

Chapter I.—Mr. Khuhro's Historical and Geographical Argument.

It has never been my lot to notice a more worthless publication than Khan Bahadur M. A. Khuhro's '*Story of the Suffering of Sind.*' Its sensational title prepared the reader for a pathetic "story of sufferings" of Sind under "the bondage of the Bombay Presidency," as if the people of the Bombay Presidency were themselves *free* even before the Reforms of 1919. But the inside contents of the book show nothing that can even remotely be said to be an indication of the "sufferings of Sind." Sind *is* backward in education and deficient in roads and communications; but would it have been better off in these respects if Bombay had *not* financed its deficits and let it live on its own income alone? Would its so-called sufferings be less if it cuts its coat according to its cloth now or in the near future?

These inconvenient questions do not trouble the easy mind of Mr. Khuhro. He is determined to be a great writer and he *must* write *something* sensational and pathetic. In the introduction, written perhaps under inspiration from a better writer than Mr. Khuhro, for its style is in sharp contrast with the loosely-strung extracts that make up the body of this great book, he professes to take up, like a chivalrous knight, the challenge thrown to the people of Sind "to come forward with a case for separation." But the reader will search the pages of the book in vain for even a single

new argument in favour of his thesis except his brilliant flights into the ancient history of Sind, his frequent mis-statements and perversions of facts, his heart-rendering cries of dear old "Sind ruined beyond the least shadow of doubt," and his desperate clinging to "the birth-right of Sindhis to be free from the bondage of the Bombay Presidency!"

Khan Bahadur Khuhro attempts to grapple with even uninteresting figures and to refute the financial argument against the separation of Sind from the Bombay Presidency; but finding himself in a maze, he summons to his rescue leading financiers like Mr. Jamshed Mehta and Syed Miran Mohammed Shah, to whose essays in Sind finance I have replied more than once. He professes to throw new light on an old problem and supersede the old leaders of the Sind separation controversy; but a careful perusal of his book shows that what is new therein is not worth noticing except perhaps the numerous designations of Mr. Khuhro, and what is old in it has already been effectively answered. I would not, therefore, have troubled the public with this somewhat detailed notice of the book but for the wide publicity given to it, which might lead the unwary outsider into thinking that what Mr. Khuhro says might be at least partially correct.

Historical Evidence.

The first section of Mr. Khuhro's book deals with the "Historical Evidence" in favour of separation of Sind and covers as many as nine pages of solid historical extracts. But the most amusing part of this laborious and valuable historical research (dates, of course, do not

matter) is that *it proves just the opposite of what he sets out to prove*. His first authority is the Arab Geographer Abul Kassim "Ibn Khurdadba" who states that in 300 H. D. (912 A. D.) "the vast tract of land lying between Broach on the south, Kandabil (Kashmere) on the EAST and Narmasira (Persia) on the NORTH was under the rule of one man who had his headquarters in Debal." But this only proves that Sind as it is at present constituted was then *amalgamated* with the Punjab, Kashmere and Gujrat and not that it was then a *separate* kingdom or a separate province as Mr. Khuhro fondly believes. Similarly the extract from Almasudi's "Murujul Zahab" stating that "Balhara is the King of Kanauj who is one of the kings of Sind," REFUTES HIS CONTENTION that Sind (*with its present boundaries*) "has all along remained a *separate* province under a Rajah of its own."

It may be true that in the days of Sheikh Abu Ishak, more than 1,000 years ago, "From Saimur to Fambul, in Hind from Fambul to Makran, and beyond that as far as the boundaries of Multan all belonged to Sind." But does *that support* Mr. Khuhro's proposal to constitute Sind, *as it stands* at present, into a separate autonomous province or as some of his Muslim leaders wish, into a separate Muslim State? If the dominion of Suhasirai according to *Chachnamu* "extended on the east to Kashmere and the west to Makran, on the south to the shores of the ocean and Debal and on the north to the mountains of Kardan," does Mr. Khuhro seriously propose that Sind should once again be *enlarged* so as to include this vast territory?

In the days of Akbar, the country upto Multan

was divided into two subahs (not one province), but neither of them had provincial autonomy in any sense of the term. In the the 17th and 18th centuries, neither Shikarpur nor the Thar and Parkar district formed part of Sind except for a brief interval of time. And under the Talpurs Sind came to be divided into four petty kingdoms. If history proves anything, it proves that Sind was for several centuries a part of a *much larger* unit, and that when it ceased to be part of a larger whole, anarchy and economic decay set in.

Sind and the Bombay Presidency.

The second section of Mr. Khuhro's book repeats the common place observations on the contrast between Sind and the Presidency proper. The fallacy underlying this reasoning arises from the mistake of treating Sind as one unit on the one hand, and the Presidency as a *whole* as a single unit on the other hand. Is the climate of *Upper* Sind, with its hell of Jacobabad, the same as that of Lower Sind, particularly of *Lar* and Karachi? Are the agricultural problems of Lar and Thar & Parkar the same as those of Upper Sind? Are the habits and dress of Makranis, Baghdadis, Kutchis, Gujratis, Hindus, Parsis and Christians in Karachi the same as those of the inhabitants of Sukkur, Larkana and Jacobabad? Do the Balochs, with their large turbans, long shirts and loose trousers form the *majority* of the peasantry in Sind or the urban population in the towns of Sind? Did not the Hindu literates use the Devnagri script only a few years ago? Are the accounts, hundis and correspondence of the mercantile community in Sind even to-day kept in Arabic Sindhi? Do the bulk of the residents even in Karachi speak the Sindhi Language?

If Jatki, Baluchi, Seraiki are the same as Sindhi, pray what exactly is the difference between the languages spoken in Multan or in Kutch? If these differences constitute sufficient grounds for separation, India will have to be split up into hundreds of provinces and Sind into more than a dozen. The truth is that inspite of these differences, India is one unit crying for self-expression as a single *political and economic unit*. The question of provinces is a question of *administrative convenience*, and not of creating distinct nationalities on the basis of languages and of deliberately fostering disunited states of India.

From the administrative point of view, the Sindhi language has received as much recognition as it would in a separate province. The Bombay Council has not forced Gujrati or Marathi on the inhabitants of Sind, though out of deference to the wishes of Muslims, the Bombay Government has practically forced the Hindus of Sind to use the Arabic Sindhi script in the law courts and the schools.

The Distance from Bombay.

The third section of Mr. Khuhro's book enumerates the difficulties and disadvantages of the existing connection with the Bombay Presidency. The first grievance is the distance for Bombay. It will amuse the Sindhi readers to know that "it takes *four* days by land or sea to reach the capital if fast Railway service or mail boat is engaged." Mr. Khuhro may have heavy encumbrances to carry or a huge army of retainers to attend to his personal needs; but it takes a simple man like me only 36 hours by sea from Karachi

to Bombay and about 38 hours by rail from Hyderabad to Bombay.

It is till more amusing to find that Mr. Khuhro shares with the Indian Statutory Commission their amazing ignorance about travelling in India, for he quotes in support of his contentions their profound observation: "The *ordinary* method by which, whether for the purposes of business or Government, one passes between Bomay and Karachi, the port of Sind is by sea. Railway communication involves a long detour, *usually via* Lahore." Evidently Mr. Khuhro has never travelled *via* J.B. Railway and R.M. Railway, and wishes to claim his T. A. from the Bombay Government on the basis of the Railway fare *via* Lahore and Delhi!

It is argued that because of the distance the Heads of all Departments are unable to get first-hand knowledge about Sind and are ignorant of the local conditions of Sind. This may look plausible but is none the less untrue, particularly after the reforms of 1919. Had Sir Henry Lawrence, Mr. Cadell, Mr. Hudson, Mr. Hayward, Sir Ghulam Hussein Hidayutullah, Mr. Dehlvi, to mention only a few of the members of the Bombay Cabinet in recent years, no knowledge of the local conditions in Sind? Will Mr. Khuhro name even a dozen among the Secretaries, and Directors and Deputy Directors of the various departments of the Bombay Government during the last 10 years who have not spent in Sind some years of the best part of their life?

It is true that a quicker route to Bombay is desirable in the interests of business as well as efficiency

of administration. But has not the Bombay Government repeatedly pressed this upon the attention of the Government of India and at last carried their point? Would a separate provincial Government in Sind have done *more* or commanded *greater* influence with the Government of India? Even the recent feeder Railways we owe to the financial guarantee of the Bombay Government and not to the strength of Sind's unaided resources. Mr. Cadell and Commissioners of his type may feel the delays incidental to the control of the Bombay Government, which itself is subject to a vigilant public opinion in the City of Bombay, but that is no proof in favour of a system under which a Commissioner, elevated to the Governorship of a pretty bankrupt province, will be left untrammelled by the control of anybody except an impotent council of Sind's zamindars and waderos, to whom a gun licence, and a *kursi* and a few acres of land are the be-all the end-all of life and who still live in a world unaffected by modern life and thought. The man on the spot would no doubt wish to be monarch of all he surveys, but that is exactly the reason why we should not play into his hands.

The Commissioner-in-Sind's Position.

Mr. Khuhro is on very firm ground when he points out that Sind has been clamouring for the repeal of the Commissioner-in-Sind Act of 1868. There is no difference between the Hindus and the Muslims on this vital issue. We all wish to do away with his anachronism of an *imperium in imperio*. The memorial which Seth Harchandrai and Mr. G. M. Bhurgri presented to Right Hon'ble

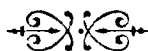
Mr. Montagu rightly *demand*ed that "the special powers which the Commissioner-in-Sind at present enjoys under the Commissioner-in-Sind Act of 1868 should be done away with, and he should be placed in the same position as Divisional Commissioners in the rest of the Presidency." But it appears that Mr. Khuhro imagines—by what process of logical reasoning I am unable to comprehend—that this is a proof in support of his view that Sindhis have been all along demanding the separation of Sind from the Bombay Presidency. To plain men endowed with ordinary powers of reasoning, this demand meant—and means—a *more* complete *amalgamation* with the rest of the Presidency than exists at present. Let Mr. Khuhro follow the wise lead of the late Mr. Bhurgri and he will find the whole of Sind behind him in this demand.

It is precisely because the Muslim demand for separation of Sind is likely to increase the existing "menace," to use Mr. Khuhro's own words, that I have been repeatedly warning them against the practical consequences that will follow. The administrative, economic and financial objections against constituting Sind into a separate autonomous Governor's province in the full sense of the term have always appeared to me to be so weighty as to rule this out altogether, at least so long as the economic and financial consequences of the Barrage have not materialised fully.

Since I pointed out these objections, the Bombay Government, the Bombay Simon Committee, the Indian Central Committee, and the Simon Commission have all admitted the force of *every one* of my arguments against constituting Sind into a separate Province. If Sind is to share the *full* benefits of the coming Reforms

it should be either with Bombay or the Punjab. There is no third alternative in the near future. If it wants the control of neither, it must be placed directly under the Government of India in all financial and economic matters and share with Delhi, Ajmer-Merwara and the North West Frontier the empty glory of the Imperial connection in theory and the autocratic rule of the men on the spot in practice, as the Montagu-Chelmsford Report suggested as a possible solution a Deputy Governor with or without an advisory council and the Simon Commission a Committee like the Berar Committee, which is neither fish nor fowl.

Do the Muslims of Sind want Sind to be relegated to this backward position? If the financial control and the final word in legislation is with Bombay, Sind will have all the disadvantages of the Bombay connection without the benefits of a complete amalgamation. It will be treated as an outsider in all its demands for development and its leaders will command no influence with the Bombay Council. The Deputy Governor or the Commissioner-in-Sind can make the Advisory Council as much of a farce as he likes and fill it up with all varieties of medieval men *and jo-hukums*.



Chapter II.—Public Opinion in Sind.

The fourth section of Mr. Khuhro's book attempts to prove that public opinion is behind his demand for the separation of Sind. He would, of course have been on firm ground if he had contented himself with the statement that Sind Muslims, so far as they are vocal, have been demanding this since the All India Muslim League took up the question at its session of December 1925, or to be more accurate since the publication of the Delhi Muslim proposals in 1926. The demand came first from outside Muslims who know nothing about Sind and to whom Sind supplied an additional item for bargaining with the Hindus outside Sind, and who wished to hold Sind Hindus as hostages for the good behaviour of the Hindu majorities elsewhere.

But Mr. Khuhro seeks to create quite a different impression on his readers. He wishes them to believe that Sind leaders, particularly Hindus, had in their public utterances in the various political conferences demanded separation of Sind ever since 1913, and that "the *majority of Hindus* are quite ready to bear any additional expenditure that may be incurred in consequence of separation," (*vide* pp. 16, section V of Mr. Khuhro's book) that the "Sind Hindu League (having within its fold almost *all* the representative Hindus of Sind) have *unequivocally* accepted the separation," that "even in their individual capacity almost all the prominent *Hindu* gentlemen are in favour of separation, that the so-called Sind Hindu-Muslim pact received "*universal* acceptance all over Sind, as it was framed under the auspices of the Sind National League" (*vide* pp. 8 of his section IV), that the Parsi community is *entirely* in

favour of Sind Separation" (*vide* pp. 17—18 of his section IV), and that this is the demand of even "Christian business men."

Each one of these statements is untrue, and Mr. Khuhro evidently intends them for outside consumption. As regards the past, my friend Mr. Jairamdas dealt with it fully in his pamphlet on "Sind as a separate Province—Have Sindhis asked for it?" and the late Seth Harchandrai Vishindas, the then—living historian of public life in Sind gave to the *Sind Observer* in his own inimitable style his personal knowledge of the old history of the question.

Mr. Khuhro has evidently not cared to acquaint himself with these publications, for he makes no attempt to question or contradict a single statement of fact made by *either* of these publicists. He quotes a speech of Seth Harchandrai as Chairman of the Reception Committee of the Indian National Congress in 1913 in which he complains that "in several matters the Commissioner-in-Sind, unlike the Commissioner of the other Divisions of the Presidency, has been invested with the powers of the Local Government," and adds that "the Province possesses several geographical and ethnological characteristics which give her the hallmark of a self-contained territorial unit." But does that prove that he demanded separation of Sind from the Bombay Presidency and asked for its constitution into a separate autonomous province? Right upto the last, this veteran publicist stood loyally by the Bombay connection and declared himself emphatically against the dissolution of a well-knit marriage, to quote his own humorous way of putting things.

The memorial of the Sind deputation that waited on the late Right Honourable Mr. Montagu and His Excellency Lord Chelmsford, which is the second authority quoted by Mr. Khuhro, asked for nothing more than that "all enactments and measures, which relate to the delegation of powers to the Commissioner-in-Sind be so amended or replaced as to place the Commissioner-in-Sind on the *same* footing as other Divisional Commissioners, all the powers conferred on these latter being also retained by him, but *no more*," and that the "Governor of Bombay should reside at Karachi during a few months of the year, and the members of the Executive Councillors (there were no Ministers then) should visit the Province more frequently than here-to-fore and at least one of the sessions of the Bombay Legislative Council should be held at Karachi every year." If this is what Mr. Khuhro believes to be a proof for the demand for separation of Sind, I am prepared to join him in each one of these demands and I am sure leading Hindus will unite with the Muslims in pressing for their acceptance by Government. But this is not making out a case for the separation of Sind from Bombay but for a more complete amalgamation with it.

