorts ..	31	31
Opium ..	3.15	1.96
Hemp, raw ..	1.47	1.89
Oil cakes ..	84	1.83
Coffee ..	1.19	1.71
Rubber ..	2.50	169
Spices ..	1.09	1.57
Manures ..	62	1.48
Wood, teak ..	60	1.25
Paraffin wax ..	1.12	1.18
Fodder, bran and pollards ..	35	1.04
Coir ..	35	1.04
Tobacco ..	96	93
Mica ..	90	86
Coal and coke ..	19	83
Provisions and oil man's stores ..	62	62
Saltpetre ..	93	53
Articles exported by post ..	1.69	2.02

Exports from India.

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Barley	226.3	1.7
Jawar and Bajara	5.5	7.7
Maize	13.8	8
Other kinds	7	10.0
Total Value Rs. (lakhs)	40.07	15.15
Oils	3.51	3.22
Metals and ores		
Manganese ore	75	72
Wolfram	1.13	61
Other sorts	1.28	1.22
Dyes		
Indigo	1.25	1.33
Myrabolams	49	1.01
Other sorts	31	31
Opium	3.15	1.96
Hemp, raw	1.47	1.89
Oil-seeds	84	1.83
Coffee	1.19	1.71
Rubber	2.50	1.69
Spices	1.09	1.57
Fumures	62	1.48
Wood, teak	60	1.25
Paraffin wax	1.12	1.18
Hodder, bran and pollards	35	1.04
Coy	35	1.04
Tobacco	96	93
Mica	90	86
Coal and coke	19	83
Provisions and oil man's stores	62	64
Saltpetre	93	53
Articles exported by post	1.69	2.208

BALANCE OF TRADE OF INDIA

	FOR THE EIGHT MONTHS, APRIL TO NOVEMBER OF		
	1919	1920	1921
Exports of Indian merchandise (private).	In Lakhs Rs. 1,97,67	In Lakhs Rs. 1,68,36	In Lakhs Rs. 1,39,92
Exports of Foreign merchandise (re-exports).	19,51	13,46	9,05
Imports of Foreign merchandise (private).	1,21,96	2,23,02	1,74,22
Net exports of merchandise (private).	88,02	—41,20	—25,25
Net imports of gold (private).	2,39	5,57	—8,66
Net imports of silver (private).	—1	1,64	6,46
Net imports of treasures (private).	2,28	7,21	—10
Council Bills and telegraphic transfers paid in India.	25,84	..	..
Telegraphic Transfers from the Bank of Montreal paid in India.	2,36	..	..
Starling Bills on London sold in India.	20	28,05	..
Encased Rupee paper (net imports).	60	53	—1,42
Interest on same.	18	—14	15
<i>Balance of trade in favour of India.</i>	52,06	..	..
<i>Balance of trade against India.</i>	..	20,53	23,88

The following statement shows the chief articles of the foreign trade of India in 1921-22 :—

IMPORTS

(000 omitted)		(000 omitted)	
Cotton Goods	... £30,281	Chemicals ...	... £1,273
Machinery, &c.	... 22,857	Brass, &c.	... 1,222
Sugar, &c.	... 18,335	Fruits and Vegetables	1,120
Iron and Steel	... 14,090	Cigarettes &c.	... 1,100
Railway plant	... 12,607	Drugs and Medicines	1,056
Cotton Yarn	... 7,678	Rubber Manuf's.	... 1,029
Mineral Oils	... 4,892	Salt	... 1,011
Hardware, &c.	... 3,946	Silk (raw)	... 881
Coal and Coke	... 3,900	Copper	... 837
Instruments, &c.	... 3,432	Plants	... 826
Liquors	... 4,511	Woolen Goods	... 819
Dyes	... 2,137	Wood and Timber	... 767
Silk Goods	... 1,991	Apparel	... 751
Motor cars,		Beltting	... 672
cycles, &c.	... 1,812	Stationery	... 609
Provisions	... 1,402	Soap	... 599
Paper, &c.	... 1,561	Haberdashery, &c.	... 419
Glass	... 1,483		
Matches	... 1,359	<i>Government Stores:</i>	
Build'g, &c., Mat'ls	... 1,338	Railway plant, &c.	... £1,612
Spices	... 1,284	Coal, coke, &c.	... 1,044

