## JOINT COMMITTEE ON INDIAN CONSTITUTIONAL REFORM

### RECORDS

of the Joint Committee on

# INDIAN CONSTITUTIONAL REFORM

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#### ADEN.

Memorandum by Sir Phiroze C. Sethna, O.B.E., on the future constitution of Aden, followed by a Memorandum by the Secretary of State for India.

As the British India Delegation complete their discussions with the Joint Select Parliamentary Committee to-day and there is no time left it has been suggested that I might submit a memorandum for the consideration of the Joint Select Parliamentary Committee in regard to Aden. The last paragraph of Proposal 5 on page 38 of the White Paper reads as follows:—

"The Settlement of Aden is at present a Chief Commissioner's Province. The future arrangements for the Settlement are, however, under consideration, and accordingly no proposals in respect of it are included in this document."

In the Council of State the Leader of the House, Khan Bahadur Mian Sir Fazl-i-Husain, on 31st August, 1933, moved "That the Government of India communiqué, dated 20th June, 1933, regarding the future administration of Aden be taken into consideration." This gave an opportunity to discuss the Press communiqué when I moved my substitution motion which was as follows:—

"This Council after duly considering the Government of India Press Communiqué of 20th June, 1933, submits that whilst no longer objecting to the transfer to Imperial control of the Political and military administration of Aden as it exists at present, it is definitely of opinion that its Civil Administration should be continued with the Government of India or if thought necessary should be retransferred to the Government of Bombay, but that such Civil Administration not be transferred to the Colonial Office."

As the speech I made in support of my motion explains our view point I cannot do better than reproduce it in full. I said:—

"Mr. President, the Honourable the Leader of the House has told us the object of the motion which he has placed before this Council this morning. He said that it is in accordance with the obligation Government entered into, namely, that the question of the transfer of Aden from the Government of India to the Colonial Office would only be undertaken after the Indian Legislature were given an opportunity of discussing it. For this favour we are very grateful to Government although I may be permitted to point out that on a previous occasion, in spite of similar assurances, Government did not carry out such an arrangement and to which I will refer a little later.

"The Honourable the Leader of the House has referred to the Resolution that I moved in this Council on the 26th September, 1921. It reads as follows:—

"'This Council recommends to the Governor General in Council that a representation be made to the Secretary of State for India that the administration of Aden be continued under the Government of India and not be transferred to the Colonial Office.'

"As the Honourable Sir Fazl-i-Husain has told us, on that occasion Government very kindly, and very rightly, requested Government Members not to take part in the discussion or in the voting. We are extremely indebted to the Honourable Sir Fazl-i-Husain for assuring us that the same procedure will be followed in the course of the discussion this morning. The Honourable Sir Fazl-i-Husain added that the then Leader, the late Sir

20° Novembris, 1933.] MEMORANDUM BY SIR PHIROZE [Continued. C. SETHNA, O.B.E., ON THE FUTURE CONSTITUTION OF ADEN.

Muhammad Shafi, at the end of the debate surveyed the whole situation and stated that Government were going to observe perfect neutrality in the matter. Sir Muhammad Shafi's words will bear repetition, and therefore, with your permission, propose to quote them. He said:—

"'I can assure the House that the Government of India will take note of the opinions expressed in this House by various Members representing different interests. They will note the fact that Indian sentiment according to the various speakers is entirely opposed to this They will also take note of the fact, which has been positively stated by the Honourable Mr. Sethna and is endorsed by the Bombay Government that local opinion in Aden as well as in Bombay is also opposed to the transfer. They will further take note of the fact stated by the Honourable Rai Bahadur Lala Ram Saran Das, that in view of the position which Indians at present occupy in different parts of Africa—parts that are under the control of the Colonial Office-Indians would prefer that Aden-their brethren, their countrymen, residing in Aden-should remain under the control of the Government of India rather than that Aden should be transferred to the control of the Colonial Office. All these sentiments which have been expressed in the various speeches delivered by Honourable Members to-day will, the House may rest assured, be carefully borne in mind by the Government of India. The Government of India have not yet pronounced in favour of this transfer and until they do, no Honourable Member has any right to assume that they are in favour of that proposition. Their position is, as announced by the Honourable the Foreign Secretary, one of benevolent neutrality towards the Resolution moved by the Honourable Mr. Sethna. They prefer to leave this Resolution to the vote of the House. The official Members will take no part in the voting and Government will undoubtedly pay due regard to the final verdict of this House upon the Resolution moved by my Honourable friend.'

"Mr. President, if this was the view that the Council held in September, 1921, I think I am perfectly justified in stating that the Council holds not only the same view to-day but holds it in a greatly intensified form. (Hearhear.) Sir, even after 1921, there were occasional reports that Aden was going to be transferred, and in order to make sure on the point, questions were asked both in this House and in another place to which very definite replies were given by Government which I will quote. On 16th January, 1922, the then Law Member, Sir Tej Bahadur Sapru, in the Legislative Assembly said:—

"Government have no intention of arriving at any decision without giving the Assembly an opportunity of discussion."

"Two years later, on 9th June, 1924, in answer to a question in this House Sir John Thompson, the Foreign Secretary, observed as follows:—

"'The matter of the transfer was under the consideration of His Majesty's Government and it was not possible to say when a decision would be arrived at but that before a final decision was arrived at, the Indian Legislature would be given an opportunity to express its opinion.'

