

ECONOMICS OF PROTECTION IN INDIA

(Banaji Readership Lectures delivered at Patna University in 1928)

BY

Prof. V. G. KALE, M. A.
FERGUSON COLLEGE, POONA

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PREFACE.

The following pages reproduce the Banaili Readership Lectures I delivered at Patna University in the first week of October, 1928; and I am indebted to the University for permitting and facilitating their publication. In preparing the copy for the press, I have made only a few suitable additions.

The chief object of the Lectures was to examine the policy of protection adopted in India from the theoretical as well as the practical point of view; and in doing this, I have drawn freely on my experience as a member of the Tariff Board for two years and have made full use of the reports of that body. The Lectures are, therefore, calculated to prove helpful to advanced students of Economics and to practical men of business.

"Durgādhivāsa,"
Poona 4. }
6 March, 1929.

V. G. KALE.

ECONOMICS OF PROTECTION IN INDIA

I

INTRODUCTORY

It is a little more than four years since the Indian legislature and the Indian government deliberately adopted the policy of protection, and it is yet too early to pass judgment on the effects of what was a radical departure from the time-honoured fiscal practice and from the traditional conception of the state in relation to its attitude and duty towards the industries of the country. I do not, therefore, propose, in the course of the present series of lectures, to deal with the actual working of the Indian protective tariff or with the development of such industries as have secured protection at the hands of the government, to ascertain to what extent the policy of 'discriminating' protection has proved effective. This would indeed be a subject for interesting investigation, but no useful or fruitful results are likely to be obtained until a good deal of experience spreading over a reasonably long period, is available. I believe there is another direction in which the field may be beneficially explored and in which patient study is calculated to yield a copious harvest of economic interest. I refer to the examination and the analysis of the varied conditions in which different industries claiming protection have been worked, the peculiar difficulties they have encountered and the special need they have felt for state assistance. A casual glance at the list of the industries which have so far asked for public help; is enough to show the varied types of the industrial undertakings that are carried on in India and the characteristic nature of the problems they have had to face. It will suffice if the names of a few of the leading industries which have claimed fiscal protection, are

here mentioned. The manufacture of steel was the first to receive attention. Then there were the paper, magnesium chloride, printer's ink and cement industries which submitted their cases for investigation. And the cotton textile mills, the manufacture of matches and kerosene oil have been prominently in the public eye during recent months.

What is common to all these industries is their inability to market their output at competitive prices and their demand that they should be assisted with a protective tariff or a bounty or both for a temporary period of varying length. The comparative weakness of the indigenous industries is, however, the result of apparently similar causes working in each case in a different manner. Conditions in relation to the supply and cost of raw materials and fuel, the accessibility of adequate capital for running the enterprise, the relative efficiency of labour, the size and the distance of works from sources of raw material and fuel and from the market, the nature of superior supervision, the methods of marketing, transport facilities and charges, etc. are some of the more important matters which affect industries and cause trouble to their organizers and conductors in different ways and degrees. The ultimate cost of placing a commodity on the market and the quantity that can be disposed of at a profit are the decisive considerations in each industry, and if an enterprise is to be successfully run, the numerous items constituting the cost of production have to be so procured and utilized that the selling price will leave a reasonable margin of profit to the owner. The physical and technical production of a commodity is not the same as its economic production. The distinction does not, however, appear to have been always clearly understood, and several industrial ventures have come to grief in India on that account. It is sometimes thought that as there is abundant raw material and fuel and there is no lack of cheap labour and of an extensive demand for commodities in India, it ought to be practicable for a man of enterprise to carry on an industry successfully if, of course, the technical and the scientific knowledge and capital needed are available. These last are indeed indispensable. But though a manufacturer may turn out a good article he

may not be able to sell it profitably. There he has to adjust his operations and methods to the tastes and pockets of the consumers and regulate his cost of production accordingly. He has, besides, to face the competition of rivals who will try to undersell him. And in the case of organized industries of the modern type, the competition comes from foreigners who carry on their activities under different conditions which are, for various reasons, more favourable. An Indian manufacturer may successfully turn out beautiful clocks and wrist watches; and technically and artistically speaking, they may be marvellous. But for all that, he will not be able to sell his output and carry on the manufacture as an industry unless he can market his articles in sufficient quantities and at prices fairly comparable with those at which the foreign products are selling in the local markets. If the home manufacturer fails to produce his goods on level terms with his foreign rivals, he feels he has a just grievance and appeals to his government to extend to him a helping hand for a period of time during which he hopes to be able to make up the distance in the race of competition by introducing improvements and economies in the working of his factory and by increasing the efficiency of his methods of marketing.