The memorialists knew their mind very well and when they were put a point-blank question by the Secretary of State whether they wanted Sind to be a separate province, their reply was a definite "No." The leader of the deputation, Seth Harchandrai Vishindas himself summed up the view pressed by the memorialists in his speech as chairman of the Sind Provincial Conference in March 1918 in the following words: "In

addition to backing up the Congress League scheme relating to the whole country, proposals suggesting the lines for the Government of this province in particular were made; the keynote of which was that of the various conflicting schemes of readjustment, preference was given to the *present connection with Bombay with the important qualification* that the super-Commissioner of Sind be brought to the level of the ordinary Commissioner and that in every respect this province be placed *on a par with the other divisions of the Bombay Presidency.*"

The truth is just the other way. It is the Muslim leaders in Sind who are now taking a different view of the matter and not the Hindu leaders. Mr. Khuhro refers briefly to Mr. Bhurgri's view in 1920, as if he was in favour of the position taken up by the separationists, though he takes good care not to quote him fully. As a matter of fact, the late Mr. Bhurgri discussed the matter fully in his speech as chairman of the Provincial Conference in November 1917, and declared emphatically that of the four alternatives possible *viz.* (1) the formation of Sind into a separate province (2) amalgamation of Sind with Baluchistan, (3) amalgamation of Sind with the Punjab, and (4) Continuance of Sind with Bombay as a Division on all fours with the other Divisions of the Bombay Presidency, "there is no better plan" than the last. The first alternative he ruled out on account of its cost, as the following extract from his speech will show: "The first is that Sind be a province by itself with a Legislative but not an Executive Council. An Executive Council *would be too costly for this province.* And the mere existence of a Legislative Council without an Executive Council would

be of no service. The very purpose of a Legislative Council is to control the Executive Council, and there being no Executive Council, a Legislative Council would have no *raison d'être*. This, therefore, does not appear to me *to be a practicable course.*"

Even Haji Abdullah Haroon who presided over the last Provincial Conference held in April 1920 took up the same position as his predecessors and confined himself to the demand for "placing the Commissioner in Sind in the same position as the Commissioners of other divisions of the Presidency." There has been no joint political conference of Hindus and Moslems since then, and no Muslim politician put up such a demand till the meeting of the All India Muslim League in December 1925, when owing to the death of Mr. Bhurgri, Sind was deprived of the one leader who commanded the confidence of both Hindus and Muslims.

I do not deny any body's right to change his opinions. We all live and learn. But it is no use perverting past history in order to bolster up a weak case or to discredit honest opponents.

As to the present attitude of non-Muslim Communities, it is unfair of Mr. Khuhro to under-estimate the strength of opposition to the separation of Sind. The European Chamber of Commerce have opposed the Separation of Sind from the Bombay Presidency. The local Goans through their local weekly have expressed their disapproval of the same. The Bombay Catholic organ, "The Week," considered that the Sind Hindus had strongly agitated against the setting up of Sind as a separate Province "for very good reasons, for the way

in which this issue had been raised was at once unjust and unfortunate" and wondered if in the face of Sir Purshotamdas's Committee's report "the Sindhis who know where to draw the line between business and sentiment will be enthusiastic over a proposal which would mulct them to the extent of presumably a crore of rupees a year." Mr. Khuhro is hopelessly out of touch with the Parsi community if he believes that the Parsi Community is "entirely in favour of separation." Mr. Jamshed and Mr. Sidhwa have spoken in their individual capacity in favour of separation of Sind, but there are others, equally influential Parsis, for example Khan Bahadur Katrak who view with disapproval the proposed separation of Sind. Both Messrs. Jamshed and Sidhwa are signatories to the agreement reached at the All Parties Conference at Lucknow which the Muslim separationists like Mr. Khuhro are anxious to repudiate.

As to the Hindus, their opposition is solid against the proposal. Every Hindu Panchayat, and Hindu Sabha in Sind has repeatedly passed resolutions against it. Public meetings in Karachi, Hyderabad, Sukkur, Shikarpur, and Larkana have repeatedly condemned it. The so-called Sind Pact, signed by the personal followers of Swami Govindanand and Mr. Jamshed, was repudiated at nearly 20 meetings in Karachi City alone. Even the authors of the Nehru Report were forced to state that "it is clear that there is no general agreement among Sindhis at Hyderabad as would impose an obligation on this Committee to adopt the "pact" as such, regretted that "they could not take their declaration to cut their coat according to their cloth as a final solution

of the financial Problem," and considered it not necessary to notice the other clauses of the pact.

The whole of Hindu Sind spoke indignantly against it. At the Hindu Sammellan at Hyderabad attended by 600 delegates from from all parts of Sind, the Sind Pactists could comand hardly half a dozen votes for their amendment to the resolution against their pact and against the proposal to separate Sind from the Bombay Presidency. The Commissioner in Sind, the Bombay Government, and the Indian Government have repeatedly received numerous telegrams against this demand of the Muslims. It is sheer *zid* that prevents men like Mr. Khuhro from seeing the obvious. If he cared to consult even some of the honest Hindu signatories to the old pact, I am sure that they will have the honesty to admit that the Sind Hindus with the exception of a handful of men are *dead* against it. Even Naraindas Bechar, who had signed the so-called Sind pact opposed the move of the Sind Muslims in the Bombay Council on the express ground that whatever his individual views might be, he knew that his Constituency and the whole of Hindu Sindh were dead against it.

Mr. Punniab, the editor of the *Sind Observer* has taken good care to see that his paper opposes the demand for the separation of Sind. And of, Swami Govindanand, the less said the better. I would content myself with a few choice cuttings from his *Kesari* for the enlightenment of Mr. Khuhro and his friends :

(1) "We are not at all prepared for the separation of Sind from Bombay Presidency. Sind will not at present be able to bear the heavy expenses of a separate

machinery of Government; for although this province is large in area, it is very small from the point of view of its revenue. The Mohamedans have not been able to advance any argument for separation" (*Kesari*, 23rd March 1927).

(2) "We believe that the creation of new provinces in India will mean uprooting of nationalism. Why need the Mahomedans have a separate province in Sind? Till now they have not been able to advance a single argument for separation.....Will the Mahomedans tell us what harm has accrued to them or to Sind in its being connected with the Bombay Presidency? Why then should we separate Sind." (*Kesari*, 27th March 1927).

(4) "There cannot be any doubt that the All India Congress Committee, in accepting the condition of separation of Sind, has yielded to the pressure of the Mahomedans. *Never* had the Congress this idea in view. The question was taken up in the Congress only after the Alwahidi Mahomedans of Sind proved stubborn in this respect at the last sitting of Khilafat and the Moslem League. And the ground on which this demand was made is not hidden from us."

I wish Mr. Khuhro the joy of an ally who as late as the 24th of March 1927 described the Muslims who have been demanding separation of Sind in the following choice words: "We know that some Sindhi Mahomedans have, for a long time, been crying for separation. And who are they? Those who celebrate Mahomed bin-Kassim day, who are never satisfied with lavishing praise on Aurangzebe, who delight in speaking ill of Swami Shradhanand and are in favour of boycott-

ing Hindus. From what has been said above it is clear that the sole object of the Mohamedans in making this demand is to strengthen Mahomedanism." But I beg of him not to treat Swami Govindanand and his group as representative leaders of Sind Hindus in the matter of separation of Sind controversy and ignore the existence of not only men like Jairamdas Dowlatram, Dr. Choithram Partabrai and Mr. Virumal Begraj but also of associations, like the Hindu Sabha, Hindu Association, Hindu Sammelans, Hindu Panchayats, the Aryan League, the Hindu-League of Sukkur, the Sind Hindu Zamindar's Association, etc., etc.* These tactics do not strengthen Mr. Khuhro's case, they only discredit it.



*A Hindu Conference held at Sukkur in December 1930, and another held at Karachi on the 28th and the 29th March 1931 have unanimously carried resolutions against Separation of Sind from the Bombay Presidency.

Chapter III.—The Disadvantages of a separate Sind Province.

1. The fifth section of Khan Bahadur Khuhro's book is intended to serve as an answer to the objections urged against the separation of Sind. His first argument is that the smallness of Sind is no objection to its being constituted as a separate province. "There has never existed in the past nor does exist at present any law, constitution, or convention describing the limits—minimum or maximum—of any territory or province in the world." Fine logic! Because in ancient times, *city* states existed in Greece and Italy, should we allow each of the towns of Sind, Karachi, Hyderabad, Sukkur, Larkana, and Shikarpur with their Hindu majorities the right to constitute themselves into autonomous provinces or independent states? Coorg, North-West Frontier Province Ajmer-Merwara, and Delhi are separate provinces, why not Sind? Does Mr. Khuhro seriously propose that Sind be administered *directly* by the Government of India without the inconvenience of a legislative council, and popular ministers or executive councillors? Had he cared to read the report of the committee appointed to inquire into the progress of education in the centrally administered areas, or the report of the Hartog Committee, or the report of the Central Areas Banking Enquiry Committee, he would have known the contrast between the major provinces administered by Governors-in-Council and these benighted centrally administered areas in point of education, sanitation, agricultural development and other nation-building activities.

2. Nobody has ever argued that Sind is too small in *area*. But what will you do with an area that is too

thinly populated? Mr. Khuhro expects the population to increase after the Barrage. Why not wait and see what the Barrage yields? Mr. Khuhro imagines that he has cut the Gordian Knot by proposing the amalgamation of Sind with Baluchistan. Is Baluchistan going to add to our revenue or increase our deficit? Are Baluchistan and Sind *homogenous* as regards climate, agriculture, ethnological and cultural characteristics, language, system of Land Revenue and irrigation, administration etc.? Mr. Khuhro himself has devoted a full section of his book in order to prove that Sind should be separated from Bombay because it differs from the presidency in all these respects. Will his claim that Sind should get the same measure of constitutional reforms as the Presidency, be weakened or strengthened by the amalgamation of Sind with a barren, thinly populated, backward, non-regulated, province like Baluchistan? Apart from these objections, it appears he has missed altogether the real point of the objections that Sind is too small to be a Governors' province or to prosper in material prosperity if it becomes a separate province. Let me therefore, invite this attention to what I have said in the first page of my published booklet on the "Financial Aspects of the Separation of Sind" on the difficulties of small provinces:

"A small province is by itself a very serious handicap in the race for progress. India is a poor country, much poorer than most states of Europe; modern government machinery is necessarily complicated and costly, the demands for funds for beneficent services and economic development is insistent and urgent in a backward country like India. It follows, therefore, that the more our Government spends on the general adminis-

tration of the country, the less is left for nation-building activities of the state. The level of taxation is admitted both by officials and non-officials to be already too high; but even if it were otherwise, the country is in no mood to tolerate increased taxation except expressly for nation-building departments.

“Apart from taxation, the only means of developing a province and so increasing the material well-being of its people is to raise development loans. The smaller the province, the smaller will be its revenue; the smaller the security on which a province can borrow, the higher will be the rate of interest it will have to pay in the open market and less will be its credit with the Government of India. The smaller the province, the less varied in their economic characteristics will be its various parts, the more fluctuating will be its total revenue, the less certain will be the security it can offer for its loans, the less insurance it will have against risk of failure for its development schemes and higher therefore will be the rate of interest it will have to pay in the market. Already the market rate of interest is much higher than the pre-war rate; and there is not much hope for economic development unless the rate of interest falls appreciably. On these grounds alone, the general proposal to increase the number of provinces by redistributing them on linguistic basis, or the particular application of the principle to an *undeveloped* part of the country like Sind is, to say the least, *extremely unwise.*”

I have then referred to the financial difficulties of even the major provinces since 1919 in spite of a substantial increase in their spending power and summed

up my conclusion as follows:—"The moral is obvious; the general administration of the reformed provinces is proving too costly even for major provinces. What hope is there then for small provinces with all the paraphernalia of the reformed constitutions; especially for a separate Sind with *its higher wages and higher cost of living.*"

3. Mr. Khuhro has not condescended to controvert any of these arguments. He contents himself with the airy generalisation that since "there are no administrative difficulties" because of the small size of Coorg, Ajmere and North-West Frontier Provinces, which are administered *directly* by the Government of India, there could be none in an autonomous, separate province of Sind.

Apart from the economic disabilities of a small autonomous province, I have repeatedly pointed out that in a separate Sind there will be a serious deterioration in the general standard of administration. Mr. Khuhro himself proposes a cabinet of only two ministers, evidently one for the transferred departments and one for the reserved departments. It will be impossible for a single man to administer *efficiently* all the transferred departments in Sind. It is not the *area* in which a particular scheme operates that matters. It is the variety in the *nature* of the work which increases the burden. The result will be that the Secretariat will get the upper hand and do most of the business. Nor will the Secretariat be manned by the kind of men who are now managing the different departments under the Bombay Government. A small province has neces-

sarily a *small cadre of service*; it will necessarily offer a lower scale of salaries; at any rate it will have *fewer posts* in the higher scale and so cannot offer adequate scope to ambitious men in the services. But nation-building departments need *superior* men endowed with a larger vision, men who are experts in the various branches, men who can bring to bear on any problem the larger experience gained by them in a big province. Undeveloped Sind, which needs the supervision of experts more than any other part of the Bombay Presidency will thus be deprived of the valuable advice, suggestions and supervision that she now gets from the Bombay headquarters. The fact that the heads of departments and their assistants are not on the spot, does not mean that they are ignorant of Sind; almost every able officer who has risen to these positions, has had to spend some years of service in Sind, and occasional tours thereafter are enough to renew their contact with Sind.

Mr. Khuhro cites Mr. P. R. Cadell's testimony to the ability of Sind Hindus who will be available for the higher administrative work in Sind. It is something that a Commissioner who was notorious for his unjust policy of superseding Hindus in Government service by raw Muslims recruits pays a compliment to their outstanding ability; but those who like me are in touch with Sind Hindus at least as much as Mr. Cadell, not only doubt the correctness of this unqualified certificate but also know only too well that the majority community in Sind is too poor in man power to run a modern administrative machinery and too petty minded and narrow to allow even the best of the non-Muslim minority to take charge of it. Why are outside third rate Euro-

peans and Eurasians] preferred to the ablest Hindus when the Sind Madressah needs a Principal? Why have the District Local Boards refused to accept the services of experienced Hindu educational officers even when Government offered to lend their services free of charge for some time? It is no use shutting one's eyes to these facts, and indulging in cruel jokes at the expense of Sind Hindus by parading their ability when it suits you and kicking them out when the time for recognising real worth comes.