"Such an opportunity, however, was not given to us, and this is where Government committed a breach of faith with the Legislature. On 3rd March, 1927, the then Commander-in-Chief, speaking on the Budget debate,

made an announcement which simply staggered the Assembly. It came as a bolt from the blue. His Excellency said that the military and political administration of Aden had been definitely transferred to the Home Government, and this, as I say, without any previous reference to the Legislature. Sir, this was not enough. The announcement went on to add as follows:—

- "' As Honourable Members are aware, the Settlement of Aden itself is peopled to a very great extent by our fellow Indian subjects. The Government of India have thought it right that their welfare and interests should not go outside the ken of the Government of India. It will accordingly be retained; that part of the Settlement and the municipality of Aden will remain under the Government of India.'
- "I would ask the House to note very carefully that what I am proposing in my motion to-day is in substance what the Commander-in-Chief announced as I have just stated.
- "The Commander-in-Chief's announcements surprised the Assembly and it is no wonder that in both the Houses there was very severe criticism of the attitude of Government in regard to this matter. Not only was the Indian Legislature kept in the dark, but even the Provincial Government immediately concerned, namely, that of Bombay, was entirely in the dark, and that in spite of the fact that the Government of India knew the views of the Government of Bombay on the question. In this House we have official representatives of the different Provincial Governments. We are not often favoured with an opportunity of hearing their voices, and it is only on very rare occasions, and when such Provincial Governments think that it is absolutely necessary in the interests of such Provincial Governments that their view should be placed before the House, that their representatives do get up and talk. Such was an occasion when I moved my Resolution in September, 1921. The then representative of the Bombay Government, the Honourable Mr. Pratt, a Member of the Indian Civil Service, used words which showed the feeling which the Government of Bombay entertained on the question of the transfer of Aden. He said:—
  - "'The transfer of Aden to the Colonial Office is a question in which the Government of Bombay is deeply and closely interested. Towards that question the attitude of the Bombay Government cannot in any circumstances be one of neutrality and I have been authorised to give expression to the provisional views of the Bombay Government at this stage of the discussion of this question. Their position is that they have had very little notice and indeed very little time for the consideration of this question. They have had very little information of the grounds upon which the transfer has been considered. It is also a fact that public opinion both in Bombay and Aden has expressed itself very strongly against the proposed transfer. Very strong protests have been recorded by the trading communities of Bombay and Aden, and for that reason for the present the Bombay Government objects to any change in the status quo."
- "Now, Sir, the Bombay Government have not changed their views, as is evident from what followed in the Bombay Council exactly a week after the announcement made by His Excellency the Commander-in-Chief in the Assembly. That announcement, as I have already said, was made on 3rd March, 1927. On 10th March, 1927, the Home Member of the Bombay Government, Sir Ernest Hotson, introduced a Bill called the Aden Civil and Criminal Justice Bill in the Bombay Council and in regard to the

statement made by the Commander-in-Chief, Sir Ernest said that the announcement came as a surprise to the Government of Bombay as much as to the general public.

- "'I am obliged to stress this point,' said Sir Ernest, 'because during the discussion on the Bill both I and my Honourable Friend the Chief Secretary assured several Honourable Members that we had no reason to suppose that a transfer was imminent, and indeed pointed to the fact that the Government of India had instructed us to proceed with the Bill as evidence that no immediate change was proposed. The details of the future system of administration at Aden are not yet known to the Government of Bombay, which indeed knows nothing further than what has appeared in the Press.'
- "This Sir, proves my statement that even the Provincial Government most directly concerned with the transfer was kept entirely in the dark.
- "This was, as I have said in 1927. In January, 1929, when there were fresh rumours of the transfer, questions were again asked and Sir Denys Bray gave a reply which consisted of two sentences which are very pertinent and to which I would respectfully request the earnest attention of Members of this Honourable Council. The first sentence was:—
  - "'I repeat my promises that the transfer of Aden from India will not be effected without this House being taken into consultation.'
- "Mark the words 'my promises,' which I may add were not fulfilled. The next sentence is still more pertinent. He said:—
  - "'I hasten to add that all idea of such a transfer has long since been abandoned."
- "Two years later, when the Aden administration was proposed to be transferred from the Government of Bombay to the Government of India there were also rumdurs of a subsequent transfer from the Government of India to the Colonial Office. Thereupon those interested in the Aden trade thought it necessary to wait in a deputation on His Excellency the Viceroy. The deputation was a very influential and representative one. It waited on His Excellency Lord Willingdon in November, 1931. The deputation pointed out to the Viceroy that it was feared that in all probability the transfer from the Government of Bombay to the Government of India was the thin end of the wedge and that it was but the first step to its subsequent transfer to the Colonial Office. Now, Sir, mark the reply which on behalf of the Viceroy the then Foreign Secretary, now Sir Evelyn Howell, gave to the deputation. He said, as regards the apprehension that the proposed transfer was only a step towards the transfer of control to the Colonial Office, that the present proposals were made solely with a view to improving the conditions and making an end of administrative inconvenience at Aden.
  - "'The proposals were complete in themselves and were made on their own merits without afterthought or ulterior motives of any kind. They were not a step towards any other change.'
- "The deputation at first thought that His Excellency would not take part in the discussion, but His Excellency, in order to allay the fears of the deputation, himself thought fit to add a few words. He emphatically endorsed the Foreign Secretary's statement regarding the transfer to the Colonial Office that no such suggestion had been considered and undertook that, should it arise in future, all interests concerned would be consulted.

The transfer now proposed would make no difference to the commercial relations of Aden with Bombay and, in his opinion, as at present advised, it seemed the wiser course all round.

"After an interval of another two years or less the White Paper was published in March last. The only reference to Aden in the White Paper is in four lines, which read as follows:—

"'The Settlement of Aden is at present a Chief Commissioner's province. The future arrangements for the Settlement are however under consideration, and accordingly no proposals in respect of it are included in this document.'

"Soon thereafter several British-Indian delegates were sent to London to confer with the members of the Joint Select Committee of Parliament, of whom I was one. After we reached London we learned that there was every chance now of the transfer to the Colonial Office being completed. Some of us delegates therefore thought it advisable to request an interview with the Right Honourable the Secretary of State. He agreed to receive our deputation which was led by His Highness the Aga Khan. We laid our case before him and from what we gathered we understood that he was in sympathy with the view we expressed. But at the same time he pointed olut that because there was to be federation in India hereafter, which would consist only of Provinces and of Indian States, and because Aden was not a Province the question was very difficult. At the same time he hoped that the difficulty might not be insurmountable. How he hoped to surmount the difficulty he did not say, but if I might venture an opinion I think that if Aden continued as before to remain under the Province of Bombay perhaps the difficulty could be removed. It is for that reason, Sir, that in my substituted motion I have said that if thought necessary the civil administration of Aden might be re-transferred to the Bombay Government.