Are the expectations of the manufacturer founded on reasonable calculations? Are the promised economies and improvements practicable? Will public assistance prove helpful in placing the indigenous industry on secure foundations? And will the tax-payers' and consumers' sacrifice be ultimately rewarded? These are the pertinent questions to ask in connection with an industry that asks for public aid in the shape of a protective tariff or a bounty; and on the answer that can be made to them, depends the justification or otherwise of the protection that may be granted. It is, of course, assumed here that the more wealth a nation produces with its own capital and labour, the better for it, though it is conceded that if a portion of this national income can be exchanged for cheaper foreign imports, the transaction is advantageous to both the parties. Protection is called for only to enable the indigenous manufacturers to produce commodities as cheaply as the imported ones. But even in spite of

protection, the nation may not be in a position to produce several commodities with comparative cheapness; and this consideration will prescribe the limits within which protection will prove economical. There is in world economy a division of labour corresponding to the division of labour subsisting within a country, and nations specialize in certain industries as do localities and communities within the limits of every country. Internal division of labour and exchange between parts of the same country are, however, regarded as natural and beneficial whereas international division of labour and exchange appear to be harmful. Competition within a country is supposed to make for greater efficiency and gain to all concerned; but foreign competition is supposed to be detrimental to the best interests of indigenous industries and the community as a whole. Why is protection sought against the foreigner when he is only an innocent and helpful competitor and unconsciously, if not consciously, co-operates in lowering prices, causing a saving and increasing the income of the people?

This discussion opens wide vistas of fundamental economic theory and of national, industrial and fiscal policy. It will be convenient and also logical to take up the larger issues first and to consider the relation of economic theory and national economic policy, then to discuss the recognized principle underlying international exchange and lastly to examine the position of India's organized industries in the light of economic theory so to elucidate the relation between a policy of protection and national well-being. The question of the relative merits of free trade and protection has been discussed during the past many years almost *ad nauseam*; and the arguments for and against either policy are found cited in every text book on Economics. It is not, therefore, proposed to go over that well-trodden ground once more, and the arguments in that controversy will be referred to incidentally only so far as that is necessary to provide the background for our main work which consists in tracing economic theory and studying its application in the conditions underlying and surrounding the organized industries of India for which protection is thought suitable and indispensable.

To define the scope and the purpose of these lectures, it may be further stated that it will not be relevant to our object to recount the history of the fiscal policy of the government in India nor to give an elaborate description of the various industries which have received protection or have been denied state assistance for one reason or another. Within the limits thus prescribed, there is, however, ample room for the investigation of causes which influence the cost of production in the industries concerned and render competition with foreign commodities unprofitable, and illustrate the working of economic laws which may not be apparent to the business man, much less to the man in the street but which are the stock in trade of the economist. No ardent student of economic science would fail to be delighted at the discovery at every turn in the course of the enquiry that the leading theories of his special discipline are explained and confirmed by the actual experience of industrial organization and development.

It is of importance to note at the very outset of our enquiry that there is an annoyingly wide divergence of opinion among leading exponents of economic doctrine regarding the very aim, the subject matter and the method of our science. According to a well-known old school of thought, which is not lacking in supporters even at the present day, economic science has absolutely nothing to do with national policy, the determination and adoption of which is the work of statesmen and politicians. This attitude is perfectly correct so far as it means that the economist, as a scientist, must refrain from taking sides in the day-to-day controversies in a spirit of partisanship and that any mixing up of economics and practical politics is detrimental to the scientific character of the work of the impartial searcher for truth in the domain of economic enquiry. But economics will lose all its practical utility if it were to be restricted to the enunciation of pure theory and were not to indicate the correct lines that individuals and communities must follow in order to attain their aim viz. securing the well-being of individuals, nations and humanity as a whole. Pure theory itself is evolved from practical social life and has thus a direct bearing