4. Mr. Khuhro, like his friend Syed Miran Mohammed Shah, sees no logic in the commonsense view that if Sind is separated into a self-contained province, it cannot expect the same treatment as Bombay and will "inevitably be denied the advantages of any further step forward which Bombay may secure," in spite of the fact that he wishes Sind to be amalgamated with backward Baluchistan. This cogent argument appealed not only to the majority of the Bombay Simon Committee but also to two out of the three Muslims members of that committee including its Chairman Sir Shahnawaz Bhutto, the leader of the Muslim Block from Sind in the Bombay Council. But it is brushed aside summarily by Mr. Khuhro as "very illiberal", "narrow", "unjust" "extremely fallacious" and what not.

Let me, however, recall for Mr. Khuhro's benefit what the Sind Mohammedan Association, of which he is now a shining light, said in the Memorial to the Right Hon'ble Mr. Montagu and Hon'ble Baron Chelmsford as late as 1918. "Your Memorialists," they said, "do not wish to refer to other parts of India but will confine their observations to Sind. This Province is not yet

ripe or ready for democratic Government. *Its history tradition, the hereditary and disposition* of its people, its *want of homogeneity* or community of interest—social religious or of any other kind—all point to the other way. Less than a century ago, it was from time immemorial under the rule of a *monarchical* Government. The short time that has since elapsed *is not sufficient* even under the beneficent influence of the benign British Government and the blessings of western education, to *evolve the Spirit, sentiment, disposition essential to the success of democratic institutions*” (Para. 4 of the Memorial).

“As regards the method of appointment of the so called *popular representatives* on the council, namely by election directly by the people, your memorialists have no hesitation in saying that *neither* the community they represent nor other Indian communities in the province are sufficiently educated and independent to *make a right and proper use of this purely exotic method* (Para. 5 of the Memorial).....speaking of our province particularly, and of relation between the two communities generally, it appears to us that apart from a common homeland and a common language the two communities have so many conflicting interests that there cannot really be any satisfactory mutual agreement between them which is not safeguarded by legal and constitutional guarantees.”

Will Mr. Khuhro ponder over these words and attempt in the light of the actual achievements of his community during the last 10 years to prove that a revolutionary change has taken place in Sind so as to make all these statements a wicked lie to-day? Let him

not forget in the meanwhile the disclosures made by the Cattle-lifting Committee, the Larkana riots, the Jacobabad Murders, and the recent atrocious deeds in the District of Sukkur.



Chapter IV.—The Financial Aspect.

1. The sixth section of Mr. Khuhro's book deals with what he is pleased to label as "The Finance Bogey". He begins with mis-quoting Dr. Ambedkar, M.A., PH.D., D.Sc., a member of the Bombay Provincial Committee appointed to confer with the Indian Statutory Commission. Dr. Ambedkar never stated that he does not attach importance to the financial difficulties or that in the case of Sind the financial difficulties could most easily be removed. Paragraph 7 of his dissenting note reads as follows:—

"It will be noticed that I say nothing about the financial difficulties that lie in the way of separating Sind from the Presidency. This not because I do not attach importance to them. I do. But my view is that they alone cannot be decisive, and if I have not alluded to them it is because I hold that the objections which I have raised to the separation of Sind will survive, even when the financial objections are met or withdrawn."

Let the reader now judge for himself whether or not the following statement of Mr. Khuhro amounts to gross misrepresentation of Dr. Ambedkar's views:—

"First of all I would make it clear that, in the words of Dr. Ambedkar, M.A., PH.D., D.Sc., *I do not attach importance to the financial difficulties, because they alone cannot be decisive, despite the fact that in the case of Sind financial difficulties can most easily be removed.*"

2. Apart from this unwarranted misrepresentation, Mr. Khuhro in the first four paragraphs of his thesis on

Sind Finances indulges in desperate mud throwing at all those who have dared to point out the financial difficulties. He questions the motives of the Hindu economists, who are "making a row in the name of finance," because "they are inwardly opposed to it on account of some other consideration," and accuses them of "manipulating figures to unnerve the separationists." He accuses the Bombay Government for "not yet scrutinising the financial side of question" because it "is not willing to forego the fertile province of Sind," and finds fault with it for "not appointing any unbiassed and disinterested person to go through the financial aspect," ending his indictment with the pontifical assertion that "so long as it is not done, we have reason to hold that Sind is self-supporting and can very well stand on its own legs." He charges the Simon Commission with a breach of promise because they "had clearly promised to depute some expert to prepare a budget for Sind," taking good care not to indicate when and where this promise was made and to suppress the rebuff which Sir John Simon openly gave to one of the members of the Provincial Committee for questioning the competence of the Simon Commission to examine the figures before them. Finally, he challenges the correctness of the available figures, firstly because the "figures on the side of income or expenditure have been mixed up with those of the rest of the Presidency," secondly because the decision about the financial position of Sind ought not to be based on the materials supplied by the Government of Bombay" as that "will be like delivering judgment on the uncorroborated statement of defendants only," and thirdly because, in his opinion, "the statements supplied by Bombay Government are full of discrepancies and it is difficult to believe them,"

Arguments like these are beneath contempt. But the unwary public, particularly the public outside Sind, should know that except on a few heads like "Famine Insurance Fund, expenditure in England, General expenditure on Governor, Legislative Council and the Bombay Secretariat, Repayment and avoidance of debts etc., separate entries for Sind exist in the books of the Accountant-General, and that the Bombay Government has supplied these figures to the Bombay Council and the Simon Commission for each of the years between 1910-11 and to 1927-28. The committee appointed by the All Parties Conference, presided over by Sir Purushottamdas Thakurdas and assisted by Prof. Vakil of the Bombay University examined all the relevant materials including the writings of those from whom Mr. Khuhro has copied freely without acknowledgment. During the proceedings of this Committee, the Separationists' own estimate of deficit amounted to 43 lakhs of rupees a year, and the Chairman of the Committee recorded his verdict that in case the "adjustment of accounts are made on the methods adopted when the Montague-Chelmsford Reforms were introduced in provinces in 1921, the deficit is bound to be much larger than Rs. 43 lakhs a year, *and may verge on over a crore of rupees as calculated by one of our colleagues.*" In a hastily prepared and incomplete note, Mr. Wiles, the Finance Secretary of the Bombay Government in answer to a letter from Mr. Nur Mohammed, a member of the Bombay Council, estimated the additional burden including the ordinary revenue deficit and increased cost of administration on account of Separation to about 60 lakhs of rupees a year. Mr. Khuhro makes no attempt to criticise my published reply to the minute of dissent of Syed Miran Mohammad

Shah or my comments on the fallacies involved in the estimates of Mr. Jamshed Mehta and of Mr. Wiles, though the matter is more than two years old. Mr. Wiles, however, on his return from leave has sent me the following letter, which exposes the methods and the tactics adopted by the separationists in making use of what was admittedly *an incomplete and hastily prepared note, which was not meant for publication*, owing to their desperate desire to pit the authority of some financial expert against my reputation as an economist:—

FINANCE DEPARTMENT,
Bombay Castle, 13th January 1931.

DEAR PROF. CHABLANI,

I was away from India on leave during 1929-30 and my attention has only just been drawn to Saiyid Miran Muhammad Shah's minutes of dissent to the Provincial Committee's Report and your published reply thereto. I do not intend to go into the details of this question now; I have no time to do so if I would. But I think you ought to know that the note which has been published by Mr. Miran Shah was hastily prepared at Mr. Nur Muhammad's request and given to him for his private information. It is obviously incomplete, and I had no idea that it would be used and published in the way it has been without any further reference to me. More upto-date figures were subsequently prepared and submitted to the Statutory Commission, and these are the only ones which should have been used as representing the official views on the cost of the administration of Sind. I am not of course interested one way or the other in the separation question, and am only concerned with elucidating what seem to me to be the facts.

Yours sincerely,

Sd/- G. WILES.

As a matter of fact I submitted my estimates not only to the expert examination of Sir Purushottamdas Thakurdas and Professor Vakil of Bombay, but also to two of the Bombay Economists, Professor P. A. Waia and Professor G. N. Joshi, and published their full statement on the subject in the course of which they recorded their conclusion "that at the most there is a room for difference of opinion in Professor Chablani's calculation to the extent of 20 to 25 lakhs so that the minimum deficit will be in the neighbourhood of 150 lakhs a year." The expert opinion on the subject thus includes four professional economists, including one Parsee economist, and one well-known businessman, who was a member not only of the Royal Commission on Currency but also of the Indian Retrenchment Committee, presided over by Lord Inchcape.

3. The fifth para attempts to grapple with the figures of income and expenditure under different account heads supplied by the Bombay Government for the year 1922-23, 1923-24, 1924-25. The whole of this fifth paragraph is one of the worst specimens of plagiarism ever indulged by a public man of standing. Word by word except for the change of the word "me" into "us," it is a reproduction of the passage in a leaflet issued by Swami Govindanand over two years' ago. Mr. Khuhro does not consider it necessary at all to acknowledge his indebtedness to Swami Govindanand and makes no attempt whatever to deal with my reply to the contentions advanced in that leaflet. The fallacies involved in the estimates of the separationists has been recorded not only in Sir Purushottamdas committee's report but were fully exposed by me in my article enti-

tled "Why the Separationists' estimate is so low" published in the Daily Gazette Karachi in its issue of September 14th 1928 and also in my published reply to the minute of dissent of Syed Miran Muhammed Shah, which was submitted to the Indian Statutory Commission and was reprinted in the Daily Gazette of Karachi in extenso.

4. Briefly put, the contentions of the separationists may be summarised as follows:—

(i) The Statements supplied by the Bombay Government are full of discrepancies so that it is difficult to believe them.

(ii) There is considerable room for retrenchment in Sind, because the expenditure shown under account head 8-General Civil Administration, shows a rise from 14.3 lakhs in 1921-12 to 44.8 lakhs in 1924-25. (Vide pp 5 of section VI of Mr. Khuhro's "A story of sufferings of Sind.") Apart from the income from Barrage after 1957 there is considerable scope for the increase of Sind revenues, because the figures of revenue supplied by the Government of Bombay show that in the year 1920-21, the income from Sind was 184.5 lakhs, but in the succeeding year it rose to 210.5 lakhs—an increase of 76 lakhs, and "if the increase continues on this ratio every year, Sind will surely be able not only to make up the so-called deficit but that it will finance even new development schemes." (Vide pp 7 section VI of Mr. Khuhro's book).

(iii) In order to get at the figures of normal revenue deficit for Sind, half of the amount shown in the account head 15-Miscellaneous Irrigation expendi-

ture, and the whole of the amount shown against account head '41-Civil Works,' '55-Construction of irrigation Works' and '60-Civil Works not charged to revenue,' should be deducted from the total expenditure as given in the statement supplied by the Bombay Government

(iv) There is no liability arising out of the interest or Sinking Fund Charges on Public Debt in Sind because "Irrigational works in Sind leave a profit of over 24 lakhs per year," and that "Sind has paid off its debt and even more" since "Sind has been paying interest on all sums borrowed year after year and in addition to the interest Sind has to its account accumulated profit of Rs. 6,23,97,263 against the accumulated loss of Rs. 29,06,975, giving a net profit of Rs. 5,94,90,293 "which have been" used by the Central and Provincial Governments (vide pp. 12 Khuhro's book, section 6).

5. Let me deal with the last item first. Mr. Khuhro repeats, once again without acknowledgement, para 7 of a note which was submitted through Mr. Jamshed Mehta to Sir Purushottamdas, the Chairman of the Committee appointed by the All parties Conference. How closely one is a copy of the other, will be seen from the two parallel columns given bellow :—

Extract from Mr. Khuhro's

book pp 11-12.

In excluding all Barrage works, to which we shall revert later, we see from the irrigation Administration report for 1924-25 that the total capital outlay on all irrigation works in Sind to end of that year was as follows :—

Productive Works in	Rs.
operation ...	3,62,27,791.
„ under construction	1,22,057.

para 7 of the note.

Excluding all Barrage Works, to which we shall revert later, we see from the Irrigation Administration Report for 1924-25 that the total capital outlay on all irrigation works in Sind to the end of that year was as follows:—

Productive Works	Rs.
in operation ...	3,62,27,791.
„ under construction	122,057

Unproductive works in operation and construction ...	67,65,270.
Total ...	<u>4,51,51,118.</u>

Unproductive works in operation and construction ...	67,65,270.
Total ...	<u>4,51,51,118.</u>

It will be seen from the interest accounts of the respective works that Sind has been paying interest on all sums borrowed for the purpose, year after year and in addition to the interest Sind has to its accumulated profit of

Rs. 6,23,97,268

an accumulated loss of

Rs. 29,06,975,

giving a net profit of

Rs. 5,94,90,293.

Sind has thus paid into the coffers of the Central and Provincial Governments from time to time a sum of Rs. 594 lakhs, and interest upto date in place of Rs. 451 lakhs which she has borrowed. These profits extend over a period of half a century, and if they had been given out on an ordinary interest, Sind would have easily built up a balance of over 12 crores in her hand with which to pay a major portion of the expenditure on the Sukkur Barrage. All these sums have been used by the Central and the Provincial Governments and assuming that it is perhaps too late to ask for a refund of this sum, it would not be doing Sind too great a favour if she asked to be relieved of having to pay interest in future years, not to speak of the Sinking Fund as proposed by Prof. Chablani, the true friend of the Sind Zamindars.

It will be seen from the interest accounts of the respective works that Sind has been paying interest on all sums borrowed for the purpose, year after year, and in addition to this interest Sind has to its credit an accumulated profit of Rs. 6,23,97,268 and an accumulated loss of Rs. 29,05,975 giving a net profit of

Rs. 5,95,90,293.

Sind has thus paid into the coffers of the Central and Provincial Governments from time to time a sum of Rs. 594 lakhs, and interest up to date, in place of Rs. 451 lakhs which she has borrowed. These profits extend over a period of a century and if they had been given out on an ordinary interest Sind would have easily built up a balance of over 12 crores in her hand with which to pay a major portion of the expenditure on the Lloyd Barrage. All these sums must have been used up by the Central and the Provincial Governments and even assuming that it is perhaps too late to ask for a refund of this sum, it would not be doing Sind too great a favour to ask that she may be relieved of having to pay interest even in future years, not to speak of Sinking Fund as well proposed by Professor Chablani, the true friend of Sind Zamindars.

Sir Purushottamdas asked me to reply ^{to} ~~this~~ note, which I did ~~as~~ follows :—

“The first para of Mr. Jamshed’s note appears to me to be irrelevant to the issue raised in my pamphlet. I have never suggested that Sind irrigation works are a losing concern; on the contrary I have on page 5 of my pamphlet given figures to show that they yield a substantial profit. But the income from irrigation works in Sind consists mainly of land revenue credited to irrigation and has been accounted for under the head “Land Revenue” upto the year 1921-2 in the statement printed as Appendix A of my pamphlet. On the other hand, the statement of expenditure printed as Appendix AA does not include interest charges on the capital spent on irrigation works as was clearly stated by the Hon’ble Mr. H. S. Lawrence in reply to an interpellation by Rai Sahab D. P. Desai on the 24th of February, 1923. Taking into account income from *all* sources including land revenue and irrigation, and expenditure *other than interest charges* on Capital expenditure on irrigation, I have shown the average revenue deficit to be 26 lakhs a year. A separate Sind Government will have, therefore, to provide for *interest charges* on irrigation in addition to funds needed for covering the deficit of 26 lakhs a year.