"Now, Sir, I turn to the Press communiqué to which the Honourable Leader of the House drew our pointed attention, and particularly to those points in it which he thought we ought not to ignore in the course of our discussion. In the first place, I will deal with the three points in the communiqué as to why Aden should not remain linked with India. Point No. 1 says that Aden is geographically remote from India. If it is 1,600 miles away from India, the distance between Aden and the Colonial Office is two-and-a-half times that. I will leave it to the House to consider if this argument is sound. The next point is that it would not naturally fit into the new federation. I have already answered this contention by saying that even in the opinion of no less a personage than the Right Honourable the Secretary of State that difficulty is not insurmountable. I now come to the third point, and that is that it is already to some extent lunder Imperial control. The answer to that is that if it has passed out of our control, it was not with our agreement, it was so done over our heads and in spite of our protests. We are however now quite prepared to concede that for political and military considerations Aden may remain under the Imperial control.

"Then there are six points enumerated in the communiqué according to which Government try to make out that India would not be a loser by the transfer. I will deal with them seriatim.

"Point No. 1, on which my Honourable Friend, the Leader of the House, has laid particular stress is that India will be saved a burden of Re. 20 lakhs a year. I dispute the figure of Rs. 20 lakhs and I shall endeavour to prove

that the figure is not correct. In no case are we expected to pay more than a maximum of £150,000, or, say, Rs. 20 lakhs according to the arrangements made in 1927 and in accordance with the reply given this morning by Government to a question asked by the Honourable Mr. Mehrotra the amount at present is about £119,000 or Rs. 16 lakhs. Now, against this Rs. 20 lakks Government must set off what the Government of India will lose in the shape of the revenue which it derives from salt and also from income and super-tax. I make out roughly that Government will lose Rs. 10 lakhs under the heads I have quoted. Let me give you the details under the heading Salt. With regard to salt, the Government of India get a royalty of eight annas for every ton of salt exported. According to the latest figures, the export of salt in a period of 12 months amounted to over 280,000 tons and consequently Government will lose Rs. 1,40,000. Government also get ground rent for land where the salt is made which is another loss of Rs, 25,000, or in all Rs. 1,65,000. Again, so far as I can make out, the four salt factories in Aden pay between them income tax and super-tax to the extent of Rs. 31 lakhs or more, so that the total of these two items alone exceeds Rs. 51 lakhs. I explained that the Government of India will lose Rs. 10 lakhs, and I pointed out how the loss is Rs. 51 lakhs or more under salt alone. The difference between Rs. 10 lakhs and Rs. 51 lakhs is made up by the amount of income tax and super-tax under heads other than Salt. My estimate is on the conservative side and perhaps Government may lose more. I am glad that the Honourable the Leader of the House has said that if there are mistakes or misapprehensions in any statements we make he will correct them in the course of his reply and I do hope that he will be good enough to answer the point that I have made.

"THE HONOURABLE THE PRESIDENT: I request the Honourable Member to be as brief as possible; he has already exceeded 20 minutes.

"THE HONOURABLE SIR PHIROZE SETHNA: I shall be very grateful if you will give us some latitude. Government require our views and I am endeavouring to give them. I am very grateful to you, Sir, for the latitude you have already extended to me and I shall be still more grateful if you will give me more time.

"THE HONOURABLE THE PRESIDENT: I am only asking the Honourable Member to be as brief as possible.

"THE HONOURABLE SIR PHIROZE SETHNA: I shall be as brief as possible and avoid anything irrelevant.

"To come back to the Press communiqué, Item No. 2 says that the right of appeal in judicial cases to the Bombay High Court would be maintained. If they do not allow appeals to be sent to the Bombay High Court, what would happen? They will have to be sent much further away to London instead of to Bombay; or to establish an Appeal Court in Aden which will be a costly process. It is therefore by no means a favour to the Bombay Government or to the Government of India if appeals will be sent to Bombay.

"Item No. 3 says that Aden would be made a free port unless some radical change in our present economic situation should take place. All these points have 'ifs' and 'ands' attached to them for they say 'if' there is a change in the economic situation it will not be a free port.

"Likewise No. 4 says that the present style of administration would be maintained and they would not impose any additional taxation unless—mark you there is 'unless' here again—unless such a course becomes in their opinion absolutely necessary.

"I now come to item No. 5. The communiqué says that a propor 19 Pour Indian service administrative personnel would be retained in the Aden service—and please note—'a proportion' will be retained and the rest will be sent away, and even the proportion that is retained will be retained 'for some years,' which means that at the earliest opportunity they will be asked to go away. And what is more important, in the future under the Colonial administration no more Indians will be taken, which will also be some little loss to this country in the matter.

"Then there is the last item, which is perhaps the most important of all. It is said no racial legislation or segregation would be permitted by His Majesty's Government. Now, Sir, we have very grave doubts if in spite of this assurance that Government will be able to maintain this promise for long. I will tell you why? His Majesty's Government must carry out a uniform Colonial policy. If they favour and discriminate in favour of Asiatics in Aden, there is bound to be a clamour on the part of Europeans in the other Colonies to which Government will have to yield as they have yielded in the past and they are yielding every day. Therefore these assurances are all paper assurances. They will last only for months or years and the position of Indians in Aden will become the same as the position of Indians in Kenya or other Colonies. And that, Sir, is our most serious objection to the transfer. Experience tells us that we have suffered elsewhere and we are bound to suffer here as well, in spite of all promises and pledges to the contrary.

"Now, Mr. President, I will in accordance with your wishes be brief, although I have much more material to add. I will enumerate the objections which we entertain against the proposed transfer. They are many, but I will content myself at present with only five.