upon the past, the present and the future of communities. For the sake of convenience it may indeed be necessary to keep theory apart from practice, but the former will be of no use unless it assists in formulating views and policies with respect to the future. In fact, from Adam Smith down to the present time, economists have always taken up determined attitudes with respect to the problems of the day, and statesmen and politicians have acted upon the expert advice of economists in important matters. Discussions of the legitimate and the proper policies of the state with respect to labour conditions, currency, banking, free trade and protection, land tenure systems, taxation and so forth, are found in all leading text books on Political Economy. It is one thing to hold that economic life is not the whole life of an individual or a community and that it can not dictate what ought to be and what ought not to be done, thus usurping the place of ethics and politics; and another to debar economics from pronouncing judgment on practical affairs in relation to its own special point of view. Being a social science, economics must not be confused with and reduced to the position of the natural sciences. It is admitted on all hands that the subject matter of economics is human wants and the manner of satisfying them, and economists would be failing in their duty if they contented themselves with merely studying how social and economic activities have developed in the course of the evolution of civilization and do not, at the same time, show how these same activities may be better directed so as to prove more effective in fulfilling their purpose and further indicate how mistakes may be avoided and correct lines of action may be chalked out.

It is gratifying to observe that the above view is finding increasing favour with economists. The function of science in relation to social economic policy is, according to a leading thinker, three-fold¹. First, it is to ascertain the efforts of individuals, corporations, public bodies and official circles at changing and developing existing economic conditions, to investigate the importance of these interests for the

¹ Eugen von Philippovich: "Grundriss der Politischen Oekonomie," vol. II.

community and to enquire into the connection of the above efforts with the political and the economic constitution, the legal system, the customs, the ideas and the education of the people, in short, the whole cultural system of the nation. The second function of scientifically considered economic policy lies in the investigation of the effects of the changes which have already taken place or of those that are proposed for adoption, to ascertain the injury or the benefit that these are calculated to result in and to offer a measure for judging how far economic policy will conform to general well-being. Here, economic science has no end of its own to suggest; and it only seeks to find out how far the attempts and aims of various social bodies, including the state, are designed and expected to prove beneficial or otherwise. Scientific discussion of policy goes further, and that is its third task, and presents its own idea as to the proper lines of economic development, basing its judgment upon a critical examination of the economic circumstances in relation to the facts of social cultural life as a whole. Economic judgment thus scientifically framed, may, of course, some times run the risk of being coloured with personal predilections and prejudices in the absence of definite standards of social philosophy and morality. At any given time and in any given country, however, there are, in large spheres of social life, such standards of conduct available, and the economists' opinions have to be formulated in relation to these. It is often argued that economists themselves are divided as to which is the best policy to be followed by a nation in given conditions, e. g. free trade or protection? And this is taken to demonstrate the futility and the unscientific character of the counsel given as regards the measures that should be adopted by a government or an institution in relation to economic development. But are economists unanimous, and have they ever been unanimous, with respect to theories themselves? This difference of view has not, however, prevented them from carrying on their work and building up their science. Economic theories which have no relation to the realities of practical social life, are mere metaphysical abstractions which are, properly speak-

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ing, out of place in a social science which has to do with human life as it is actually lived and will be lived. Economic policy will vary according to different conditions and ideals, and theory must prove helpful in devising it.

Theory is, after all, a statement, based on observation, of the conception of the regularity with which certain things happen in relation to one another and the manner in which they are likely to happen. But life is perpetually changing, and a theory which is based only on static conditions, is inevitably bound to go wrong, and its importance will be restricted to the assistance it can render as a formal instrument of thought in its application to given conditions. Free trade and protection are not, therefore, dogmas with universal and perpetual validity. It is further interesting to reflect that, as is well known, even the theories of the older abstract economists were based on and coloured by the political and social conditions which surrounded them and the ideals which they had set up for themselves with the background of a certain philosophy behind them. Adam Smith was conscious of the relativity of the doctrines he formulated, and the national policy he favoured, was, therefore, dependent on the particular conditions in which it was to be applied. In the hands of his followers, however, the theory assumed a rigidity from which it took the later thinkers a good many years to rescue it. Even Ricardo, be it noted, had an eye to the practical, and his mistake lay in confusing the accidental with the universal. What was true of England and suited the needs of her people was set up as a general proposition, and in the hands of the classical economists, economic law became natural law. Adam Smith had a wider vision, and was cautious in his generalizations to which he was inclined to admit exceptions. Under the influence of the conditions that immediately surrounded them and of the philosophy which then held sway over the public mind, the early English economists built up a strong individualistic conception of economic activities, making the self-interest of the individual the pivot round which the economic organization revolved. Self-interest, freedom of action from every kind of restriction and open