Taking this para along with his first note which was handed over to me on only the 18th May, I feel that Mr. Jamshed and his friends who have helped him to draw up the note are labouring under a serious misapprehension. They imagine that there is a reserve of 5 crores and 94 lakhs accumulated out of the profits of the Sind canals which the Central and Provincial Govern-

ments have applied to purposes *other* than Sind Administration. They seem to have been led to this false conclusion by a column called "accumulated surplus profits" in one of the statements given in the annual Irrigation Administration Reports of the Bombay Presidency. The fact is that there is no such thing as "Accumulated Surplus Profits" from any irrigation work in existence; it is *merely an account entry* in order to show how far each productive work has proved profitable during the entire period of its existence. No part of the profits is ever accumulated; *all profits are credited to revenue*. The total profit from Sind irrigation works *every year* has *already been accounted for either under the heading "Land Revenue" upto the years 1921-2 or under the head "Irrigation" thereafter*. The truth of this can easily be verified. If the figures of profit from Sind Irrigation works given in the Irrigation Administration Report of the Bombay Presidency for the years 1923-4 and 1924-5 are compared with the figures of Provincial receipts from "XIII-works for which capital accounts are kept" as given by the Finance Member in his statement on the 20th July 1927, they will be found to *tally exactly*. You can't eat the cake and yet preserve it. You can't include 39.3 lakhs of profits from Sind irrigation in 1923-4 in the total of Provincial receipts of 192 lakhs in Sind for the year 1923-4; and yet allow it to *accumulate*, or to be "used up" by the Bombay Government for its own purposes. You can not estimate your total revenue in Sind for the year 1924-5 to be 180.7 lakhs and yet argue that 39.2 lakhs of profits from irrigation works *already included* in this total of 180.7 lakhs is a separate item *over and above* your ordinary

revenue. The total income from all sources in Sind including this source was all along less than the expenditure on Sind; there was therefore nothing left "to be used up by the Central and Provincial Governments." No surplus was ever yielded by Sind; there can be no question therefore "for refund" of any sums. Paras 7 and 8 of Jamshed's first note are a striking instance of how men with preconceived notions can be led astray by a false scent.

SUKKUR BARRAGE.

"Mr. Jamshed's remarks under this heading are no answer to my statements on the subject (*vide* page 5 and 10 of my pamphlet). Sind will have to find 10 lakhs a year which are being paid by Bombay towards the interest on the Sukkur Barrage out of the Famine Insurance Grant, during the long, long period that must elapse before it becomes a paying proposition. Nor can we ignore altogether the *possibility* of the Sukkur Barrage proving a losing concern or even the likelihood of its actual expenditure exceeding the estimated receipts. Apart from the rising trend of wages which I have specifically mentioned on page 10, Government itself has had to raise its original estimate from 18½ crores to 20 crores. And if Mr. Jamshed cares to consult any of his zamindar friends in Sind, he will know that the Barrage lands will not fetch the price estimated by Government. Even according to the original Government estimates, there will be no surplus revenue from the Sukkur Barrage upto 1957. Mr. Jamshed has not faced any of these issues."

6. Each of the other misconceptions has been exposed by me a number of times. But the separationists relying

upon the inability of the layman to master figures have been repeating adnauseam, the same old statements. The careful reader who wishes to follow intelligently the whole course of controversy on the subject should refer to the figures supplied by Bombay Government, the report of Sir Purshottamdas' Committee, the statement by Professor P. A. Wadia and Prof. G. N. Josai, my article published in the "DAILY GAZETTE," Karachi, on September 14th, 1926, explaining why the Separationists estimate was so low and my published reply to Syed Miran Muhammad Shah's minutes of dissent to the Bombay Simon Committee's report.



Chapter V.—The Actual Figures and My Earlier and Later Estimates.

1. At the time I first published my pamphlet on the financial Aspects of Separation of Sind, separate figures of provincial receipts and expenditure recorded in the account books of Sind treasuries under each account head were available only for the years 1910-11 to 1919-20. In addition to this detailed information, the Bombay Legislative Council had been given the total figures for *ordinary Revenue* and *Ordinary Expenditure* on Sind as a division of the Bombay Presidency for the years 1921-24. My first estimate of the financial burden that the Separation of Sind from Bombay Presidency and its constitution into a separate province would involve were, therefore, based on the figures supplied to the Bombay Council for the latest six years, a fair allocation of certain general items of expenditure of the Presidency as a whole such as Famine Insurance Grant and Provincial contributions, and the available information as to debt charges of Sind in the official statements and the Administration Reports. Later on, detailed statements for the years 1921-24 under each account head became available, and it was on the basis of these that estimates were placed before Sir Purushottamdas' Committee. After the publication of Sir Purushottamdas Committee's report, I was able to obtain provisional figures under each account head for the year 1927-28 from the office of the Accountant General Bombay, which were used as the basis of a revised estimate placed by me before the Simon Commission on behalf of the Sind Hindu Association. Through the courtesy of the Finance Secretary,

Bombay Government I subsequently obtained detailed *actual* figures under each account-head for the years 1925-26, 1926-27, and 1927-28, and in the light of this information, even this revised estimate has also to be modified slightly.

2. In order to enable the reader to follow intelligently my explanation of the numerous errors committed by the Separationists in their estimates, the entire available information is reproduced in the tables given below:—

STATEMENTS.

STATEMENT I.

Statement showing Provincial Revenues in Sind for the Eleven years ending 1920-21.

(figures in Lakhs.)

Major Heads.	1910-11.	11-12	12-13	13-14	14-15	15-16	16-17	17-18	11-19	19-20	1920-21.
I—Land Revenue	76.4	79.0	73.3	85.6	76.1	82.3	92.9	74.6	62.0	81.3	57.1
IV—Stamps	4.3	4.8	5.1	5.1	4.8	5.1	5.5	6.2	9.1	9.5	11.1
V—Excise	17.5	20.5	21.3	21.4	21.1	22.4	23.1	27.2	30.6	35.0	37.7
VIII—Income Tax	2.1	2.2	2.5	2.0	2.7	3.2	4.9	7.8	13.1	15.8	11.9
IX—Forests	3.6	4.1	4.5	4.2	3.8	3.7	4.4	6.5	8.6	7.4	6.8
X—Registration ... ..	.5	1.1	1.2	1.1	1.0	1.1	1.2	1.3	2.0	1.9	1.8
XII—Interest	1.6	1.6	1.6	1.5	1.4	1.5	1.4	1.2	0.7	1.1	1.7
XVI-A—Law and Justice—Courts of Law	1.0	1.1	1.2	1.3	1.4	1.5	1.5	1.4	2.1	1.9	1.5
XVI-B—Law and Justice—Jails ... ..	.3	.3	.6	.6	.7	.7	.4	1.0	.7	.7	.6
XVII—Police ... ..	.3	.3	.3	.5	.4	.6	.7	2.	.2	.2	.3
XVIII—Ports and Pilotage ... ..	...	...	...	...	...	.2	.4	6.	.4	.4	...

XIX—Education	...	...	.5	.6	.6	.6	.6	.5	.6	.5	.5	.6	.7
XX-A—Medical	...	...	.2	.2	.2	.2	.2	.2	.3	.3	.3	.3	.3
XXI-A—Agriculture	...	...	...	...	...	...	...	.1	.2	.4	.3	.7	.3
XXI-B—Scientific & Misl. Depts	...	...	.1	.1	.1	.2	.1	...	...	.1	.1	.1	.1
XXII—Receipts in aid of Superannuation etc.,	...	...	.5	.5	.5	.6	.5	.7	.8	.7	.9	.8	1.0
XXIII—Stationery & Printing	...	...	.1	.1	.1	.2	.2	.3	.3	.2	.5	.3	.2
XXV—Miscellaneous	...	...	.1	...	.1	...	...	...	...	.4	.1	.5	.2
XXIX—Irrigation-Major Works	...	...	.9	.8	.8	1.0	.8	.9	1.1	1.1	.8	1.1	.9
XXX—Irrigation-Minor Works and Navigation	...	...	.8	.1	.7	.8	.8	.7	.8	.9	.7	.7	.4
XXXI—Civil Works	...	...	.3	.3	.4	.4	.4	.4	.3	.4	.7	.7	.8
Total	...	...	111.1	118.4	115.1	128.2	117.2	126.1	140.8	133.0	134.4	161.0	135.4

STATEMENT II.

Statement showing Provincial Expenditure in Sind for the Eleven years ending 1920-21.

(figures in Lakhs.)

Major Heads.	1910-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	1920-21
1—Refunds & Drawbacks ...	1.1	...	.3	.8	1.5	1.5	1.9	2.1	5.4	6.6	1.9
2—Assignments & Compensations ...	12.9	12.7	12.9	13.0	13.1	17.0	18.9	24.9	25.5	24.9	20.5
3—Land Revenue ...	15.2	16.1	16.2	20.2	20.7	19.7	20.1	19.7	22.7	25.6	28.0
6—Stamps ...	.2	.2	.3	.2	.3	.3	.3	.4	.4	.3	.7
7—Excise ...	1.5	1.7	1.8	1.8	1.7	1.6	1.6	1.5	2.3	2.1	2.2
10—Income-tax ...	...	...	...	.1	.1	.1	.1	.1	.3	.5	.6
11—Forests ...	1.8	2.0	2.1	2.2	2.2	2.1	2.2	2.5	2.6	2.8	3.4
12—Registration ...	.4	.5	.5	.5	.4	.4	.4	.4	.6	.7	.6
18—General Administration ...	1.3	1.3	1.5	1.3	1.5	1.3	1.2	1.5	2.0	2.3	1.9
19-A—Law & Justice (Courts of Law) ...	8.6	8.8	9.3	6.6	6.5	6.8	6.8	6.8	7.3	8.0	11.8
19-B—Law & Justice (Jails) ...	2.8	2.8	3.1	3.2	3.4	2.3	3.2	3.3	4.7	6.4	6.3
20—Police ..	17.6	19.1	20.1	19.4	20.8	21.8	29.2	22.2	24.7	28.3	35.2

21—Ports and Pilotage ... ..	.3	.1	1.	.2	.4	.2	.3	.3	.3	.3	.3	.2
22—Education	7.2	7.3	8.9	9.6	11.9	11.2	10.3	11.6	18.2	18.3	22.1	
24-A—Medical	2.4	2.5	3.3	3.1	3.2	2.9	3.6	2.3	2.5	4.6	4.5	
24-B—Sanitation ... ..	...	...	...	...	...	...	...	1.5	.9	4.5	2.4	
25—Political ... ..	...	.1	.6	.1	...	...	...	...	.2	.1	.1	
26-A—Agriculture ... ..	...	...	...	...	...	1.3	1.4	1.5	3.3	2.4	3.0	
26-B—Scientific and Misc. Departments	.7	.6	1.3	1.8	1.5	.1	.1	.1	.4	.8	.3	
29—Superannuation Allowances and Pensions	3.5	3.7	3.9	4.5	5.8	4.6	5.0	5.0	2.6	5.4	5.1	
30—Stationery and Printing ... ..	.8	.8	1.1	.9	1.0	1.0	.8	.8	1.0	1.0	1.2	
32—Miscellaneous ... ..	.1	.3	.2	.2	.3	.3	.2	.4	.6	1.0	3.0	
33—Famine Relief (Public Works) ... ..	...	...	...	...	...	...	...	...	...	...	...
42—Major Works (Irrigation)	5.4	5.5	6.4	6.3	5.1	5.2	5.2	6.1	6.3	7.1	10.9	
43—Irrigation (Minor Works and Navigation)	13.2	12.2	12.6	14.1	12.5	12.3	9.9	12.1	13.6	17.9	19.7	
45—Civil Works	9.0	10.6	16.7	14.9	17.7	12.0	10.5	12.3	10.0	19.3	19.4	
Total	106.0	108.9	123.2	125.0	130.6	126.0	126.2	139.4	158.4	191.2	205.0	

STATEMENT III.
Statement showing figures of Revenue (Provincial) in Sind.

MAJOR HEADS.	1921-22. †	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.	REMARKS.
V. Land Revenue ...	144.2**	83.5	72.1	62.0	74.0	72.0	73.9	
VI. Excise ...	31.0	35.5	40.3	39.1	43.0	38.0	38.8	
VII. Stamps, A ...	16.0	19.4	20.2	19.8	20.2	19.6	19.2	A.—This does not include the share of the Sind Division in the annual contribution of 12½ lakhs paid by the Postal Department representing the loss of revenue due to the abolition of 1 anna revenue stamps.
VIII. Forest ...	8.0	6.2	6.3	6.9	7.4	7.6	7.1	
IX. Registration ...	1.8	1.6	1.5	1.5	1.6	1.5	1.6	
IX-A. Schedule Taxes ...	...	...	0.2	0.6	0.5	0.5	0.5	
XIII. Works for which capital accounts are kept ...	1.1†	36.5	39.3	39.2	27.7	33.2	21.4	
XIV. Works for which no Capital accounts are kept ...	0.5	0.5	0.1	0.1	0.2	0.3	0.2	

†Taken from the statement supplied to the Bombay Legislative Council on 20th July 1927.

**Inclusive of "portion of Land Revenue due to irrigation" which is shown in subsequent years under the head "XIII."

†Working Expenses for this year are shown on the expenditure side. (In accordance with the system adopted for the other years, this should be minus 24.0 and the total for this year will come to 185.4. See in this connection the figures supplied to the Simon Commission and reproduced in an appendix to Syed Miran Mohammed Shah's minute of dissent.)

XVI.	Interest ... ..	...	1.7	3.6	2.7	1.8	1.2	1.1	1.0
XVII.	Administration of Justice	...	1.5	2.1	1.9	1.8	2.4	2.3	2.1
XVIII.	Jails and convict settlements	...	0.8	0.8	1.0	1.2	1.4	1.2	1.2
XIX.	Police ... ..	...	0.2	0.3	0.2	0.4	0.4	0.5	0.5
XXI.	Education ... ..	...	0.7	1.0	1.0	1.5	1.2	1.2	1.1
XXII.	Medical ... ..	...	0.2	0.4	0.4	0.3	0.5	0.4	0.6
XXIII.	Public Health ... ..	...	...	0.1	0.1	0.2	0.4	0.2	0.2
XXIV.	Agriculture ... ..	...	0.4	0.4	0.7	0.7	0.6	0.6	0.5
XXVI.	Miscellaneous Deptts....	...	0.1	...	0.1	0.1	0.2	0.2	0.1
XXX.	Civil Works ... ..	...	0.5	0.9	0.7	0.9	1.0	1.0	0.9
*Miscellaneous	... ..	...	1.8	2.2	3.2	2.0	3.0	2.6	2.5
TOTAL...			210.5	195.0	192.0	180.7	187.0	174.0	173.4

*The three heads "XXXIII," "XXXIV" and "XXXV" have been grouped together under this head.