"First. It has been said that we are fighting and agitating against this proposed transfer merely on the ground of sentiment. If we do so, are we not justified? Indians have been in Aden even before the British went there. The British acquired Aden 94 years ago in 1839. Indians were there before that time and because of the encouragement given by British officers more Indians followed the British flag and particularly because they had assurances that Aden would ever remain a part of the Indian Empire. If they at any time had any doubts on the subject, because of Indian experience in other Colonies they would never have sunk their lakhs as they have done in buildings, shipping wharves, salt factories and in other concerns. They control in a great measure the trade of the Settlement. It will be no exaggeration to say that the barren rock of Aden with her population of 3,000 inhabitants has been converted into a prosperous port with a population of more than half a lakh by Indian men and money, by Indian resources and enterprise. It is therefore the duty of the Government to give us a patient hearing and to do us justice. We do not want to go under Colonial administration because we know that in that event Indians will have to leave the Settlement for reasons that I will deal with in our second objection to which I now turn.

"Near Aden, as the Honourable House knows, is Somaliland. Somaliland was at one time administered by the Bombay Government. So long as it was administered by the Bombay Government, its three ports, Berbera, Bulhar and Zaila, were prosperous. They were going on from strength to strength. After the Somaliland War the Home Government thought it right to transfer Somaliland to the Colonial Office. With what result, Mr.

Penatry.? These three ports are now practically dead. The population of the dera has fallen from about 20,000 to 4,000 or less and likewise the others. And why, may I ask? Simply because the Indian traders left these ports and the Arab and Jewish traders followed in their wake. They did so for the same reason, namely, that they did not want to be under Colonial administration. Colonial administration is distinctly costly. Because it is costly taxes have to be raised. The Somaliland ports were almost free ports but soon duties were imposed and increased to meet the higher cost of administration and the result was Indian, Arab and Jewish traders left and the trade of these ports has completely dwindled down. The same must perforce happen in Aden if Aden is transferred to the Colonial Office and I may not be alive, but our successors in this House will have occasion to say that I was a true prophet.

"In support of our third objection that Colonial administration is more costly let me give just one illustration. When Aden was under Bombay, a representation was made to the Bombay Government that two Indian educational inspectors be replaced by two Europeans with salaries almost if not actually double. Because education is a portfolio held by a Minister in Bombay, he stoutly opposed this, with the result that so long as Bombay was in charge of Aden, Aden did not get the two European educational inspectors. After Aden was transferred to the Government of India, the request was repeated and granted and two European inspectors have been sent. The same thing will happen in all other departments and in proof of that I may again refer the House to a press communiqué which says that only 'a proportion' of the Indians now there will be kept and that too only for a period of years. Now, Sir, talking of the extra cost of Colonial administration, I may say in passing what is thought of it in other parts of the Empire, I mean in other Colonies. I returned from Europe this day last week. On board the P. and O. steamer I came by were some fellow passengers who were civil servants from the Straits Settlements and the Malay States. We were comparing notes with regard to the different civil services. They volunteered the information that their cadre is far larger than should be the case as compared with the cadre of the Civil Service in this country. But at the same time they said they had very little work to do. I naturally inquired, why don't you ask for reduction in the number of posts and more pay? They said such a proposal had been made, but the Colonial Office did not want to increase their pay, what they wanted was more posts. One of them said ordinarily they have four civil servants there to do the work that is done by one civil servant in this Therefore if Aden goes to the Colonial Office the number of appointments is bound to be increased and the cost will be so much more that Indian taxpayers who are the largest taxpayers there will have to pay a great deal more.

"Our fourth objection is that the trade of India to-day runs to some crores of rupees—seven or eight crores or more. This is to some extent due to shipping facilities that exist, by which I mean that because there are salt factories in Aden from which salt has to be imported into India and rather than that those ships go empty to Aden to bring this salt, there is shipped from this country by these boats a large amount of Indian produce and that helps to reduce the rate of freight. What goes there is rice, wheat, grains, tea, glunnies, piece-goods, etc.—not from Bombay and Karachi alone but from Malabar, Calcutta, and even Chittagong, Akyab and Rangoon. And why? Because Aden is a distributing port and this produce

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is sent from there to Arabian, African and even Iraq provinces. My point therefore is that if Indians leave Aden as they are bound to, this large trade will be lost to India. You may naturally inquire, why should not any other traders take their place? I say they will not. Indians conduct their business on different lines. Those who come in their place will not do the business on a credit basis same as the Indians do.

"Our fifth objection is that, if Aden is not included in India and is transferred to the Colonial Office, then, because Aden salt pays only excise duty and not protective duty when it comes to India, the salt industry in Aden is bound to be crushed out of existence. These factories will be closed down and the lakhs sunk in them be lost, but what is of great importance, and which I would ask Government to bear in mind, is that out of Aden's population of over 50,000, there are 2,500 Arabs who work in the four salt factories there and this large number will be without employment. Sir, I can easily multiply these reasons for objecting to the proposed transfer, but I will not take up any more time of the Council.

"I will now just briefly refer to one objection in connection with my original Resolution of 1921 raised by Sir Denys Bray. He expressed the fear at that date that the Arabs and Jews were siding with the Indians but how long would the Arabs do so? He thought that as soon as the Arabs are educated, they would not join forces with the Indians. The long period of 12 years has elapsed since then. The Arabs have not wavered in their affection and in their regard and sympathy with Indians and for good reasons they as well as the Jews prefer to act in concert with them. They know that the presence of Indians help them and therefore there is no talk and no fear of their not helping the Indians. I know when I was in London some months ago much capital was made of a small petition signed by 32 people and sent to the Vicercy through the Chief Commissioner of Aden. That was a petition signed not by pure Adenites but by 32 Arabs who came from the hinterland. As soon as it was discovered that such a representation had been sent, the regular Arab traders got together and within a few days sent another representation signed not by 32 Arabs but by 500 Arabs disclaiming what was said by the 32.