EXPORTS

(000 omitted)		(000 omitted)	
Cotton (raw)	... £35,980	Coal, coke, &c.	... £1,069
Jute Manuf's	... 19,998	Coffee	... 927
Grain, Pulse & Flour	... 19,994	Oilcake	... 911
Tee	... 12,147	Dyes	... 882
Seeds	... 11,605	Paraffin Wax	... 852
Cotton Yarn and		Manures	... 778
Manufactures	... 10,434	Bran, &c.	... 764
Jute (raw)	... 9,366	Spices	... 669
Leo	... 5,277	Rubber	... 515
Hides and Skins	... 3,988	Wood	... 425
Lesther	... 3,689	Mica	... 422
Metals and Ores	... 2,370	Hamp	... 265
Oils	... 1,896	<i>Re-Exports</i>	
Wood (raw)	... 1,696	Cotton Manuf's	... 2,643
Opium	... 1,369	Sugar	... 1,140

The following table shows the distribution of the Indian private sea-borne trade in 1921-22:—

COUNTRIES.	PRIVATE MERCHANDISE ONLY.	
	Imports.	Exports.
Total Value (000 omitted)	£177,564	£154,253
	Per cent.	Per cent.
United Kingdom	55.6	19.7
Belgium	2.0	3.5
Ceylon	0.5	5.0
China (excluding Hong Kong)	1.0	4.8
Egypt	0.2	1.3
France	0.8	4.3
Germany	2.7	6.6
Holland	0.8	0.9
Hongkong	0.6	2.7
Italy	0.8	2.5
Japan	5.1	16.6
Java and Borneo	9.1	1.8
Mauritius	0.8	1.0
Straits Settlements	1.5	3.2
Switzerland	0.4	0.04
United States	8.1	10.8
All other countries	9.0	15.4

(NOTE.—Rupee figures converted at rate of Rs. 15 = £1.)

Trade of India 1921

The chief event of the year was the amendment of the second Schedule to the Indian Tariff Act, 1894, which was embodied in the Indian Finance Act, 1921, and took effect from 1st March, 1921. The general *ad valorem* tariff rate on imported articles, which had stood at seven and half per cent. since March 1916, was raised to 11 per cent. A specific rate of duty of 12 annas per gross of boxes, in place of the previous seven and half per cent. *ad valorem* duty, was imposed on matches; and a duty of 20 per cent. was levied on certain articles of luxury such as confectionery, motor cars, motor cycles and pneumatic rubber tyres (excluding lorries), silk piece-goods, fireworks, clocks and watches, electroplated ware, gold and silver plate, musical instruments, cinematograph films, toys, etc. The special rates of duty on imported liquors, foreign sugar, and tobacco other than unmanufactured tobacco were increased; cotton machinery, hitherto free, was brought under the two and half per cent. rate, and metallic ores of all sorts were made free. By Notification the imports of grain, pulse and flour were exempted from duty throughout the year. The revised rates were in force for only one month of the year under review, namely, March 1921.