STATEMENT IV.

Statement showing the figures of expenditure (Provincial) in Sind for the year 1921—27.

MAJOR HEAD.	1921-22	1922-23	1923-4	1924-25	1925-26	1926-27	1927-28	REMARKS.
5. Land Revenue	23.0	40.1	39.2	13.8	14.7	14.5	14.0	
6. Excise	2.5	1.3	1.3	1.9	3.9	3.2	3.6	
7. Stamps	0.7	0.9	0.8	0.7	-0.2	-0.1	-0.1	
8. Forest	4.2	3.5	3.6	4.1	4.1	3.9	4.0	
9. Registration	0.8	1.0	0.9	0.9	0.9	0.9	0.9	
XIII Irrigation-Working Expenses ...	25.1	**	**	**	**	**	**	
14. Interest on works for which capital accounts are kept	11.4	12.9	16.2	21.5	25.3	+ +	+ +	
15. Miscellaneous irrigation expenditure charged to revenue.	38.2	23.1	13.5	23.1	18.2	20.1	24.0	
16. Financed from Finance Insurance Grant.	.....	.....	.....	.....	.....	10.0	10.0	
19. **Interest	-2.1	-3.7	-7.0	-12.3	-7.2	-7.8	-14.1	
22. General Administration	14.3	20.7	19.6	44.8	45.1	45.0	44.5	
24. Administration of Justice	10.0	9.6	10.0	11.5	11.3	11.8	11.6	

25. Jails & Convict Settlements ...	6.3	5.9	5.2	5.9	5.9	11.8	6.2
26. Police ...	40.8	36.1	35.1	36.0	36.3	36.1	36.1
27. Ports and Pilotage ...	0.1	0.1	0.1	0.3	0.2	0.2	0.1
31. Education ...	23.4	23.0	26.6	23.8	26.9	28.2	27.7
32. Medical ...	5.9	4.6	5.3	5.3	6.4	6.4	6.0
33. Public Health ...	3.1	3.5	2.9	2.9	2.3	3.4	2.5
34. Agriculture ...	3.5	3.3	3.3	3.4	3.7	4.9	4.6
37. Miscellaneous Deptts. ...	0.3	0.3	0.3	0.3	0.3	0.3	0.3
41. Civil Works ...	22.2	10.4	6.5	8.0	9.1	14.2	11.3
43. Famine Relief ...	.....	.....	.....	.....	0.3	0.8	2.3
45. Superannuation allowances & Pensions...	5.9	6.1	5.9	7.1	4.1	1.6	7.6 (a)
46. Stationary & Printing ...	1.2	1.3	0.9	1.0	0.7	1.1	1.1
47. Miscellaneous ...	1.5	1.3	4.0	5.2	5.6	4.6	4.1 (a)
Total ordinary expenditure +	244.4	209.0	202.2	221.5	225.7	232.6	238.1
55. Construction of Irrigation Works ...	5.6	19.1	51.5	124.0	211.7	183.0	240.8
56-A. Capital Outlay on Impovrmnt on Public Health ...	.....	5.3	0.5	.....	10.0	60.1	.....
60. Civil Works not charged to Revenue ...	.....	7.1	5.5	12.2	16.4	10.0	6.6
52-A. Capital Outlay on Forests ...	.....	.....	.....	.....	.....	.....	.....
60-B Commutations ...	.....	.....	.....	.....	.....	0.7	0.4
60-A. Other Provincial Works ...	.....	.....	.....	.....	.....	9.7	0.5
Grand Total +	250.0	240.5	259.7	387.7	463.8	436.0	486.4

Item No 19 not subtracted
for reasons stated in
paragraph 3.

43

*Working expenses have been deducted from gross receipts and only the net receipts have been shown under XIII on the receipt side.

+ The Totals for 1925-27 are mine.

+ + Exclude interest on Sukkur Barrage capital which is shown under 16 and 55.

**For explanation of this item see para 3 below.

(a) Provisional figures taken by me from the Accountant-General's Office.

3. In examining these statements the reader should bear in mind the following remarks made by the Finance Secretary of the Bombay Government in his demi-official letter to me dated 9th November 1928 :—

(i) "I send for your information a copy of the statements now received from the Accountant General from which you will see that the figure of interest payments under "19" is in every case a *minus* quantity. But the head "19-Interest" shewn in these statements does not include any debit to Sind on account of interest charges on the Provincial Advance and Loan Account outstanding debt and advances for purposes other than irrigation. The figures for these two items, it is believed, roughly wipe out the minus figure for each year, so that the total interest charges payable by Sind from revenue would amount to those under heads "14" and "16." Interest charges provided under "55" are met from Capital"

(ii) "It is not possible to allocate definitely to Sind a share in the repayments of debt. The total repayments for the three years 1925-6 to 1927-8 were 3.08, 4.07, and 5.32; and it is estimated that the share of Sind would amount to about half of this."

(iii) "It is to be understood, of course, that these statements include nothing on account of general direction by head-quarters. The statements do not include any expenditure incurred in England. It is not possible to allocate a definite share to Sind. Of the total expenditure of 37.7 lakhs incurred in England in the current year, Sind's *pro-rata* share would be about $7\frac{1}{2}$ lakhs."

COMPARATIVE ESTIMATES.

4. The reader is now in a position to compare my earlier estimates with the my final estimates. In order to facilitate comparison and comment, the two estimates are summarised in parallel columns given below :—

	<p>Earlier Estimate (Vide my pamphlet)</p> <p>Based on the figures supplied to the Bombay Council for the year 1918-1924 and the Bombay Budgets for 1920-24.</p>	<p>Final Estimate † Based on the figures obtained from the Accountant General's office for 1927-28 and the Bombay Budget for 1927-28.</p>
<p><i>I. Real deficit of Sind excluding interest and capital charges.</i></p>		
<p>1. Average annual excess of ordinary expenditure over ordinary receipts from Sind.</p>	<p>26.07 lakhs (based on figures for 1918-20, and 1920-24).</p>	<p>39.1 lakhs.</p>
<p>2. Portion of Famine Insurance Grant applied to interest on the Capital of the Lloyd Barrage.</p>	<p>10 lakhs.</p>	<p>10 lakhs.</p>
<p>3. Expenditure in England debitable to Sind.</p>	<p>(not taken into account).</p>	<p>7.5 lakhs.</p>

4. A fair share debitable to Sind of the annual assignment to Famine Insurance Fund.	13 lakhs (1/4th of 63 laks minus 10 lakhs included under 2).	5.9 lakhs (1/4th of 33.6—10 lakhs).
5. A fair share debitable to on account of Provincial contribution paid by the Bombay Government.	14 lakhs.	nil
TOTAL.	<hr/> 63.07 lakhs. <hr/>	<hr/> 62.5 lakhs. <hr/>
II. Share of interest and Sinking Fund on Public debt (not included in the figures of ordinary expenditure taken into account under I), excluding Barrage.		
(a) Interest on the capital of irrigation works handed over by the Govt. of India to the Bombay Govt. after the Reforms.	10.9 lakhs (1/3rd of 32.07 lakhs due to the Govt. of India on 8.9 crores of capital).	12.15 lakhs (being the interest on 3.3 crores, the total sum at charge of irrigation works in Sind upto the end of 1915-16).

(see page 14-15, Sind Hindu Association's memorandum to the Commission).

	<p style="text-align: center;">Earlier Estimate (Vide my pamphlet). Based on the figures supplied to the Bombay Council for the years 1918-1924 and the Bom- bay Budgets for 1920-24.</p>	<p style="text-align: center;">Final Estimate † Based on the figures obtained from the Accountant General's office for 1927-28 and the Bombay Budget for 1927-28.</p>
<p>(b) Interest on capital spent by the Bombay Govt. on Sind irrigation works till 1921 (at 5½%).</p>	<p style="text-align: center;">16.5 lakhs (Interest on 304 lakhs of irri- gation capital expenditure on Sind from 1916-21 according to the statement of Governor of Bombay to a Sind deputation on 5th August 1922).</p>	<p style="text-align: center;">.75 lakhs ††</p>
<p>(c) Interest on capital borrowed for irrigation works from 1921 to date.</p>	<p style="text-align: center;">5 lakhs (being 1/3rd of 15.86 lakhs, the interest on 275 lakhs, vide page 63 of the Explanatory Me- morandum to the Bombay bud- get for 1927-28).</p>	<p style="text-align: center;">5 lakhs (interest on the amount borrow- ed for Sind irrigation during 1922-25 (later figures not avail- able), the increase in the sum at charge being 97, 28, 794).</p>

(d) Interest on the capital borrowed for other purposes.	4.7 lakhs. (interest on $\frac{1}{4}$ th of 3.36 crores borrowed during 1922-25, vide paras 10 & 11 of the Finance Member's Budget speech 22nd Feb. 1926).	6 lakhs. (interest on $\frac{1}{4}$ th of the total 4.37 crores borrowed upto 1927-28 vide Finance Member's Budget speech 1928)
(e) Repayment of (b) & (c) in 60 years and (d) in 30 years.	8.9 lakhs.	5.4 lakhs.
TOTAL OF II	45.0 lakhs.	29.3 lakhs.
TOTAL OF I & II	109.07 lakhs.	91.8 lakhs.
III. Guarantee against loss on feeder Railways.	nil.	3 lakhs (4 lakhs in the first five years and 2 lakhs a year subsequently)

† (see page 14-15, Sind Hindu Association's memorandum to the Commission).

†† Or "your statement that 304 lakhs capital outlay was made in Sind between 1916-21 is wrong. There are total figures. As given to me: up to 1921 the total figure is 3, 37, 741, upto 1916 total figure was 3, 23, 95. Between 1916-21 therefore expenditure was only 13. 79 lakhs" (Mr. Wiles in his Demi-official letter Dated nil October 1928).

	Earlier Estimate (Vide my pamphlet) Based on the figures supplied to the Bombay Council for the year 1918-24 and the Bombay Budgets for 1920-24.	Final Estimate † Based on the figures obtained from the Accountant General's office for 1927-28 and the Bombay Budget for 1927-28.
<i>IV. Additional cost on administrative machinery on account of the creation of a Governor's Province.</i>		
(1) General administration.	14.5 lakhs.	18.4 lakhs (including Secretariat Public works department which had been omitted in the earlier estimate.)
(2) Other Departments (Direction and Supervision etc).	24.5 lakhs.	23.8 lakhs
(3) Increase in pension charges and superannuation allowances and expenditure in England.	(not taken into account).	6.0

(4) Interest on initial expenditure on buildings, equipment etc., etc.	(not taken into account).	5.0 „	
(5) Increase on expenditure on the creation of new administrative units e. g. Divisions, Districts, Talukas and Circles.	(not taken into account).	3.0 „	
	<hr/>	<hr/>	
TOTAL OF IV	39 lakhs.	56.2 lakhs	
	<hr/>	<hr/>	
GRAND TOTAL OF I & IV	148.07 lakhs.	151 lakhs.	
<i>Less.</i>	9.07 „	1 lakh.	
	<hr/>	<hr/>	
	139 Lakhs.	150 Lakhs	

CR
CT

† (see page 14-15, Sind Hindu Association's memorandum to the Commission).

Chapter VI—Report of Sir Purushottamdas Thakurdas, Chairman of the Committee appointed by the All Parties Conference to inquire into the financial aspect of the Separation of Sind.

1. This Committee was appointed by the All Conference held at Delhi during
Terms of reference. February-March 1928. The Terms of reference to the Committee were:—

(a) Whether when separated the new Province of Sind would be financially self supporting and

(b) If it would not be self supporting under the present system of administration, the Committee will suggest ways and means to make it self-supporting if possible.

2. The Personnel of the Committee was as under:—

Chairman.

Sir Purshotamdas Thakurdas, Kt. C. I. E., M. B. E.,
 M. L. A.

Members.

Seth Haji Abdullah Haroon, M. L. A.

Sheikh Abdul Majid Sahib.

Prof. H. L. Chablani, M. A.

Jairamdas Daulatram Esq., M. L. C.

Jamshed N. R. Mehta, Esqr.

Bhai Ishardas Ramchand.

3. The Committee carried on its work by meeting on four days in Bombay for the discussion of the different questions at issue, and by correspondence between the members through the Chairman

4. The Committee has made use of all the available information on the subject in the Budgets of the Government of Bombay and in the replies to questions in Council.

The Committee had in addition the advantage of a detailed statistical summary of the problem presented by Prof. Chablani and of several useful and interesting statements by Mr. Jamshed. N. R. Mehta. The Committee also obtained information of various points from the Finance Department of the Government of Bombay.

5. Separate figures for the different Departments of expenditure and revenue in detail for Sind are not available for the years 1925-26, 1926-27 and 1927-28.* *Estimates of deficit* It may be noted that there has been a general increase in expenditure chargeable to revenue of the Bombay Government which has risen from Rs. 15.29 crores in 1924 to Rs. 16.51 crores in 1926 against a fall in revenue from Rs. 15.5 crores in 1924 to Rs. 14.8 crores in 1925, for the presidency as a whole. To what extent Sind has been affected by this increase, we are not in a position to ascertain. The Finance Member of the Government of Bombay, however, in answer to a question in the Bombay Legislative Council on 20th July 1927 supplied detailed figures for Sind for the year 1920-21 to 1924-25, and in the absence of more recent information the Committee took these figures as the basis of their calculations for the consideration of the question in hand. As shown by these figures, the finances of Sind by itself indicate certain large deficits during all these five years as under :

* available now.

TABLE (A).

(In laks of ruppees.)