"And what about our Jewish friends? The Jews in Aden are not Jews from the Levant as they are in South Africa, and where they are favoured and treated as Europeans. The Jews in Aden are Baghdadi Jews, and as much Asiatics as the Indians or the Arabs there. Both the Arabs and the Jews know just as well as we do of the Colonial policy to which I have referred. They know the Colonial policy of European powers. It is not the British alone, for the policy of Italians in Mussowah and Italian Somaliland or of the Dutch in Java and Africa. In Java is just the same discrimination in favour of the white man against the Asiatic. We full well realise that no matter what professions or promises are made to-day they are bound to be broken. The Home Government must create some excuse or other to meet the wishes of Europeans in other parts of the Empire to see that no favour is extended to Asiatics in Aden which is not extended to them in other Colonies,

"I said, Sir, in the earlier part of my speech that the political and military administration is already taken away from the Government of India. We recognise that the British Empire is great and that it must have military outposts both near and far. Aden may well be regarded as the Gibraltar of the East so far as the British Empire is concerned. We certainly have a grievance that the transfer of the political and military

administration was made without our consent and without our knowledge, but India is a member of the great British Empire and for that reason we no longer press for the return to this country of what is already transferred in the way of the political and military administration. So far as the civil administration is concerned we protest and protest most stoutly for the reasons I have endeavoured to place before the Council.

"I do hope, Sir, that Government will accede to our wishes and keep the civil administration with the Government of India or if necessary with the Government of Bombay. It is one thing for Government to ask for our opinion and quite another if Government do not give heed to that opinion. We do hope that the Leader of the House will give us an assurance that if the view held by the Legislature is against the transfer that Government will consider itself bound to respect the wishes of the Legislature and their wishes are what is practically desired by the country at large."

Several members followed and I quote a pertinent extract from the speech of the Honourable Mr. B. K. Basu. It is as follows:—

"Sir, the real excuse that I have for intervening in this debate is that I am suffering from some intellectual tortures ever since I read this communiqué. First, as was very ably traversed by Sir Phiroze Sethna, I find the words 'geographically remote' giving me one of those tortures because when I find that we have places under the administration of the Government of India which are more or less, shall I say fortunately or unfortunately, placed in the same position as Aden. Take, for example, the island of Andamans. It is in the very same inconvenient or convenient geographical position. Geographically, the Andamans is nearer to Ceylon than to India. Why does not the Colonial Government say, 'Give us the Andamans?' We will be glad to make a present of it to them; we would not stand in their way. Secondly, the communiqué says that Aden will not naturally fit into the new federation. Here again the question tortures me. How can the Andamans be fitted into the federation, and if the Andamans can be fitted into the contemplated Indian federation why cannot Aden be fitted in; it is not very difficult; if you can fit in the one, you can fit in the other."

Government members did not vote. The non-official members both elected and nominated, supported the motion and it was adopted.

On 16th September, 1933, Sir Joseph Bhore, the Leader of the House in the Legislative Assembly, also moved, "That the Government of India communiqué, dated 20th June, 1933, regarding the future administration of Aden be taken into consideration." There were several amendments on the Order Paper. The discussion did not end on that day and was resumed on 18th September, 1933, when the following substituted motion was adopted, Government members not voting:—

"While recording their emphatic protest against the complete transfer to the Colonial Office of Aden Settlement which has for about a century been an integral part of British Indian administration, the Assembly requests the Governor-General in Council to convey to His Majesty's Government the strong desire of the people of India that the proposed transfer should not take place."

Since the passing of the above two resolutions in the two Houses of the Indian Legislature, there have been more meetings held in Aden protesting against the proposed transfer. The proposed transfer will seriously affect

the trading communities of the places who are mainly Indians, Arabs and Jews. The total European population is about 500, of whom nearly 400 are Greeks, Italians and others. There are not more than 100 Britishers and only six firms. Government invited the opinion of Indians. There has hardly ever such perfect unanimity been shown as in this case as is proved by the decisions of the two Houses and which may rightly be taken as the decision of the country at large. If Government flout this opinion, it will result in much disaffection but what is worse is want of confidence in the assurances of Government.

#### APPENDIX.

The Press communiqué of 20th June, 1933, was as follows:-

His Majesty's Government have recently received representations from different communities among the inhabitants of Aden as well as from certain quarters in India, expressing their various views in regard to the transfer of the administration of Aden from the control of the Government of India to His Majesty's Government. The matter is one which is now receiving the consideration of His Majesty's Government and of the Government of India in connection with the impending constitutional changes. Full opportunity will be given for discussion in the India Legislative Chambers at their next session and for all the interests concerned to state their views. Meanwhile, His Majesty's Government think that it would be convenient that the considerations which suggest the desirability of a transfer of the administration and the conditions that would be entailed by such a transfer should be made known so that the problem can be discussed with a full knowledge of the facts.

The reasons which suggest that Aden should not remain linked with India under the new constitution are, that it is an area geographically remote from India; that it would not naturally fit into the new federation; that it is already to some extent under Imperial control, and that it is inseparable in practice from the Aden Protectorate, which has already passed wholly out of Indian control. If it should be decided that the administration of Aden should be separated from that of India, His Majesty's Government contemplate that the following conditions would be established.

(1) India would be relieved of the annual contribution of approximately £150,000 sterling, or Rs. 20 lakhs, at present payable towards the military and political administration.

(2) The right of appeal in judicial cases to the Bombay High Court

would be maintained.

(3) His Majesty's Government would maintain the existing policy of making Aden a free port unless some radical change in the present economic situation should take place. From their own point of view the abandonment of this policy would clearly in existing economic conditions be financially unsound, since the prosperity of Aden depends largely on its transit trade.

(4) His Majesty's Government would do their utmost to maintain the present standard of administration and would not impose any additional taxation unless such a course became, in their opinion, absolutely

necessary.

(5) A proportion of Indian service administrative personnel would be retained in Aden service for some years after transfer took place.

(6) No racial legislation or segregation would be permitted by His Majesty's Government.

#### ADEN.

#### Memorandum by the Secretary of State for India.

1. I desire to make it clear at the outset that the note which follows expresses views about the future of Aden which I wish to lay before my colleagues of the Joint Committee at this stage for their consideration. The nature of the recommendations to be made to Parliament is a matter for the decision of the Joint Committee, and that decision cannot, of course, be compromised in any way by anything I say now.