competition became the watchwords of the English school of economic thought and its followers on the European continent. The state and the community had, for all practical purposes, no existence in their thoughts and they took no account of them. If every one pursues one's own interest, as one would ordinarily do, the interests of the whole would be automatically served, and the interference of the state or any one else would be a nuisance rather than a help. Society was only a bundle of individuals who transacted business with one another on the principle that it suited them best and that division of labour which ensued, was the most economical and beneficial to all concerned. The wider the area of freedom and the more extended the division of labour, the better for the production and exchange of wealth. This attitude represented, in the beginning, a reaction against the mercantilist practice of state patronage, regulation and restriction which hampered all progress. But the exaggerations and abstractions, the one-sidedness and the narrowness of the Ricardian school soon evoked attacks from various quarters, and the weak points in their system were exposed by critics who adopted different standpoints from which to consider the problems of economic life. The ethical, the socialistic and the historical schools attempted the work of destruction and construction in their own way, and though a few thinkers in every country may be found to-day still carrying the banner of the classical school, the importance of recognizing and taking account of the social aspect of economic activities has been widely acknowledged. In fairness to the founders of political economy it is indeed admitted, and admitted with gratitude, that the method of isolating economic phenomena from other phenomena followed by them, had its own use, but it was correctly pointed out that they had gone too far in turning the social science into a natural science.

In spite of the differences of opinion that prevail to-day in respect of theory and even of the fundamentals of economic science, it may be safely maintained that there is a growing agreement on certain important points which are particularly relevant to the sub-

ject of these lectures². In the first place, it is noted that the economic activity of the individual is the activity of a person who is a member of a community and is, therefore, influenced, conditioned and coloured by motives and modes of action which are communal and national. Socondly, though the individual and the purely economic aspect of life may be usefully isolated for purposes of closer study and the working out of a hypothesis, economic science would be a barren display of logical subtleties, mere metaphysics, and would have no relation to realities unless the other sides of life which are indissolubly bound up with the economic, such as the legal, the ethical and the political, are properly considered and correlated. The 'economic man' must, consequently, be replaced by the citizen who is a product of history and who has rights and obligations not only as a businessman but as a member of a family, a community and a state. Thirdly, man can not be regarded as a slave of nature or instinct as he can control and regulate forces working from outside. His action can, therefore, be purposeful, and he can modify the conditions of existence according to his ideals and needs. Economic science is here sharply distinguished from the natural sciences which have to do only with forces of nature. Fourthly, as economic life is life lived within society, the influence exercised on it by custom, laws and administrative methods, has to be given due weight. Fifthly, the power of the state in moulding the destinies of a people has to be taken into account. In the conflict of interests which is inevitable among different classes, sections and divisions of society, it is the state which represents the community as a whole and has the important part to play of adjusting the opposing claims and directing the flow of social life in such a way that the maximum of well-being may be secured to all. Lastly, it follows, therefore, that economic theory and practice can not be separated as if they were not parts of one whole science whose chief purpose it is to study actual life and judge the development of civilization from its own

² See the Author's "Economics in India," Presidential Address delivered to the Indian Economic Conference, at Mysore, in January, 1929.

particular point of view in correlation with other forces and proceedings working in a complex society. We can not do better than sum up the position in the following words of a discriminating writer:—

“We can not remain content only with the formulation of economic theory because it will merely explain to us the principal phenomena of economic life and their connection with one another as well as the social organization in which they are seen. We must reach the manysidedness of life and investigate the changes which are produced in the economic phenomena in general under the influence of ethical and historical forces. Indeed we have to do more. We must not be satisfied with the mere knowledge of economic events but must likewise aspire to make use of it for deliberately influencing economic life. One is ever confronted with this latter task in each province of study because science has not only to quench thirst for knowledge but has to contribute to the betterment of human life. This requires the handling of economic problems in a manner different from that of theoretical discussion. The aim of all theory is pure knowledge and it is important in each social science to preserve this aim free from secondary considerations. The regulation of economic life is, however, impossible unless there are standards by which to judge the value of things as that life can not keep to the correct lines without such standards and decisions as to what is desirable and what is detrimental. Therefore must theoretical economics have a second section of science where the working of different aims and possibilities on economic life must be judged in the light of the results obtained from theoretical enquiry. This is called economic policy or practice. This side of economics has to offer to us the knowledge that will qualify us for judging the merits of actual economic life”.³

This is a very fair statement of the true aim, scope and value of economic science which rises above the animated controversies