The gross sea and land customs revenue (excluding salt revenue) collected during the year under review reached the unprecedented level of Rs. 31,88 lakhs, an increase of no less than Rs. 9,40 lakhs, or 42 per cent. over the preceding year and of Rs. 20,54 lakhs or 181 per cent. over the pre-war year 1913-14. To the total customs revenue realised during the year, import duties contributed Rs. 23,08 lakhs or 72 per cent.; export duties Rs. 4,83 lakhs or 15 per cent.; the excise duty on cotton manufactures Rs. 2,35 lakhs or 7 per cent.; and that on motor spirit Rs. 54 lakhs or 2 per cent.; land customs and miscellaneous yielded approximately Rs. 1,08 lakhs or 4 per cent. Under imports the most noticeable increases were in cotton goods Rs. 2,60 lakhs, carriages and carts, including motor cars and cycles Rs. 77 lakhs, liquors Rs. 50 lakhs; hardware and cutlery, and paper Rs. 47 lakhs each; tobacco Rs. 42 lakhs; machinery Rs. 34 lakhs; instruments and woollens Rs. 21 lakhs; and railway plant Rs. 20 lakhs. On the other hand, petroleum showed a decrease of Rs. 31 lakhs and sugar of Rs. 19 lakhs.

Review of the Trade of India in 1920-21

The official Review of the trade and industrial position of India issued in 1932 points out that the year 1920-21 carried Indian trade one more stage on its slow return to normal conditions. The previous year had witnessed an unprecedented boom when Indian exports increased monthly from Rs. 22½ crores in April, 1919, to the record figure of Rs. 31½ crores in March, 1920. Imports had also increased during the same months from nearly Rs. 14½ to nearly Rs. 24 crores. The total trade of that year, imports and exports combined, had reached the record value of Rs. 535 crores. The pace was too fast, however, and before the year 1919-20 had closed, it had given the first clear indications that the inevitable reaction was at hand. By January, 1920, freights had definitely fallen, tonnage was no longer scarce and a further decline in freights was confidently expected. Freight charges are an important item in the landed cost of produce, and neither dealers nor manufacturers can afford to buy on a falling market save for urgent requirements. A natural consequence was that forward orders on India diminished, and subsequent business was largely confined to spot transactions. In February, a check to the rising prices of one or two commodities indicated that stocks of those goods in the world's markets (where exchange and political conditions permitted of import business) were approaching satiety levels. A third factor was the downward trend of exchange. The demand in the United Kingdom for council drafts ceased early in January and the attempt to stabilize the rupee at 2s. gold led to violent competition in India for reverse councils. T. T. selling rates on London, which had stood at 2s. 10½d. on the 11th February 1920, had fallen to 2s. 3d. by the middle of the following month. Taxation was everywhere high, and financial stringency prevailed, foreign exchanges were capricious and unrest was beginning seriously to affect the world's industries. Russia and Central Europe were still out of the market, and India had lost in them some of her principal customers. Finally, owing to poor harvests in India it was impossible wholly to remove embargoes on the exports of food-grains, and one of the incidents to a favourable trade balance was in consequence curtailed.

Exports were first affected. As already stated, exports during March, 1920, had reached the record figure of Rs. 31½ crores. By the following month, April, they had fallen to Rs. 28½ crores, by

IN INDIA 1920-21

September to less than Rs. 22 crores and by March, 1921, to Rs. 18 crores. On the import side, the effects of the slump were much slower in their operation, and although their influence was felt in restricted sales and congested ware-houses, it was concealed under a steady inflow of goods. Indeed, during the first three quarters of the year imports increased considerably in value, carried onwards and upwards by the momentum of the trade boom and high exchange rates of the previous year. This was only to be expected. Trade returns of imports are invariably out of date as a record of business transactions, for even in normal years they indicate values on arrival in fulfilment of orders placed three, six or even (in the case of machinery) twelve months earlier, as contrasted with the departure values recorded in the export returns, which reflect more quickly serious fluctuations of trade. The contrast is, of course, considerably more pronounced, if, as in the year under review, the orders were placed abroad when demand was keen, industries at high pressure, and deliveries seriously delayed. Moreover, the industrial boom in India had encouraged the placing of heavy orders for plant, machinery and stores; and large quantities of railway stores were needed to make good the deterioration of the previous five years. Hence, imports into India increased monthly from over Rs. 21½ crores in April, 1920, to the record figure of over Rs. 31 4/5 crores in October. The orders for these goods must have been placed at anything from six to twelve months earlier; indeed mill-work and machinery was delivered in India in 1920 in fulfilment of orders placed in 1917 or even in 1916. Nor should it be forgotten that the goods arrived in satisfaction of the colossal credits accruing to India on her record exports of Rs. 327 crores during 1919-20. From January, 1921, imports also declined, until they stood at Rs. 24½ crores for March, the concluding month of the year.