#### History.

2. Aden has been an important entrepôt of trade since early times—at any rate since the early centuries of Islam. In 1513 it was attacked unsuccessfully by Albuquerque. In 1538 it was acquired by the Turks as a base of operations against the Portuguese, and belonged to them until 1630. Subsequently it was possessed by various Arab Chiefs until 1839, when it was captured by the British with a force of 300 European and 400 Indian troops. The occasion of its capture was an outrage on the passengers and crew of a British buggalow wrecked in the neighbourhood. The East India Company, however, had already in 1829 contemplated making it a coaling station, but at that time had abandoned the idea, owing to the difficulty of procuring labour. Perim, which now forms part of the Aden Settlement, had been occupied by the British in 1799 as a precaution against the possible descent of Napoleon on India, but was subsequently abandoned till 1857, when it was reoccupied.

It will thus be seen (a) that Aden has always been a place of general strategic importance, and (b) that it has been for centuries an Arab town.

#### Population.

3. The population of the Aden Settlement (excluding Perim, which has a population of 1,700) at the 1931 census was as follows:—

Arabs	•••	•••	***		•••	***		•••	29,820
Indians	•••		•••	•••		•••		•••	7,287
Jews	•••	***	•••	•••	•••	****	***	•••	4,120
Somalis	•••	•••		•••		•••	•••		3,935
Europeans	•••	•••	•••					•••	1,145
Miscellaneous	•••	•••	***	•••	•••	•••	•••	•••	<b>3</b> 31
Total				***			•••	•••	46,638

Thus about 64 per cent. of the population is Arab as against about 15 per cent. Indian. The total area of the Settlement is 75 square miles and of Perim five square miles.

#### Recent history of question of transfer.

4. Speeches delivered in the debates in the Indian Council of State on 31st August and in the Legislative Assembly on 16th and 18th September, 1933, referred to the history of the various recent steps taken in regard to Aden. Some of these speeches seem to indicate that there is a mistaken impression that His Majesty's Government have led up to the present proposal by a series of faits accomplis. In order to correct any such impressions, it may be desirable to summarise the recent history of the question and the present position.

20° Novembris, 1933.] MEMORANDUM BY THE SECRETARY OF STATE FOR INDIA.

[Continued.

- (i) The political and military administration of Aden has been controlled by His Majesty's Government since 1917, when it was taken over as a war measure. A prolonged discussion as to the financial and administrative responsibility followed the War, and was finally settled by a Cabinet decision of December, 1926, on a basis financially far more favourable to India than previous proposals made by the Colonial Office; the civil (i.e., internal municipal) administration of the Settlement was left with India, and the political control (i.e., sole responsibility for the Protectorate) and military control with His Majesty's Government, who took over the military and political charges with the aid of an annual contribution from Indian revenues (of £250,000 a year for the first three years, and after that one-third of the total annual cost, subject to a maximum of £150,000 a year). India's present liability under this head is about £120,000, but as Sir George Schuster pointed out in the Assembly, it might at any time rise to £150,000. Pledges have been given by the Government of India from time to time that the civil administration will not be transferred to His Majesty's Government without the Legislature and the interests concerned being given an opportunity of expressing their views. In 1931 it was decided, as a measure of administrative convenience, to transfer the administration from the Government of Bombay to the Government of India, and this transfer was made with effect from 1st April, 1932. In November, 1931, Lord Willingdon and Sir E. Howell (then Foreign Secretary to the Government of India) stated to a deputation that this change did not affect the question of transfer to the Colonial Office and was not a step towards any other change. That statement was correct; the decision taken in 1931 was taken simply as a matter of administrative convenience; and if it had not been taken, the constitutional question which has now arisen would have had to be considered none the less.
- (ii) Until progress had been made with consideration of the present proposals for Indian constitutional reform, no question arose of revising the decision of 1926 regarding Aden. But as the proposals for an Indian Federation with responsibility at the centre took clearer shape, it became obvious that the question of Aden would have again to be considered with a view to deciding whether the continuance of the existing arrangements would be practicable if the Government of India were converted into a Federal Government. Hence the statement in the White Paper that the future arrangements for the Aden Settlement are under consideration. On 30th May I received a deputation led by His Highness the Aga Khan, of which Sir P. Sethna was spokesman. I noted the views of the deputation and gave them the assurance that no decision would be taken before discussion in the Indian Legislature, and furthermore that, whatever the decision might be, every care would be taken to safeguard existing interests so far as it lay in the power of His Majesty's Government to do so. At the same time I suggested to the deputation, as matter for reflection, the difficulties of fitting Aden into the proposed Indian Federation.
- (iii) Subsequently, in order that the question might be discussed by, the Legislature and considered by the interests concerned with a full knowledge of the facts, His Majesty's Government authorised the statement published on 19th June (appended to this memorandum and issued in India as the communiqué of 20th June, which is appended to Sir P. Sethna's memorandum), stating the considerations which suggest the

20° Novembris, 1933.] MEMORANDUM BY THE SECRETARY OF STATE FOR INDIA.

[Continued.

desirability of the transfer of Aden and the conditions and assurances which His Majesty's Government are prepared to give if transfer takes place. Since then opportunity has been given, as promised, for full discussion in both Chambers of the Indian Legislature, and steps have been taken to elicit the wishes of the Arab population of Aden itself.

(iv) Thus we now have available all the material required for a full consideration of the question. For my own part I have carefully studied the debates in the Legislature and need hardly say that I attach great weight to the views expressed therein, but I have also had to consider most anxiously the whole question in the light of all the facts, the various and extensive interests involved, and the views expressed in various quarters.

Difficulty of placing civil administration under Indian Federal Government.