Years.	Expenditure.	Revenue.	Deficit.
1920-21 ...	205	135·4	69·6
1921-22 ...	250	210·5	39·5
1922-23 ...	240·5	105	45·5
1923-24 ...	259·7	192	67·7
1924-25 ...	387·7	180·7	207·0

6. What we have to consider is, however, the probable amount of normal ordinary expenditure which a separate Government of Sind will have to incur on revenue account. The figures referred to above include several items of expenditure which is incurred for capital purposes and can not, strictly speaking, be charged against ordinary revenue. Difference of opinion is bound to arise as to what adjustments should be made on this account, but without going into the controversies over each separate item, we content ourselves with noting the difference between the estimates given to us by Mr. Mehta to which Mr. Haroon agrees, and that placed before us by Prof. Chablani with which Mr. Jairamdas and Bhai Ishardas concur. The former would omit half the expenditure under item 15 (Miscellaneous Irrigation Expenditure), the whole of item 41 (Civil works) the whole of item 55 (Construction of Irrigation werks and the whole of the item 60 (Civil works not chargeable to revenue), and they estimate the average deficit for these five years at Rs. 13 lakhs a year. Prof. Chablani, on the other hand, takes strong exception to the omission of anything under account head 15 and 41, which are strictly chargeable to revenue, would omit only half of the amount shewn against 6, as under the orders

of the Government of India, the Bombay Government has had to debit all expenditure on works costing less than 5 lakhs to revenue expenditure under item 41, and not to be capital expenditure under item 60, as was done in 1924-25, and would omit the whole of the amount shown under item 55 and 56A, except Rs. 10 lakhs in 1923-24, in which year Rs. 30 lakhs were spent on irrigation works out of famine insurance grant in the presidency as a whole. On this basis the average deficit works out to Rs. 43 lakhs a year for the quinquennium 1920-24. Prof. Chablani wishes it to be made clear that in both these estimates *no allowance has been made for Rs. 10 lakhs a year now paid towards the interest on Sukkur Barrage out of famine insurance grant or for a separate famine Insurance fund for Sind, or for interest charges on debt which Sind may be required to take over, or for sinking Fund towards the redemption of the same debt, or for the increase of the expenditure not covered by increase in revenue since 1924, or for the liability for the guarantee of Rs. 4 lakhs a year for the feeder railway recently given.* The exact method which may be employed for the apportionment of these charges admits of considerable difference of opinion. Mr. Jamshed N. R. Mehta argues that as there was a profit from irrigation works in Sind during the last half a century, Sind has already paid more than its debt. Against this Messrs. Chablani, Jiramdas and Ishardas urge that as even after crediting to revenue all profits from irrigation, Sind revenue has fallen short of its expenditure during the period of its connection with Bombay, (for 16 years of which period, the detailed figures under each head are available), Sind had nothing to pay its debt from, and will have to therefore

provide for interest and sinking funds for not only its irrigation debt, but also for debt incurred for other purposes, which they estimate at about Rs. 61 lakhs a year.

7. Leaving this question aside, if we work on the basis of Mr. Jamshed N. R. Mehta's estimate of an average of deficit during the five years mentioned above, *viz.*, Rs. 13 lakhs per annum, both sides are agreed that there has to be added the additional expenditure which the new Government of Sind will have to incur for charges of supervision and control, *which are at present not included in the separate details for Sind*, and are therefore not separately charged to Sind, and for additional administrative establishments which will have to be created in the event of separation. The exact calculation of what the expenditure for these purposes would be is difficult, because it requires a detailed consideration of such expenditure on each separate department and the nature of its expansion in such case can not be easily foreseen at present. Careful estimates, have, however, been made by some members of the Committee for such additional expenditure which vary from Rs. 30 lakhs to 49 lakhs a year. This latter estimate is exclusive of Commissionerships, Political Departments, Publicity Department, Record Office, and initial expenditure on buildings and equipment, or interest on the same. Taking once again the lower figures given by Mr. Jamshed N. R. Mehta, *viz.*, Rs. 30 lakhs as the additional expenditure in the event of separation we have to provide for Rs. 30 lakhs *plus* 13 lakhs, *i. e.*, 43 lakhs in addition to the existing sources of revenue.

8. The Chairman wishes to point out that *if the method adopted by the Government of India in creating separate Provincial Loan Accounts for the different Provinces in 1921 be adopted in the case of the separation of Sind, there is no doubt that such additional charges will have to be borne by the Sind, though Mr. Mehta does not agree with this.* If Sind is fortunate is getting greater concessions, she may escape some of the charges. As the calculation depends on the exact method of accounting which the Government may adopt at the time of separation, about which we have no information at the moment and about which there are bound to be differences of opinion, we prefer not to go in all the details of this complicated question. One of our members Prof. Chablani has calculated all these details, and on the basis of these calculations the total amount which a separate province of Sind will have to find in excess of her present revenue for her annual recurring expenditure will be Rs. 170 lakhs, an estimate with which Mr. Jairamdas and Bhai Ishardas agree. Prof. Chablani's estimate will be an indication both of the extent to which the deficit may possibly increase under certain circumstances and of the nature of the difficulties involved in making any exact calculations. But these estimates do prove that the statements made above to the effect that the deficit of the new Government of Sind will be Rs. 43 lakhs a year *is a very conservative and minimum estimate.*

9. We have next to consider whether the new Government of Sind will be in a position to find additional resources even to the extent of Rs. 43 lakhs per annum, the minimum estimate in the near future. Seth

Haji Abdullah Haroon looks for relief to retrenchment, but *is unable to suggest how it can be brought about.*

Mr. Jamshed N. R. Mehta admits that the only source from which more money can be had is *land*, but argues that the potential agricultural resources of Sind are large and capable of yielding much more with a more efficient administration in a separate Province of Sind, and that if the Sukkur Barrage scheme becomes successful, it will give Sind a substantial surplus. On the other hand Messrs. Chablani, Jairamdas and Bhai Ishardas point out that the incidence of the taxation per acre for the total area of the cultivated area is *much higher in Sind than in other provinces, and the period of settlement shorter*, that the taxable capacity of the barrage zone has been squeezed to the utmost in the barrage estimates which contemplates an increase of *over sixty per cent in the assessment per acre*, and that the revenue from the barrage is *already mortgaged* for interest and debt at least upto 1965 according to the Government estimates. They further point out that these estimates are based on such uncertain factors as (i) the probable price of land being Rs. 100 to Rs. 250 per acre, (2) extent of cultivable area which will be brought under cultivation every year being as much as 81 per cent, (3) the capacity of the land to grow wheat and cotton every year and (4) the rate of wages continuing to be the same as at present inspite of additional demand of labour. Apart from Sukkur Barrage, in the opinion of Messrs. Chablani, Jairamdas and Bhai Ishardas, no increase in cultivable land can be brought about by any improvement in administration without large capital expenditure on irrigation, which in the initial stage will involve Sind into further loss. They

feel that an increase of even Rs. 43 lakhs from land revenue and irrigation revenue, now about Rs. one crore, over and above sixty per cent increase of assessment in the barrage zone, is simply unthinkable, as it means an increase of Rs. 1-5-6 per head of the population and of Rs. 21-8-6 per head of the 2 lakhs of owners of land in Sind over the existing level of taxation in Sind and Bombay which is higher than in any other province of India. Without going into all the issues raised, the Chairman feels that looking into the present conditions, and the immediate prospect before the people of Sind, any material change for the better in its revenue must require *at least a generation or more*. It will not, *therefore, be wise for any Government to undertake recurring expenditure from year to year of large amount in anticipation of what is likely to happen a generation or more hereafter* because any such possibilities are, open to conjecture, and during the interval no Government can carry on its functions with large deficits from year to year.

10. The population of Sind according to the last census is 32 lakhs, which means that on the basis of deficit of Rs. 43 lakhs, additional revenue of atleast Rs. 1-5-6 per head of the population will have to be raised as soon as a separate Government in Sind comes into existence. The Chairman would like to point out that *even a small increase of of a few pies of additional taxation per head of population is difficult under the present conditions in India* and it will therefore be realised that the task before the new Government of *Sind is beyond the range of practical politics*. It is generally accepted that the taxable capacity of the people of India has been reached, and all provincial

Governments as well as the Government of India are finding it hard to think of additional taxation of any sort and are trying to balance their budget by means of economy and retrenchment. Compared with the other provinces, the people of Sind are in no way prosperous, and in no way better fitted to bear additional taxation in the immediate future. This conclusion is particularly justified when it is borne in mind that the early source of additional revenue as admitted by Mr. Janshed N. R. Mehta is land.

Income Tax.

11. Another source of relief suggested is income tax. The Government of Bombay have been agitating for a share in the income-tax collected in this presidency which is now appropriated by the Government of India. Though it is difficult to speculate on this question in the event of the Government of Bombay, succeeding in getting a share in this source of revenue, a proportionate share will also be available for people of Sind. But such a share will have reference to the contribution which Sind now makes by way of income tax, and such income and super taxes of Sind amount annually to Rs. 14 lakhs on an average of the last five years. A share of this which is the most that can be obtained will not give any relief, worth speaking of, so far as the minimum deficit of Rs. 43 lakhs is concerned.

Excise.

12. Nor an excise be relied upon as an additional source of income. Apart from the prospect of a fall in Excise Revenue due to the agitation for a restrictive policy working towards prohibition, the normal in-

crease from this source can not be relied upon to bring in sufficient additional revenue to keep pace with the normal increase in the expenditure of a separate Province of Sind, Land Revenue being fixed for a term of 20 years.

Sukkur Barrage.

13. The only substantial source of relief is the probable success of the Sukkur Barrage Scheme, which, if and when it comes about, will mean ordinarily speaking that the receipts of the Government in this Department will be sufficient to meet the interest charges incurred on the scheme. During the interval, however, large sums of money may have to be found to meet interest charges and sinking fund for which this income from the Barrage is already mortgaged till at least 1965. Mr. Jamshed N. R. Mehta believes that if Sind is separated now, there will accrue to Sind additional income from the barrage after it is freed from this mortgage, a hope which is not shared by Messrs. Chablani, Jairamdas and Bhai Ishardas on account of the many uncertain factors involved in the Barrage estimates, and the normal increase in expenditure during the interval of 37 years.

Conclusion.

14. (a) There are differences of opinion among the members of the Committee regarding the amount of deficit which a separate province of Sind will have to face in the early years of its career. One estimate made by Mr. Jamshed N. R. Mehta and accepted by others who are in favour of separation, amounts to Rs. 43 lakhs a year; the other estimate made by Prof.

Chablani and accepted by those who are against separation amounts to Rs. 170 lakhs a year. The former are of opinion that it is possible by better administration to make good the deficit of Rs. 43 lakhs, the latter point out the impossibility of finding enough resources to meet the deficit that they estimate.

(b) As it is not possible to reconcile the two estimates and accept a common figure, the Chairman feels that it will serve no useful purpose if he were to give his own estimate of the probable or additional expenditure necessary for a separate Province of Sind. He prefers to base his opinion as to the feasibility of separating Sind on the *lowest* estimate, *viz*: the one given by Mr. Jamshed N. R. Mehta who is the acknowledged leader of the separationists. Mr. Jamshed Mehta admits that the only possible additional source of income in Sind is land. The question, therefore, is whether the land revenue in Sind is likely to increase by Rs. 43 lakhs a year in the near future. It must be again pointed out that the advantages of Sukkur Barrage, which are disputed by some of members of the Committee, are not likely to be realised for at least a generation, and can not therefore be relied upon for the purposes of this deficit, if Sind is to be separated in the near future. The land revenue of Sind amounted to Rs. 62 lakhs in 1924-25, including receipts from irrigation to 101 lakhs; the land Revenue Settlement is a fixed affair for twenty years; and even if it were possible to change this, it is impossible to imagine a state of affairs in which the existing land Revenue can be increased by 69 per cent., that is by Rs. 43 lakhs a year even in the next decade or two.

(c) The difficulties which the Chairman thus foresees in the creation of a separate Province of Sind from the point of view of the Sind tax-payer are bound to be *much greater* if the adjustments of accounts are made on the methods adopted when the Montagu-Chelmsford Reforms were introduced in provinces in 1921, in which case the deficit is bound to be *much larger* than Rs. 43 lakhs a year, and *may verge on over a crore of rupees* as calculated by one of our colleagues.

(d) But even without taking such a pessimistic view of figures, and basing the conclusion only on the deficit of 43 lakhs, estimated by those who advocate separation, the Chairman *is convinced that it is impossible for any responsible party to suggest that a separate Government in Sind may start its career with a deficit of even the minimum admitted figure of Rs. 43 lakhs a year in the near future, say in 1931, in the definite hope that Sind is likely to realise large advantages from the Sukkur Barrage a generation hereafter.*

Acknowledgment.

15. The Committee wish to record their sense of gratitude to Mr. C. N. Vakil, University Professor of Economics, Bombay, who, at the request of the Chairman, placed his deep knowledge of Indian finance at the disposal of the Committee and gave useful advice and assistance at all stages of their proceedings which greatly facilitated and expedited the work of the Committee.



Chapter VII—A Statement by Prof. P. A. Wadia and Prof. G. N. Joshi on the financial aspect of the Separation of Sind from Bombay Presidency.

1, We have carefully considered all the papers relating to the finances of Sind and specially the notes prepared by Professor Chablani and Mr. Jamshed Mehta. We have examined the question with a view to ascertain whether separation of Sind from the Bombay Presidency is practical and expedient. We may state at once that we have considered the question exclusively from the financial point of view. We have strictly ignored ethnological, linguistic and political consideration. The guiding principle which we have kept before us in the consideration of this question is: Whether by separating Sind from the Bombay Presidency it will be possible to develop the province with a view to promote the welfare of the people of Sind. This is the sole criterion in deciding the question.

2. From the figures given in the Financial statements after classifying them on a scientific basis, we have come to the conclusion that Sind will have to face a deficit budget for years to come. Professor Chablani has made careful calculations as regard the nature and extent of this deficit or additional funds required to make Sind financially self-sufficient and his finding is that Sind will have to provide for an additional amount of Rs. 170 lacs a year. We have examined the method employed by Professor Chablani as well as Mr. Jamshed Mehta and we come to the conclusion that at the most there is a room for difference of opinion in Professor Chablani's calculation to the extent of 20 to 25 lacs so that the *minimum deficit will*

be in the neighbourhood of 150 lacs a year. Professor Chablani is right in not omitting heads 41 and 15 in the government accounts in ascertaining the annual deficit and he is also perfectly justified in taking the figures he has taken for the debt charges. For years Sind will have to find additional funds to meet the current expenditure apart from the problems of development and debt charges.

3. Examining the revenue side we find that there is no margin for raising additional funds by addition or increase in taxation, as the taxable capacity of the province is already reached. Sind is essentially an agricultural province and the mainstay of its finances is land assessment, which is already higher than in other provinces and there is no room for enhancement. It may be argued that after the completion of Sukkur Barrage Scheme, Sind will be able to raise more funds by way of land revenue, but this argument ignores the fact that the income from this source is already mortgaged till 1965. The excise revenue is sure to dwindle with the adoption of a policy of prohibition. Sind contributes 14 lacs by way of income tax. It may be argued that some additional funds can be raised by taxing the agricultural incomes (on an Income tax basis) of the big landholders. An attempt to tax the landholders will invoke opposition and even if it is successful receipts will go partly into the coffers of the Imperial government. It may be argued that with the separation of Sind, Karachi may be further developed and that such a development will increase the prosperity of Sind, thus increasing the taxable capacity of the province, but no immediate substantial relief can be expected from this direction. Our conclusion is that

in the near future there is no scope for raising additional revenues in Sind

4. Examining the expenditure side, we have already stated that the present deficit is a recurring deficit. Granting that some retrenchment is possible and is effected without impairing the efficiency of the administration, it will not be much. When we keep in mind the backwardness of the province (illiteracy, crimes, want of medical relief. etc.) it is clear that the nation building departments will require more funds and it is certain that there will be a large increase in expenditure, which will increase the recurring deficits.