Thus the year 1920-21, which had apparently opened well, closed in a state of serious depression. In all the circumstances, failures of individual firms have been surprisingly few—additional evidence of resources built up during the war. Although exchange is low and fluctuating, it has survived the debacle of Continental exchanges. The internal currency position is good and the note issue well supported. It is true that labour difficulties are in evidence in India as in other parts of the world and that railway facilities which vitally affect the coal position are handicapped by many years' depreciation, without replacement (much less normal expansion), of rolling stock and permanent way. These are factors which must affect industrial activity in India and thus indirectly the volume of her imports and exports. At the same time, they were not sufficient to discourage foreign purchasers during the trade boom of 1919-20, and not even the

Review of the Trade of India in 1920-21

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Exports were first affected. As already stated, exports during March, 1920, had reached the record figure of Rs. 31½ crores. By the following month, April, they had fallen to Rs. 28½ crores, by

IN INDIA 1920-21

September to less than Rs. 23 crores and by March, 1921, to Rs. 18 crores. On the import side, the effects of the slump were much slower in their operation, and although their influence was felt in restricted sales and congested ware-houses, it was concealed under a steady inflow of goods. Indeed, during the first three quarters of the year imports increased considerably in value, carried onwards and upwards by the momentum of the trade boom and high exchange rates of the previous year. This was only to be expected. Trade returns of imports are invariably out of date as a record of business transactions, for even in normal years they indicate values on arrival in fulfilment of orders placed three, six or even (in the case of machinery) twelve months earlier, as contrasted with the departure values recorded in the export returns, which reflect more quickly serious fluctuations of trade. The contrast is, of course, considerably more pronounced, if, as in the year under review, the orders were placed abroad when demand was keen, industries at high pressure, and deliveries seriously delayed. Moreover, the industrial boom in India had encouraged the placing of heavy orders for plant, machinery and stores; and large quantities of railway stores were needed to make good the deterioration of the previous five years. Hence, imports into India increased monthly from over Rs. 21½ crores in April, 1920, to the record figure of over Rs. 31 4/5 crores in October. The orders for these goods must have been placed at anything from six to twelve months earlier; indeed mill-work and machinery was delivered in India in 1920 in fulfilment of orders placed in 1917 or even in 1916. Nor should it be forgotten that the goods arrived in satisfaction of the colossal credits accruing to India on her record exports of Rs. 327 crores during 1919-20. From January, 1921, imports also declined, until they stood at Rs. 24½ crores for March, the concluding month of the year.

Thus the year 1920-21, which had apparently opened well, closed in a state of serious depression. In all the circumstances, failures of individual firms have been surprisingly few—additional evidence of resources built up during the war. Although exchange is low and fluctuating, it has survived the debacle of Continental exchanges. The internal currency position is good and the note issue well supported. It is true that labour difficulties are in evidence in India as in other parts of the world and that railway facilities which vitally affect the coal position are handicapped by many years' depreciation, without replacement (much less normal expansion), of rolling stock and permanent way. These are factors which must affect industrial activity in India and thus indirectly the volume of her imports and exports. At the same time, they were not sufficient to discourage foreign purchasers during the trade boom of 1919-20, and not even the

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pessimist can regard them as permanent obstacles to a revival of trade. Much will depend on the activity and distribution of the monsoon. Continental countries, popularly adjudged bankrupt, have already begun to purchase Indian goods in small quantities without the help of International Credit Schemes, and their stocks are known to be below. India herself still has leeway to make up in productive capital expenditure on plant, machinery and railway materials. The revival of trade may be slow, but the conditions essential to a revival are in evidence.