5. The debates in the Indian Legislature indicate that the true nature of the difficulties of fitting Aden into the proposed Indian Federation may not have been fully appreciated. The only difficulty mentioned in the debates was the fact that Aden is now a Chief Commissioner's Province directly under the Government of India, and members naturally asked why this difficulty could not be met by returning Aden to the Government of Bombay and making it again part of the Bombay Presidency. It is therefore desirable that I should explain more fully the underlying reasons for the assertions in my statement of 19th June, that Aden "would not naturally fit into the new Federation, that it is already to some extent under Imperial control and that it is inseparable in practice from the Aden Protectorate, which has already passed wholly out of Indian control." They are as follows.

It would be extremely difficult, if not impossible, to make a clean separation between the Arab town of Aden and its Arab hinterland, the Aden Protectorate. Similarly, it would be impracticable to effect a complete divorce between the civil administration of the Settlement on the one hand and the political and military control of the Protectorate on the other. For many purposes the whole area forms a single whole. At present there is a condominium, the civil administration of the Settlement being controlled from Delhi, the political control of the Protectorate and the defence of both being placed directly under His Majesty's Government. Naturally there are very great practical difficulties involved in a condominium of this character. The only reason why it works efficiently in practice at all is that in the last resort the decision of all questions arising vests in His Majesty's Government. This is so because the Government of India under its present constitution is in the last resort subordinate to His Majesty's Government. But when the Government of India becomes a Government in which responsibility for the civil administration of Chief Commissioners' Provinces rests upon Ministers, the position will be entirely different and the division of control, which is just workable at present, would become entirely unworkable. This objection would not be removed, but on the contrary would if anything be strengthened, if Aden were made a part of a Governor's Province under the new constitution. Furthermore, for defence purposes it is obviously impossible to make a distinction between the Protectorate and the Settlement, and it is therefore essential that the defence of the latter as well as of the former should continue to be a direct responsibility of His Majesty's Government. But a continuance of the present system, whereby defence vests in His Majesty's Government in respect of the Settlement as well as of the Protectorate, would become con20° Novembris, 1933.] Memorandum by the Secretary of State for India.

[Continued.

stitutionally anomalous if the Settlement became part of a semi-autonomous Indian Federation. Such a constitutional anomaly would be removed by the retransfer of military control to India but this solution is ruled out by the requirements of Imperial Defence.

#### Imperial Interests.

6. The strategic position of Aden, and its importance from this point of view to the Empire in the East generally and not merely to any single Empire unit, is a strong argument for control by the Home Government. This by itself might be viewed as a decisive objection to the retention of the existing condominium when once the new constitution is established in India. Aden, in fact, besides its importance to the Empire as a refuelling station, is of greater general strategic importance to Imperial communications and to the Empire as a whole than to India by itself; moreover, Aden (Settlement plus Protectorate, which for this purpose are an integral whole) is of political importance with regard to Arabia.

#### Arab Interests.

7. One of the most important factors to be considered is the interests of the Arab majority of the Aden population. In the Indian Legislature reference was made to resolutions against transfer purporting to represent the views of the Arabs as well as of the Indians. But since the publication of my statement of 19th June, the object of which was to elicit Arab as well as Indian opinion, I have been at pains to obtain from the Chief Commissioner a report on the real wishes of the Arabs. The Chief Commissioner reports that the Arab community are as a whole satisfied with the existing state of affairs (i.e., with an administration controlled through the Government of India by His Majesty's Government), but that they view with grave misgivings the possibility that the Government of Aden may become Indianised as the result of constitutional changes in India, and fear the subordination of Arab to Indian interests; and (since a continuance of the present state of affairs would in any case be made impossible by the forthcoming Indian Reforms) they would on the whole prefer that the administration of Aden should henceforth be controlled by His Majesty's Government direct.

#### Fear of racial discrimination.

8. One of the fears expressed in the Indian Legislature was that under Crown Colony Government Indians would suffer from racial discrimination. This is really answered by the categorical assurance which I gave on 19th June that, as one of the conditions of transfer, "No racial legislation or segregation would be permitted by His Majesty's Government." There is no parallel at all between the situation in Aden and that in Kenya which has been referred to in the debates in the Indian Legislature.

#### Financial effect of transfer.

9. In the Council of State debate, Sir P. Sethna suggested that, if the civil administration of Aden is transferred, India would lose Rs. 10 lakks revenue from salt, income tax and super-tax, to set off against the saving on the military contribution. This point was dealt with by Sir G. Schuster in the Legislative Assembly. India would save the military contribution which in 1930-31 was £150,000 (20 lakks), in 1931-32 £136,000, and in 1932-33 about £120,000 (according to the preliminary figures), and might in any year rise again to the maximum of £150,000. On the other hand, as

20° Novembris, 1933.] Memorandum by the Secretary of State for India.

[Continued.

regards the civil administration, she would hand over an approximately even balance. The actual figures of civil revenue and expenditure for the years from 1927-28 to 1933-34 are as follows:—

Years.				Revenue. Expenditu		e. Surplus+ Deficit —	
				Lakhs.	Lakhs.	Lakhs.	
1927-28			•••	7 • 46	$13 \cdot 69$	-6.23	
1928-29	•••	•		10.86	$\boldsymbol{12 \cdot 23}$	-1.37	
1929-30	•••	•••		12-18	11-16	+ 1.02	
1930-31	•••		•••	$10 \cdot 28$	<b>12·4</b> 6	<b></b> 2⋅18	
1931-32	•••		•••	$12 \cdot 04$	11.39	+ 0.65	
1932-33 (r	evised)			$13 \cdot 64$	$\boldsymbol{11 \!\cdot\! 02}$	+2.62	
1933-34 (l	oudget)			$\boldsymbol{12 \!\cdot\! 22}$	$11 \cdot 36$	+ 0.86	

For these seven years the average balance is a deficit of Rs. 0.66 lakhs, or, if the year 1927-28, which was abnormal, be excluded, a surplus of Rs. 0.27 lakhs. For the year 1932-33 there was a comparatively large surplus of Rs. 2.62 lakhs, due to the rise in income tax receipts in Aden in that year. There was a small and precarious surplus in 1931-32 of Rs. 0.65 lakhs and in 1933-34 (budget estimate) of Rs. 0.86 lakhs due to retrenchments. The only qualification of the statement that an approximately even balance would be handed over is that some part of the income tax paid in India in respect of Aden may be lost under the provisions for relief from double income tax; the Government of India are naturally unable to give any exact estimate of this figure, but say that they may have to lose a lakh or two.