5. The main object of separating Sind is to develop the province, and this presupposes supply of additional funds. Under the present circumstances, it is a serious question how to meet the deficit. We are definitely of opinion that in separating Sind, the very object of those who advocate such a separation will be defeated. Again if Sind is to be separated, it will have to incur an additional expenditure for the paraphernalia of Governor's Province. Granting that Governor of Sind will not be of the same status as that of Assam or C. P., the fact remains that the total expenditure is bound to increase. How is Sind going to meet this additional expenditure? All these extra demands will absorb additional revenue if there be any and the development of Sind will be postponed.

6. We find that it is only Prof. Chablani who has taken into consideration the debt charges. It is argued that Sind has nothing to pay towards debt charges, because the profits from the Irrigation Works during

past years were so large that Sind should be exempted from these charges. *Only a lay man can argue on this basis as even after the entire profits from land and irrigation are credited to revenue there has been a recurring substantial deficit from Sind* It is but fair and equitable that Sind should take a proportionate liability on account of debt charges. We have tried to ascertain this on various bases and we came to the conclusion that Sind will have to provide for at least 50 lacs on this account. (This amount is included in the figure of 150 lacs referred to in para. 3.)

7. It may be argued that for the development of the Province, Sind can borrow a loan from the Government of India or from the public. This is true, but we have to bear in mind that the borrowing capacity of a province is conditioned by its taxable capacity. In our opinion, Sind cannot go on borrowing without making a provision for the interest charges and the Sinking Fund.

8. Apart from other considerations, on the financial grounds mentioned above, it is not in the best interests of Sind that it should be separated from the Bombay Presidency. By such a separation all hopes of developing Sind will be postponed.

BOMBAY:
16th August 1928.

Sd. P. A. VADIA.
„ G. N. JOSHI.



VIII.—A Rejoinder to Syed Miran Muhammed Shah's Minute of Dissent,

A number of points raised by Mr. Khuhro in his chapter on Sind Finances has been taken either from Syed Miran Muhammed Shah's minute of dissent or from Mr. Jamshed Mehta's notes. It is best, therefore, to deal with the masters rather than the pupil and reproduce my full reply to Syed Miran Muhammed Shah's minute of dissent, which was submitted to the Indian Statutory Commission as early as 13th September 1929.

Alleged discrepancies in the official statements.

2. Syed Miran Muhammad Shah begins by expressing a layman's usual distrust in statistics when the conclusions drawn are, for one reason or another, distasteful to him. My only reply to this sort of comment is "the abuse of statistics does not destroy its use." He then attempts to discredit the official sources from which my figures are admittedly taken by pointing out that the figures for income and expenditure for the year 1921-22 are not the same in the two statements supplied by the Secretary, Finance Department and the Accountant General, Bombay. But the divergence between the two is easily explained. A glance at the detailed statement of expenditure given to the Bombay Council on the 20th July 1927 and printed as an appendix to the dissenting member's note (page 27) shows that while 25.1 lakhs are shown under "Irrigation-working expenses" for the year 1921-22, the entry against this item for *subsequent years is nil*. From the income of 210 lakhs shown for 1921-22, no deductions have, therefore, been made on account of

the working expenses on irrigation. Thus the true comparative income for 1921-22 is really 210.5 lakhs *minus* 25.1 lakhs *i. e.* only 185.4 lakhs, which tallies *exactly* with the figure in the Accountant General's statement. Syed Miran Muhammad Shah has not even the excuse which other laymen had in making this mistake while interpreting the statement supplied to the Bombay Council on the 20th July, 1927, as the Finance Secretary in repeating this statement was careful enough to add a foot-note to item "XIII Irrigation-working expenses" for 1922-24 to the effect that "working expenses have been deducted from gross receipts and only the net receipts have been shown XIII on the receipt side.* Turning to the expenditure side, we find that for the same reason the Accountant General's statement omits 25.1 lakhs shown against 'XIII.' There is also an additional item in the Accountant General's statement *viz.* '19-Interest' which for the year 1921-22 is *minus* 2.1 lakhs. These two facts taken together afford a complete explanation for the alleged discrepancy in the figures of expenditure given in the two statements for 250.0 lakhs *minus* 25.1 lakhs and *minus* 2.1 lakhs makes exactly 222.8 lakhs, the figure in the Accountant General's statement. The real meaning of item '19-Interest' is explained by the Finance Secretary in his demi-official letter to me dated 9th November 1928 as follows:—"You will see that the figure for interest payment under "19" shown in these statements (*i. e.* the Accountant General's) is in every case a *minus* quantity. But the head '19-Interest' shown in these statements does *not include* any debit to Sind on account of interest charges on the

*See Footnote pp. 27 of the Report of the Bombay Committee.

Provincial Advance and Loan Account outstanding debt and advances for purposes other than irrigation. The figures for these two items, it is believed, *roughly wipe out* the minus figure for each year."

The same lack of technical knowledge necessary for interpreting the budget figures, is responsible for the dissenting member's statement that since the figure for expenditure on General Administration shows that it "has swelled from 14.3 lakhs to 44.5 lakhs" between 1921-22 and 1924-25, it is an unwarranted increase and therefore represents a real margin, and that a considerable one, for retrenchment (vide page 21 of the dissenting note). But if the critic had only cared to examine the expenditure shown under item '5' Land Revenue, he would have found another equally extraordinary thing namely a sudden *fall* in this expenditure from 40.1 lakhs in 1922-23 and 39.2 lakhs in 1923-24 to only 13.8 lakhs in 1924-25—a *fall* of as much as 25.4 lakhs in a single year. If, however, we total the expenditure under Land-Revenue and General Administration in the two years 1923-24 and 1924-25, there is a *fall* and not a *rise* in expenditure, and that to the extent of only 2 lakhs—a very reasonable figure for one year. The explanation is once again perfectly simple: the *basis* of classification has altered and the items shown under Land-Revenue in 1923-24 have been shown under General Administration in 1924-25. If a reference is made to the budget of the Bombay Government for 1924-25, it will be found that while the expenditure under Land Revenue (V. 5) stands at Rs. 1,36,62,000 in the revised estimates for 1923-24, it is shown at Rs. 67,90,000 in the budget estimates for 1924-25. On the other hand, the expenditure under General Administration (22 E) rises from

Rs. 51,00,000 in 1923-24 to Rs. 188,27,000 in 1924-25. The explanatory memorandum to the budget for 1924-25 makes the position perfectly clear. The large increase under Land Records is explained as being "due to the *transfer* to the head 22—General Administration, in accordance with the ruling of the Auditor-General of the charges on account of the pay and allowances to district and village officers." In para 18 of the page (30) of the memorandum, we are further informed "that the whole of the amount under the head "Allowances to District and Village officers" which in the revised estimates of 1923-25 stood at Rs. 98,55,000, "has been transferred to 22, General Administration." On page 53 on the same it is further stated explicitly against the head '22-General Administration' that "the increase in the next year's budget over the current year's budget is due to (1) the *transfer to this head* from '5, Land Revenue' and 'Police' of all charges on account of pay and allowance of District and Village officers and the village Police,.....etc" Had the dissenting member cared to study the budget papers for the year 1924-25, he would have spared himself and those whom he claims to represent the confusion into which he has allowed himself to fall.

Mr. Jamshed Mehta's Figures and Methods of calculation.

4. Unable either to understand the official figures or to face the conclusion which I have drawn from them, Syed Miran Muhammad Shah has sought shelter under the protecting wing of Mr. Jamshed N. R. Mehta, who "besides being a veteran politician" is according to him "a great banker and financier." It will obvi-

ously be as irrelevant for me to dispute the competency of Mr. Mehta as a student of Public Finance as it was for Syed Miran Muhammad Shah to have dragged his name and given him this unsolicited testimonial. It is pertinent, however, to remark that the figures supplied by this "impartial man" are also taken from the very official statements whose veracity Syed Miran Muhammad Shah has questioned. Mr. Mehta has made no attempt to collect a different set of figures. The figures are *exactly* the same; but Mr. Jamshed N. R. Mehta has been unable to differentiate properly between items debitable to revenue and items debitable to capital, precisely because of the same lack of technical knowledge which the dissenting member has himself exhibited. Mr. Jamshed Mehta believed at one time (I doubt if he believes so now after my explanation in the Press) that the account head No. 15—Miscellaneous Irrigation expenditure which amounted to 38.2 lakhs in 1921-22, 23.1 lakhs in 1922-23 as well as in 1924-25 and 13.5 lakhs in 1923-24 should be charged to capital to the extent of 50 per cent. On reference to the detailed budget under this head, it will, however, be found that none of the following items which made up the *actual* outlay under this head, say, for 1922-23 and 1923-24 can by any stretch of logic be debitable to capital.

	1922-23	1923-24
Extension and Improvements.	2,76,406	2,44,450
Repairs	16,29,961	9,39,651
Establishment	3,92,876	2,79,136
Tools Plants	-37,263	2,576
Other charges	11,815	14,432
Suspense	37,970	-1,32,136

Deduct English cost of Stores.	-1,857	752
Loss or gain in exchange ...	638	-192
Expenditure in England ...	1,219	36
	<hr/>	<hr/>
TOTAL ...	23,10,351	18,48,732
	<hr/>	<hr/>

Similarly, Mr. Jamshed Mehta debited the *whole* of the amount under Account head "41-Civil works charged to revenue" to capital and not to revenue. But on reference to detailed figures for 1923-24, it will be noticed that out of 6.5 lakhs spent under this head, the repairs in the Indus Right Bank and Left Bank Divisions cost 3.4 lacs, the Establishment charges 1.3 lacs and Plant and Tools Rs. 30,000, the rest having been spent on Roads and Petty Buildings. A reference to the Public Works Accounts Code will show that under the existing system of accounts "Revenue bears all charges of *maintenance and working* expenses, which embrace all expenditure for the working and the up-keep of the project, as also for replacement and for *minor* additions and improvements, as may be considered desirable to charge to revenue instead of increasing the capital cost of the undertaking," while "capital bears all charges for the first construction and equipment of the project, as well as charges for the maintenance on sections *not open* for working and charges for subsequent additions and improvements as may be sanctioned under rules by competent authority." Neither Mr. Jamshd Mehta nor Syed Miran Muhammed Shah has made out any case for throwing over-board this sound rule of prudent finance or attempted to show which of the *actual* items under the heads 15 and 41 are really in the nature of capital expenditure.

**The Dissenting member's improvement on
Mr. Jamshed Mehta's method.**

5. In one respect Syed Miran Muhammad Shah improves upon his master's calculation by arguing that even item "14—Interest on works for which capital accounts are kept ought to have been included in the capital accounts." He follows this up by suggesting that the Government of India of India should "permit Sind to borrow the capital as well as the recurring interest on the same (*i. e.* Public Debt) for such period till the works for which money borrowed *have actually finished and yielded returns.*" Evidently he does not know that the item 14 consists of the interest on the capital for works which *were finished long ago* and which yield a *net* return to revenues of 20 to 25 lakhs a year *after* payment of interest and working expenses, and that as much as 12.15 lakhs out of a total of 15 lakhs under this head is interest on the capital sunk in productive irrigation work prior to 1915-16 by the Government of India. No provincial Government can maintain its credit either in the market or with the Government of India if it goes on treating as revenue its entire gross income for capital works and adding the recurring interest thereon to capital account even after they have begun to yield a handsome net return. I am sure that not even Syed Miran Muhammad Shah as finance member for Sind would be guilty of such unsound finance if he understood the full implications of what he suggests in his dissenting note.

A strange omission.

6. But the most strange part of the dissenting member's devices for reducing the deficit is that while

debiting items 14,15,41, and 55 to capital account he has made no provision for either *interest or sinking fund for even these additions to capital account. Excluding* the amount spent on the Sukkur Barrage, the additions to capital on account of item 15 and 41 and 55 on Mr. Jamshed Mehta's method of calculation would have amounted to 46.9 lakhs in 1921-22, 53.5 lakhs in 1922-23, 22.7 lakhs in 1923-24 and 39.3 lakhs in 1924-25—a total of 162.4 lakhs during these four years. Following Syed Miran Muhammad Shah's suggestion and debiting to capital the amount shown under '14-Interest,' the total increase on capital on this method would go up to over 219 lakhs (omitting interest on Barrage capital) during these four years, for which interest at $5\frac{1}{2}$ percent would come to 12.5 lakhs a year and the sinking fund on the basis of repayment of productive debt in 60 years and of unproductive debt in 30 years would amount to another $6\frac{1}{2}$ lakhs. This alone raises Mr. Jamshed Mehta's figure for annual deficit from 13 lakhs to over 31 lakhs per year. But this is not all. The course suggested will in a few years' time *increase* rather than decrease the annual deficit charged to revenue, because the amount added to capital account under this method would exceed the rate of payment by a *substantial* amount. Syed Miran Muhammad Shah as well as his 'impartial guide' has conveniently ignored this aspect of the matter altogether.

**Reliance on Mr. Wile's criticism of my estimates,
but rejection of his estimates too.**

7. For the rest, the dissenting member has used against me Mr. Wiles' demi-official letter to Mr. Noor Mahomed, dated the 11th September 1923, though he

had not the fairnes to cross-examine me on the points raised in Mr. Wiles letter nor does he himself accept Mr. Wiles' estimate of 60 lakhs a year as the minimum cost of the proposed separation of Sind. In this connection, I may take the liberty of pointing out that I took particular care to base the estimates which were placed before the Commision in the memorandum of the Sind Hindu Association on the figures for the latest year (1927-28), for which accounts were avilable, precisely because I know by experience that it was not easy for most people to detect certain fallacies involved in some of the estimates based on the figures for the earlier years 1920-24. I am perfectly sure that if Mr. Wiles had been invited to examine this later estimate of mine the difference between his estimate and mine would have narrowed down consideraby. Let me, however, deal *ad sviatam* with the main difference between my earlier estimate and those of Mr. Wiles in his letter of the 11th September, in which he reduces to 50 lakhs a year a total of 100 lakhs for items included under I and II (109.7 lakhs minus 9.97)*

**Statistical error in Mr. Wiles' basis for calculating
the average normal deficit.**

The first material difference between the two estimates is that while I have put the average *ordinary* deficit at 26.07 lakhs a year, Mr. Wiles estimates the total for items I (1), II (a) and II (c)* at only 25 lakhs a year. The reason for this is that the period adopted as the basis of calculating the average is materially different in the two estimates. Mr. Wiles has taken only the four years 1921-22, 1922-23,

*See page 2 to 3 of this memorandum.