IMPORTS.

The demand for imported goods in India was starved during the artificial trade conditions of the war. During 1918-19 there was a recovery, but only a partial recovery, as war conditions were fully operative during eight months of that year, while the remaining four months were not sufficient to cover more than the preliminary steps towards decontrol and towards return to peace conditions of manufacture. In the result, imports, in spite of high prices, did not attain even the values of 1913-14. During 1919-20 the recovery was more marked, and a total of nearly Rs. 208 crores of imports was reached. The theorist would say that satiety point had been reached. But if 1919-20 was a record year for imports, it was no less so for exports, and the balance in India's favour, on the year's exchange of merchandise, was as high as Rs. 119 crores. Exchange was high, credits were good, foreign prices were still rising. It is true local stocks were also rising, but it must not be forgotten that, in important lines, such as piece-goods, dyes, sugar, provisions and mineral oils, India is accustomed to work on ample margins, which have been roughly estimated at nine and in some cases as much as twelve months' supplies. When one compares India's purchasing power in 1919-20 with that of 1913-14, and discounts the rising prices of the post-war year, one is not surprised either at the volume of her imports during 1919-20 or at the continuance of her purchases on an increasing scale well into 1920-21. It is true that, at the time of writing, there are indications of a glut. But the indications seem to come more from scattered centres of distribution than from the ample districts which they feed and which furnish collectively during seasons of plenty the vast demands of India. Last year's monsoon was poor, and the district demands were limited in consequence. Were these demands released, it would perhaps be found that the glut is more apparent than real. To what extent foreign purchases will be curtailed as a result of the increase in the general rate of import duty from $7\frac{1}{2}$ to 11 per cent from 1st March, 1921, still remains to be seen.

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EXPORTS.

The combined trade of the year 1919-20, imports, exports and re-exports, had amounted to Rs. 534½ crores, a total never before attained. Exports and re-exports had together reached a total value of Rs. 326½ crores, also a record for one year. Including movements of bullion, official remittance and rupee paper on private account, there had been a record balance of trade of Rs. 95 crores in India's favour. Finally, the last month of that year, March 1920, had registered a new record in the value of one month's exports of Indian merchandise which had totalled Rs. 30 crores.

The volume of exports declined steadily from that month to Rs. 27 crores in April, 1920, the first month of the year under review, Rs. 20½ crores in September and Rs. 17 crores in March, 1921. Total exports for the year at Rs. 238 crores were less even than during the last pre-war year (1913-14, Rs. 244 crores) in spite of the higher level of prices. The reasons are not far to seek. The general cost of living, wages and costs of production rose, reducing margins of profit. The monsoon was short and official control of the export of food-grains, a considerable item in India's foreign trade, had to be retained. Foreign countries in a position to buy had bought to excess and countries starved of goods had not sufficient exchange strength to place orders. Such orders as were forthcoming contracted from a forward to a spot basis. Stocks in India rose. The slump was general and acute.

The slump itself was of course a natural and not unhealthy reaction from the frenzied buying which had followed the redistribution of wealth during the war, and the subsequent reorganization of industries in the comparative security of peace conditions. Indian produce and manufactures had been in keen demand, but it yet remains to be seen to what extent they had passed into consumption or had merely accumulated in foreign markets. The conditions naturally varied with the commodity. All that can be said with safety is that the climax occurred during January-February 1920, when prices and exchange reached their highest levels, and that foreign orders diminished rapidly thereafter. Subsequent purchases were made from hand to mouth, on falling prices, freights and exchange, and behind stocks which could only be liquidated at a loss. An important factor was the weakness of the monsoon of 1920, necessitating the retention of official control of exports of wheat and rice within specified limits of quantity and price. The exports of other food-grains and flour were also kept under control. The practical effect of these orders was to restrict foreign dealings in what are normally important items of India's export trade, and to

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keep the prices at levels reasonable to both producer and consumer in India.