#### Effect of transfer on trade.

10. It has also been suggested that if Aden is transferred, Indian trade would be lost and Indian merchants would leave and that this has been the result of the transfer of Somaliland to the Colonial Office in 1905. (Prior to that date Somaliland was administered by the Resident at Aden from 1884 to 1898, and by the Foreign Office from 1898 to 1905.) It is stated that traders (Indians, Jews and Arabs) have left the Somaliland ports owing to high taxation resulting from costly administration. However this may be, there is, as a matter of fact, no basis for the comparison between Aden and Somaliland. I understand that a reason why the Somaliland ports have decreased in prosperity is the difficulty in that country of levying direct taxation, owing to the unruly character of the inhabitants, with the consequence that the administration is the more dependent on import duties. But the position at Aden is exactly the reverse, as Aden is a free port and the cost of the administration is met by direct taxation.

#### Effect of transfer on Aden salt.

11. Indian salt firms at Aden fear that their interests would be adversely affected by transfer. The position is that salt made in Aden is at present exempt from the additional import duty in India imposed by the Salt (Additional Import Duty) Act of 1931, as amended in 1933, and accordingly shares with salt made in India the advantage of a preference over other "foreign" salt. Under the operation of the Act of 1931 this preference was 4½ annas per maund, but by the Act of 1933 it has been reduced to 2½ annas per maund. If Aden ceased to be part of India and no concession were made to Aden salt, it would lose this preference. This is

20° Novembris, 1933.] MEMOBANDUM BY THE SECRETARY OF STATE FOR INDIA.

Continued.

not a matter in which the Secretary of State can interfere, as he is precluded from doing so by the Fiscal Convention. If Aden is separated, it will be for the Indian Legislature of the future to decide what terms should be accorded to salt from Aden. The concern shown in the recent debates in the Indian Legislature for the commercial and other interests of Indians at Aden seems to give some ground for hoping that, as I sincerely trust may be the case, the Legislature would not be unresponsive to any appeal on behalf of the Aden salt manufacturers.

Misunderstanding of the assurances in the statement of 19th June.

12. The conditions contemplated by His Majesty's Government in the statement of 19th June in the event of transfer are in my view generous and ought to meet any reasonable apprehensions on the part of the Indian interests concerned. The speeches in the Legislature showed that there are certain misunderstandings as to the meaning of these conditions. Those regarding the contribution and the promise that there would be no racial discrimination have been dealt with above. Assurance No. 2 that a right of appeal would continue to lie to the Bombay High Court, has been included among the assurances in the interests of Aden litigants. An undue amount of attention has, I think, been directed to the qualified form of assurances 3 (maintenance of the free port) and 4 (maintenance of the present standard of administration without imposing additional taxation). As regards 3, I would emphasise, what is stated in the assurance, that from the point of view of His Majesty's Government themselves the abandonment of the policy of a free port would clearly in existing economic conditions be financially unsound, since the prosperity of Aden depends largely on its transit trade. The assurance that the policy would be maintained was only qualified by the words "unless some radical change in the present economic situation should take place." I think that critics of this qualification may have overlooked the word "radical." Assurance No. 4 "not to impose any additional taxation" was qualified by the words "unless such a course became in Him Maintain." "unless such a course became, in His Majesty's Government's opinion, absolutely necessary." This is an obviously necessary qualification, as His Majesty's Government could not bind themselves in such a matter for ever. The wording of assurance No. 5, "A proportion of Indian service administrative personnel would be retained in Aden service for some years after transfer took place," has been misunderstood. The meaning was that a proportion of the administrative personnel at Aden would continue to beyond to the Indian Service for some years. In the Indian Legislature it has been interpreted to mean that only a proportion of the Indians at present serving among the administrative personnel would be retained for some years, and that the remainder would be sent away. In order to make more explicit the meaning of this assurance, I may say that His Majesty's Government are prepared to give an assurance that, in the event of the transfer of Aden, all Indian administrative personnel serving in Aden at the time of transfer would be retained on the terms of service under which they were then serving, subject only to modification by mutual consent; when vacancies occurred, Indians would remain eligible for appointment (though there would be a gradual substitution of Colonial Service officers); it would be understood that all newcomers to the Aden Service would be appointed on definite terms to be agreed upon in each case, and would have no claim to Indian conditions of service, unless these were specially imported into their agreements or letters of appointment.

20° Novembris, 1933.] Memorandum by the Secretary of State for India.

[Continued.

#### Additional assurance.

13. His Majesty's Government are also prepared to give a specific additional assurance that in the event of transfer Indian British subjects would be allowed to enter the Protectorate under precisely the same conditions as any other British subjects.

#### APPENDIX.

STATEMENT IN ANSWER TO A QUESTION BY MR. DAVID GRENFELL IN THE HOUSE OF COMMONS, DATED 19TH JUNE, 1933.

SIR S. Hoare: His Majesty's Government have recently received representations from different communities among the inhabitants of Aden as well as from certain quarters in India, expressing their various views in regard to the transfer of the administration of Aden from the control of the Government of India to His Majesty's Government. The matter is one which is now receiving the consideration of His Majesty's Government and of the Government of India in connection with the impending constitutional changes. Full opportunity will be given for discussion in the Indian legislative Chambers at their next session and for all the interests concerned to state their views. Meanwhile, His Majesty's Government think that it would be convenient that the considerations which suggest the desirability of a transfer of the administration and the conditions that would be entailed by such a transfer should be made known so that the problem can be discussed with a full knowledge of the facts.

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would be maintained.

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## RECORDS OF THE JOINT COMMITTEE ON INDIAN CONSTITUTIONAL REFORM

Die Lunae, 20° Novembris, 1933

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