1923-24 and 1924-25 (*vide* line 4, page 24 of the Bombay Committee's Report); while in my pamphlet I took two years before 1920 and four years since 1921, for more reasons than one. In the first place, it was obviously more fair to take 6 rather than 4 years as the basis for striking an average. Secondly, the figures of *ordinary* revenue and *ordinary* expenditure for these years supplied by the Bombay Council in July 1922 and August 1926 (which formed the basis of my estimates in the pamphlet) did *not* include any interest charges according to the statement made by the Finance Member on the 24th February 1923, and were therefore free from this complication in calculating the average *revenue* deficit. But taking even the *five* years 1920-24, instead of the four years 1921-24, as Mr. Wiles does, his figures (*vide* the statement supplied to the Bombay Council on July 20th 1927 and reprinted on page 26-27 of the Bombay Committee's Report) give an average revenue deficit of 25 lakhs, *excluding* item '14-Interest.' For, excluding items 14, 55, 56A and 60, the total expenditure on Sind for the five years 1920-21, 1921-22, 1922-23, 1923-24 and 1924-25 is 194.1 lakhs, 223 lakhs, 196.1 lakhs, 186.0 lakhs and 230 lakhs respectively. Deducting the total receipts, this will give us a deficit of 58.7 lakhs in 1920-21, 2.3 lakhs in 1921-22, 1.1 lakhs in 1922-23, and 50 lakhs in 1924-25, and a surplus of 6 lakhs in 1923-24. The total deficit in these five years is 106 lakhs *i. e.* an average of 25.2 lakhs a year. If, however, item 14 is included in this estimate of a normal revenue deficit, as is done by Mr. Wiles for the four years 1921-24, the deficit is 58.7 lakhs in 1920-21, 33.9 lakhs in 1921-22, 14 lakhs in 1922-23, 10 lakhs in 1923-24 and 70.9 lakhs in 1924-25—a total of 187.7 lakhs

for 5 years *i. e.* an average deficit of 37.5 lakhs *and not 25 lakhs* a year as stated by Mr. Wiles. As a matter of fact, the figures supplied by the Accountant General for 1925-26 show that even this estimate erred on the side of under-estimating, for excluding item 15,55,56A, and 60, the revenue deficit for 1925-26 was 31.3 lakhs *i.e.* 5 lakhs more than the average for the preceding 5 years. If you adopt Mr. Wiles' method which includes item 14, the revenue deficit for the year 1925-26 is 56.6 lakhs or 19.4 lakhs *more* than the average for the preceding 5 years on his method of calculation. Even if Mr. Wiles had omitted the year 1920-21 as being affected too much by pre-reform financial classification but taken a *five-yearly* period since 1921, which is the minimum period take by statisticians for striking an average, the average deficit on *his* method of calculation for the five years 1921-22, 1922-23, 1923-24, 1924-25 & 1925-26 would be 37.8 lakhs *and not 25 lakhs* a year as he has assumed. His omission of *both 1920-21 and 1925-26* is indefensible in statistics, and far from my estimates being exaggeration in this respect, they err on side of under-estimating the normal average deficit.

**Another serious fallacy in Mr. Wiles'
line of reasoning.**

8. The second main error in Mr. Wiles' estimates is that while taking the figures of Provincial receipts and Provincial expenditure on Sind for the four years 1921-24 as the basis of his estimates of the normal deficit of Sind, he does not debit Sind with a fair share of the provision *actually* made by the Bombay Government during the years for famine insurance and contributions to the Central Government, thus knocking off

as much as 27 lakhs from my estimates. Between 1925 and 1928 the Bombay Government no doubt reduced their expenditure under these heads by as much 79 lakhs a year; but the amount so saved has *actually* been *absorbed* in the *increase* of expenditure chargeable to revenue since the end of 1924-25, in *which increase* Mr. Wiles should have presumed that *Sind must have had a fair share*. As it is, Mr. Wiles makes *full* allowance for the changes which have reduced expenditure under these heads since the year 1924-25 in estimating the normal average deficit without taking into account the *increase* in expenditure under *other* heads since then. As the basis of estimating a normal deficit, you must take as a *whole* the financial arrangements and the accounts *either* of the *years 1921-24 or the period subsequent to 1924*; you cannot take the low expenditure on certain items from the accounts of the first period and the reduced expenditure on *other* items from the accounts of the second period and call the resulting average as the normal average deficit. In order to avoid this source of confusion, I took the trouble of compiling from the Accountant General's books the approximate figures for both income and expenditure for the later year 1927-28 for which the accounts were available, and made them the basis of the estimates which I placed before the Commission in my evidence. A glance will show that if items (1) to (5) of I* be totalled, there is practically *no difference* between my earlier estimate based on the figures for the years 1920-24 and the later estimate based on the accounts for the year 1927-28. Since I published the approximate figures for 1927-28, the Accountant General has

given a detailed statement of Provincial receipts and expenditure on Sind for each of the three latest years 1925-26, 1926-27 & 1927-28. Taking the last two years which should show the full effect on the total expenditure of the reductions in respect of famine insurance grant and provincial contributions and omitting all items of interest (excepting 10 lakhs a year towards the interest on Sukkur Barrage met out of revenue) and capital, namely, No. 14, 19 55 56-A, 60, 52-A, 60-A and 60-B, the remaining expenditure on Sind charged to revenue was 217.2 lakhs in 1926-27 and 222.6 lakhs in 1927-28, while the receipts from Sind amounted to 174 lakhs in 1926-27 and 173.4 lakhs in 1927-28 leaving a revenue deficit of 43.2 lakhs in 1926-27 and 49.2 lakhs in 1927-28. But these statements do not include all the revenue expenditure on Sind during these two years. For instance, the expenditure in England is omitted altogether from these statements of the Accountant-General. In reply to my specific query on this point, Mr. Wiles replied in his demi-official letter No. 6094-A, dated 9th November 1928 as follows:—“The statements do *not* include any expenditure incurred in England. Of the total expenditure of 37.7 lakhs incurred in England in the current year, Sind's pro-rata share should be about $7\frac{1}{2}$ lakhs.” This will bring the revenue deficit to 50.7 lakhs in 1926 and to 56.7 lakhs in 1927. Debiting to Sind 5.9 lakhs (or $\frac{1}{4}$ th of 33.60, minus 10 lakhs) of the statutory provision for Famine Relief in 1927-28, this means *a total real deficit of 56.6 lakhs in 1926-27 and 62.6 lakhs in 1927-28 as against a total of 63.07 lakhs for items (1) to (4) of I in my earlier estimate.* Following Mr. Wiles' method and including *interest not added to capital,*

the total revenue deficit for 1926-27 and 1927-28 would be 72.0 lakhs and 78.2 lakhs respectively instead of Rs. 26 lakhs in all as assumed by him in his letter to Mr. Noor Mahomed.

**Remaining points of difference in the estimates
for items I to III.**

9. The remaining points of difference in those estimates of the real deficit for Sind may be dismissed briefly. The suggestion to add 10 lakhs a year to the capital of the Barrage does not wipe out the deficit or make it a surplus; it is a breach of the *express* understanding on which the Secretary of State and the Government of India sanctioned the Sukkur Barrage project; and it increases the burden at the end and postpones the date of redemption to which the separationists themselves look forwards so eagerly. Already the Bombay Government has accepted the view that the expenditure on Sakrand and other agricultural work in the Barrage zone amounting in the immediate future to 3.85 lakhs (non-recurring) and 1.47 lakhs (recurring) and in the near future to 13 lakhs (non-recurring) and 11.40 lakhs (recurring), shall be debitted to the major head '55-Irrigation (vide page 31 of Sind and the Lloyd Barrage,' July 1929.) It looks like the rakes' progress, adding every large item to loans; it is bound to discredit the Sind Government and reduce its capacity to borrow in future for even productive purposes. Mr. Wiles himself admits item II (d), & (e) of my estimates, and likewise have to admit 3 lakhs a year on account of guarantee against loss from feeder railway by the Bombay Government and included in my later estimate as item III*. So far famine relief is concerned, Mr.

Wiles' opinion that after the Barrage comes into operation a small additional provision of Rs. 10,000/- (as is made in Assam) might do for occasional flood relief in Sind, looks more like a cruel mockery than a sober judgment based on realities, in face of the distress caused by floods in Sind in 1927 and 1928, which involved an expenditure on Sind of 15.40 lakhs from the Famine Fund and of 31.51 lakhs from the Provincial Advance and Loan Account (*vide* Finance Member's Budget speech, 16th March 1928) and the devastation wrought by floods again this year, when at one time even the Sukkur Barrage appeared to be in jeopardy and when even a hundred years' accumulation of yearly ten-thousands is considered insufficient for adequate relief in Sind. Assam itself has proved to be a very unhappy example to quote, only a short time ago its Governor bemoaned in public that even an expenditure of 24 lakhs had proved hopelessly inadequate for flood relief in 1929 and that the province could not afford more, because it was wellnigh bankrupt inspite of severe curtailment of even necessary expenditure on other items. In view of these facts, no one can now contend with any show of reasons that the provision of only 5 lakhs a year for famine and flood relief in Sind (and this is all that I have provided in the estimates placed before the Commission) is extravagant.

Item IV—Additional cost on Administrative Machinery.

10. Turning to Mr. Wiles' comment on the 4th part of my estimate which relates to the additional cost on administration which Sind will have to incur if constituted into a separate Governor's province, I cannot

but help regretting the absence of detailed criticism by him of the various items included in my estimates, which would have enabled me and the Commission to trace the source of such a wide difference between Mr. Wiles' estimate and mine. Mr. Wiles has contented himself with the general remark that "this additional cost on account of the Head of the Province, Executive Council and Ministers, Legislative Council and Secretariat may, reckoned on a modest scale on the basis of expenditure at present incurred in Assam (smallest province in India,) amount to Rs. 9 lakhs;" and adds one lakh more as "the cost of strengthening the establishments etc. in the offices of several Heads of Departments in Sind." I myself have taken as my basis the Assam scale of salaries for the Governor, Executive Councillors & Ministers and a slightly lower scale of salaries for Secretaries to various departments, and provided for only 9 secretaries, Deputy Secretaries and Assistant Secretaries as against 10 of these working in Assam. But in spite of this, my estimate of the increase of expenditure under General Administration comes to 14½ lakhs without the creation of Public Works Department (*vide* page 29 of my first pamphlet) and 18.4 lakhs inclusive of Public Works Department (*vide* page 15 of the Sind Hindu Association's memorandum). But leaving aside this difference of 5½ to 9.4 lakhs between Mr. Wiles' estimate for this item and mine, it appears to me an unwarranted assumption that there is *nothing more to add to this than one lakh for increase in establishments*. I have shown in my pamphlet as well as in the memorandum of the Association that there will be an increase in the expenditure on General Direction and Superintendence in *almost all* departments of Government if

anything approaching the present standard of Administration is to be maintained in Sind. Mr. Wiles, however, has omitted altogether the following items in my estimates without assigning *any* reason, adequate or otherwise:—(1) Land Revenue,—Survey and Settlement and Land Records (3.3 lakhs); (2) Excise and Stamps (Superintendence only) .9 lakhs; (3) Forest (General Direction only) .4 lakhs; (4) Justice 2.9 lakhs; (5) Jails (Superintendence only) .6 lakhs; (6) Police (Superintendence Special Training School, Superintendence C. I. D.) 1.4 lakhs; (7) Education, Special Education, and contribution to Universities) 2.9 lakhs; (8) Medical (Superintendence and contribution to Medical College) 1.1 lakhs; (9) Public Health (Direction and contribution to Vaccine and Pasteur Institute) 4.5 lakhs; (10) Agricultural (Superintendence Research, Propaganda, Development, Veterinary Instruction and Cooperative Department) 3.6 lakhs (11) (Industries (Direction, Superintendence, Education, Development etc. only) .7 lakhs; (12) Miscellaneous Departments 2 lakhs. He has likewise passed over the item of interest on initial expenditure on buildings, equipments etc., for which I have provided a sum of only 5 lakhs a year—an amount which will appear as too modest if only the expenditure incurred on the building of Judicial Commissioner's Court is recalled to mind. What is even less excusable is that Mr. Wiles has omitted to take into account even the increases in administrative expenditure to which the Bombay Government are *already* committed or are about to commit themselves. The Chief Court in Sind for which the necessary legislation has already been passed is estimated to entail an increased expenditure of Rs. 86,000/- a year (*vide*,

Vol. XVI Proceedings Bombay Council 1925.) In a recent publication of the Bombay Government called "Sind and the Lloyd Barrage," it is estimated that the *annual* cost of the new *Revenue* Establishments for two districts to be named Dadu and Guni and for ten new Talukas to be created in consequence of the establishment of the Barrage would be Rs. 6,10,000 a year and that the Revenue Buildings alone would entail an initial expenditure of Rs. 10,35,000. The Bombay Government proposed to create the new district of Dadu and one new Taluka at Garhi Khairo on 1st April 1931 and the cost of Revenue and Police building for these alone is put down at Rs. 8,01,100 while the recurring cost is estimated at 2 $\frac{3}{4}$ lakhs per annum. The Guni District and eight new Talukas in the three districts on the left bank of the Barrage canals are to be started later, and the Commissioner-in-Sind has put the additional cost of their Revenue and Police Department at 15 lakhs non-recurring and 4 $\frac{1}{2}$ lakhs *recurring*. The Bombay Government is careful to add in this official publication that these estimates "provide *only* for the revenue and Police Departments" of these new administrative units. In the face of these announcements, the inclusion of only *three* lakhs a year on this account in estimates is really a gross *under-estimate*. Mr. Wiles should also have known that a large amount of *unproductive* expenditure on Irrigation was also in sight, for the official memorandum on Sind and Lloyd Barrage states: "*The liability in sight to which Government are committed* by the assurances given to the zamindars of lower Sind in 1923 and 1925 that their interest would not be allowed to suffer as a result of the withdrawal of the Barrage canals, may therefore be said approximately to amount to Rs. 1.13 $\frac{3}{4}$ crores.

(Fuleli Canal division 59½ lakhs and Karachi Canals Division Rs. 54 lakhs) and considering the outlay as whole, the expenditure will be *unproductive*." The special officer on roads estimates the cost of the first instalment of road construction at Rs. 3,20,74,000 and of the second instalment which is to begin when funds became available at Rs. 451,23,000.* Even if all this is to come entirely from borrowed capital, the interest charges would constitute a very heavy burden. And all this leaves out of account the expenditure on Sind Agriculture amounting in the immediate future to 1.85 lakhs per annum (recurring) and in the more distant future to Rs. 13 lakhs (non-recurring), which it is proposed to debit to Barrage capital. In the face of these commitments and estimates, it is difficult to account for Mr. Wiles' ridiculously low estimate of the necessary increase in expenditure on administration over the average expenditure during 1921-24 in a separate province of Sind, except on the hypothesis that he thought it a waste of time to examine the matter in greater detail as even an estimate of 60 lakhs a year ruled out, in his opinion, the proposal to separate Sind from Bombay and constitute as a separate Governor's province as a practicable proposition.

11. The net result of this scrutiny shows that none of the item in either of estimates are in any way 'exaggerated.' Minor differences of opinion on particular items are, however, inevitable in a matter of this sort; but my earlier estimate of 139 lakhs can safely be taken as an *irreducible minimum* as it leaves almost an extravagant margin for possible errors and economies, being as much as 12 lakhs a year *below* the aggregate of the various items included in the later estimate based on the accounts of 1927-28.

*See pp 35 'Sind and Lloyed Barrage..