A factor of considerable importance to the export trade was the steady decline in the sterling value of the rupee from 2s. 4d. on the 1st April, 1920, to 1s. 3 11/16d. on the 31st March, 1921; that is to say, conversely, the appreciation of the rupee value of sterling from approximately Rs. 8-9-0 to approximately Rs. 15 per £. The effect of this tendency was naturally to modify the decline in rupee prices, which did not in general show so violent a fall in India as the corresponding rates expressed, in foreign currency, in foreign markets. The decline in freight rates was a contributing factor. The effect on India's export trade varied considerably with the commodities handled and specially with the conditions of payment. On the whole, although Indian prices declined more gradually (owing to declining exchange) than prices in foreign markets, her export trade was severely hit, since steady forward business had been rendered impracticable.

An interesting feature of the year's trade is that the wide margins of price between superior and inferior qualities of the same classes of goods—characteristic of the war period—were generally maintained. This tendency was due to several causes. In the first place, Central Europe and Russia have always afforded safe markets for the lower grades of Indian goods; hides and skins, jute, tea and rice may be quoted as instances. With these markets closed, the cheaper qualities of goods were in poor demand and their prices fell accordingly. Secondly, demands during the war were largely on munitions account; and for military purposes the better classes of goods commanded a premium. Thirdly, as freight rates rose during the war, they counted for more and more of the price of landed goods and discouraged the demand for cheap qualities. There are signs that the margins between some classes of goods are beginning to contract again—an indication of a return to normal trade conditions. But so long as freights and costs of production remain high in comparison with pre-war levels, the discrepancy between the prices of superior and inferior grades of similar commodities will doubtless continue to be wide.

THE DIRECTION OF TRADE.

The noteworthy feature in the direction of India's trade in 1920-21 was an increase in the share of the British Empire in the total trade as compared with the preceding year, from 51 to 56 per cent, with a corresponding decrease in the share of foreign countries from 49 to 44 per cent. The important variations as compared with 1919-20 are stated below :—

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(1) A remarkable increase in the percentage share of the United Kingdom in imports from 50·5 to 61 per cent accompanied by a decrease in exports from 29·6 to 21·9 per cent, resulting in a net increase in the total trade from 37·7 to 44·1 per cent. In the pre-war year 1913-14 the shares were 64 per cent in imports, 24 per cent in exports and 40·7 per cent in the total trade.

(2) A decrease in the share of His Majesty's Dominions and other British possessions in imports from 10 to 5 per cent with an increase in their share in the export trade from 14 to 21 per cent, the net result being a decrease in the total trade from 13 to 12 per cent.

(3) The whole British Empire had 56 per cent of the total trade (66 per cent of the imports and 43 per cent of the exports) as against 51 per cent (61 per cent of the imports and 44 per cent of the exports) in 1919-20.

(4) A decrease in the share of the United States of America in imports from 12·1 to 10·5 per cent, although in exports her position remained practically unchanged, namely, nearly 15 per cent, thus recording a net decrease in the total trade from 13·8 to 12·4 per cent.

(5) An all-round decrease in Japan's share in the trade, namely, under imports from 9·2 to 7·9 per cent and under exports from 14·3 to 9·5 per cent, resulting in a net decrease in her share in the total trade from 12·3 to 8·6 per cent.

FRONTIER TRADE.

The Bulk of India's foreign trade is sea-borne, and the value of the trade across the land frontier of British India which extends over about 6,800 miles, is only 5 per cent of the total sea-borne trade and amounted to Rs. 34 crores in 1920-21, showing an increase over 1919-20 of 8 per cent and 79 per cent over the pre-war average. The following table shows separately the figures of merchandise and treasure included in this trade :—

	MERCHANDISE.			TREASURE.		
	Imports	Exports	Total	Imports	Exports	Total
	Rs. (Lakhs)	Rs. (Lakhs)	Rs. (Lakhs)	Rs. (Lakhs)	Rs. (Lakhs)	Rs. (Lakhs)
Pre-war average.	9,17	7,86	16,88	1,14	99	2,07
Year						
1920-20	14,85	16,27	30,12	2,17	65	2,82
1920-20	16,03	15,19	31,21	2,14	62	2,76

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The figures of treasure exclude Russian paper money of which there was practically no import from Chinese Turkistan, while the exports to Chinese Turkistan and Central Asia amounted to Rs. 2,39,000 during the year.

GOLD AND SILVER (COIN AND BULLION).

The special features of the year were (1) the passing of Act XXXVI of 1920 prescribing the new ratio of one sovereign equal to Rs. 10 at which the sovereign was made legal tender, and (2) the removal of the restrictions on the importation of gold coin and bullion by Finance Department Notifications Nos. 1801-F., dated 20th June, 1920, and 2034-F., dated the 13th July, 1920, and on the exportation of silver coin and bullion by Commerce Department Notification No. 3639, dated the 3rd July, 1920. A change was introduced from the 1st April, 1920, in the system of valuation of imports and exports of gold for statistical purposes, the market value at the time, and Indian port, of import or export, being adopted for the trade returns.

GOLD.

The sales of gold by the Government of India, which were begun in September, 1919, with a view to reduce the premium on gold in this country and facilitate the establishment of the ratio of Rs. 10 to the sovereign, were continued fortnightly until September, 1920. Under the influence of these auctions the price of country bar gold in the Bombay Bazar stood at Rs. 24 per tola on the 7th April 1920; at Rs. 21-6 on the 7th July, 1920, and at Rs. 23-8 on 14th September, 1920, the last day of the auction sales. From that date Bombay Bazar prices grew gradually firmer and finished at Rs. 30 on the 31st March, 1921. The imports of gold on private account amounted to Rs. 1,251 lakhs as against Rs. 1,097 lakhs in the preceding year. The United Kingdom sent Rs. 613 lakhs (49 per cent of the total) mainly in the form of bullion as in the previous year, while Rs. 235 lakhs (19 per cent), consisting chiefly of coins were imported from Asiatic Turkey (including Mesopotamia). The other principal exporting countries were Aden (Rs. 92 lakhs), East Africa including Zanzibar and Pemba (Rs. 66 lakhs), the Straits Settlements (Rs. 63 lakhs) Australia (Rs. 60 lakhs), and the United States (Rs. 47 lakhs). There was a remarkable increase in the exports on private account, which amounted to Rs. 2,139 lakhs as against Rs. 693 lakhs in 1919-20 and Rs. 490 lakhs in the pre-war year 1913-14. Japan took Rs. 1,257 lakhs or 59 per cent and the United States Rs. 858 lakhs or 40 per cent of the total. There was thus a net export on private account of Rs. 888 lakhs in 1920-21 as against net imports of Rs. 404 lakhs in 1919-20 and of Rs. 2,332

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lakhs in the pre war year. The imports and exports in the year under review, unlike those of the preceding years, did not include any transactions on behalf of the Bank of England. The imports of gold on Government account were valued at Rs. 1,106 lakhs as against Rs. 3,728 lakhs in the preceding year and only Rs. 27,000 the average imports in the pre-war quinquennium. Ninety-four per cent of the Government imports in 1920-21 (Rs. 1,011 lakhs came from the United Kingdom, and the remainder chiefly from Aden (Rs. 57 lakhs), Australia and New Zealand (Rs. 6 lakhs), and Asiatic Turkey (Rs. 2 lakhs). The Government exports (mainly to the Bahrain Islands) were valued at only Rs. 7 lakhs as against Rs. 599 lakhs in the preceding year. The net imports on private and Government account were only Rs. 2 crores as against Rs. 35 crores in 1919-20 and over Rs. 23 crores in the pre-war year. The absorption of gold coin and bullion in 1920-21, was Rs. 2,521 lakhs against Rs. 1,777 lakhs in the preceding year. Large amounts were however held for export as soon as exchange price and other conditions allowed a profit.

SILVER.

The price of bar silver per ounce in London on the 1st April, 1920, was 72½d. It fell to 44d. on the 15th June, 1920, and then showed a marked upward tendency rising to 63½d. on the 20th August. Towards the end of August and in September the price remained fairly steady in the neighbourhood of 60d. From October the price began again to fall until the lowest figure 30½d. was reached on the 5th March, 1921. On March 31, the price was 33½d. There was a note-worthy increase in the imports and exports of silver on private account accompanied by a decrease in the imports on account of Government. The imports on private account rose from a little over half a million ounces worth Rs. 15 lakhs in 1919-20 to nearly 42 million ounces, valued at Rs. 1,073 lakhs, in the year under review. The principal sources of supply were the United Kingdom (Rs. 699 lakhs), China (Rs. 175 lakhs), and the United States (Rs. 50 lakhs). The Government imports were only Rs. 29 lakhs as compared with Rs. 30 crores in 1919-20. The latter figure, however, included certain shipments from the United States under the Pittman Act, as noted in the preceding issue of the Review of Trade. The exports of silver on private account increased from Rs. 59 lakhs to Rs. 441 lakhs and went mainly to Mauritius, China, and the Straits Settlements (chiefly Straits Dollars and other coin on account of the Straits Government).

Thirty lakhs worth of silver in Government of India Rupees were exported on Government account and were entirely destined

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for Ceylon. The net import into India, both on private and Government account, in 1920-21 was Rs. 631 lakhs, a decrease of 78 per cent as compared with the preceding year and of 52 per cent as compared with 1913-14.

BALANCE OF TRADE.

The outstanding feature of the year's trade was the excess of imports over exports of private merchandise by over Rs. 79 crores. In the preceding year exports had exceeded imports in value by Rs. 126 crores and in 1918-19 by nearly Rs. 85 crores. In the first two months of the year under review exports held their own, but imports were fast gaining on them and the favourable margin of Rs. 7 crores in April, 1920 was reduced to Rs. 4 crores in May and was converted to an adverse balance of Rs. 3 crores in June. From that month the adverse balance continued to the end of the year, the highest figures recorded being Rs. 13 crores in November, 1920, Rs. 12 crores in December, 1920, and again Rs. 13 crores in January, 1921.

Another feature of the year was a net export of treasure on private account, valued at Rs. 1½ crores as against a net import of Rs. 11 crores in 1919-20 and of Rs. 29½ crores in the pre-war year.

The net result, on private transactions in merchandise, bullion, Government securities, and Council drafts, was that the balance of trade, which had been in favour of India since the outbreak of war, swung against India to the tune of no less than Rs. 50 crores during the year under review.

To summarise the position prices had reached their apex in February, 1920, and declined thereafter. In particular the London price of silver had fallen from 72½d. on 1st April, 1920, to 33½d. on 31st March, 1921. Exports of merchandise during the year showed a fall of 22 per cent as compared with 1919-20, while imports rose by no less than 67 per cent. No Council drafts were paid in India, while reverse drafts paid in London amounted to Rs. 28½ crores. Notwithstanding a net export of treasure as against the customary net imports of previous year's trade ended, as already stated, in an unprecedented balance of Rs. 50 crores against India as compared with favourable balances of Rs. 95 crores in 1919-20, and Rs. 35 crores, the average of the five war years 1914-15 to 1918-19.

In these straits, exchange had no option but to decline, in sympathy with the general causes underlying the downward tendency of trade. On the 1st April, 1920, the rate for demand bills was 2s. 4½d. By the end of June it had fallen to 1s. ½d., but rose again to 1s. 11½d. in July. In August and September it fluctuated between 1s. 10½d. and 1s. 9½d. From October it began to fall steadily, and on the 7th March, 1921, stood at 1s. 2 15/16d. On the 31st March demand bills were quoted at 1s. 3½d.