³ Wolfgang Heller: “Theoretische Volkswirtschaftslehre”,

that are being carried on even at present on the subject and are reflected in the variety of names that are supposed to be appropriate to its subject matter and scope viz. Economics, National Economy, Social Economics and Political Economy. Let us now consider the bearing of the above exposition on the theme we have immediately in hand i. e. protectionist policy. There are two propositions which can be reasonably laid down here as established: first, that the province of economic science covers theory and also policy; and second, that policy will vary according to different conditions in which it is to be adopted, in as much as there are no natural laws in economics which have a universal application. If the truth of these propositions is denied, economics will be debarred from pronouncing judgment as to whether free trade or protection is suitable in given conditions, and one uniform practice and theory will have to hold good of all countries and at all times, the discussion of the suitability of proposed measures to be taken by the state for the promotion of the well-being of the community being absolutely precluded. That the special business of economics is to discuss and recommend the most efficient methods by which individuals and nations can secure the maximum of satisfaction through the production and acquisition of goods and services, is admitted on all hands. The difference of opinion arises with regard to the correct methods. While those who are opposed to state interference in voluntary economic activities of individuals, contend that freedom of exchange through which the circulation and distribution of wealth are rendered possible and production is also stimulated, is indispensable to the attainment of the aim, the advocates of protection hold that freedom may be a suitable instrument of prosperity in certain definite conditions but that it is bound to prove a powerful cause of stagnation and decay unless it is regulated by the state in the interests of all. The idea of unrestricted individual freedom and of the state confined only to the performance of police duties, is no longer held and given effect to in its naked form, and even in countries like England, the province of the functions of the state has been considerably widened. The state

is an organization which maintains the integrity of the whole community and confers rights and imposes obligations on its members. National solidarity is guaranteed and communal well-being is secured by the state which has thus to perform the function of intervening in conflict of interests and of protecting the weak against the strong. Capitalists and workmen, landlords and tenants, creditors and debtors and producers and consumers represent the varied material which is moulded into the community and which is cared for by the state. There is, of course, a limit to the functions and the interference of the state whose powers may some times be abused but the possibilities of whose beneficent activities can not be ignored or belittled. The supporters of undiluted free trade in and outside a country pin their faith to the advantages of unrestricted competition and exchange, but there is always the risk of this freedom being exploited to the detriment of the weak. In internal trade and competition there is the state to correct the inequalities and prevent injustice. When the exchange, however, extends to other nations and results in exploitation, where is the supernational or universal authority that will prevent evil effects ?

It was List's valuable contribution to economic thought to bring to light this glaring defect in the superstructure reared by the English economists and he focussed attention on the necessity of giving the state and the nation their proper places in the correct system of economic theory and practice. In his hands economics became a system of 'national political economy.' He agreed that Adam Smith's ideas were perfectly suited to the conditions and requirements of England whose economic development had reached a stage in which freedom of imports and of competition was indispensable and beneficial. "If I were an Englishman," he said, "I would support the free trade policy of Englishmen because it subserved their interests best, since they needed wide markets for the disposal of their manufactures and large sources of the supply of raw materials and food. But Germany and France were in entirely different circumstances, and free competition would have been a stumbling block in their path."

Adam Muller had before him started an identical line of attack against Adam Smith's way of reasoning and List was indebted to him for the original conception of 'productive power', true wealth and prosperity and interdependence (as a substitute for competition). List went much further than Muller and laid special stress on the political aspect of national life. He joined issue with Smith with respect to the latter's idea of national wealth. According to him, it is not the piling up of exchange values or the production of material goods: a nation's wealth consists in the power to enrich the sources of production and in the capacity to produce that wealth. The individual merchant may accumulate private wealth in the shape of exchange values, but for the nation, it is the sources of the creation of that wealth that are vital. These sources consist, besides the material factors of production, of intellectual capital, of arts and education, in fact, of all those elements that go to make up culture. He says in one place:—"The object is not to gain matter in exchanging matter for matter as it is in the individual and cosmopolitical economy, and particularly in the trade of a merchant. But it is to gain productive and political power by means of exchange with other nations or to prevent the depression of productive and political power by restricting that exchange". He wanted the state to use all its political power to encourage the many-sided development of the people; and agriculture, industry and commerce were all to be simultaneously promoted. It was England's political power, her navy and her colonies, that enabled the English nation, in its many-sided strength, to benefit by free international exchange and competition.

The ideal of List and of economists of his way of thinking is the harmonious development of the different branches of the life of a nation, and agriculture, manufactures, commerce, shipping have all of them their proper places assigned. He says in one of his writings:—"We consider all the branches of national economy together as organized limbs of one body, we consider the whole as well as the individual parts, such as industry, agriculture, trade, shipping as constituent parts of the nation, which are the very

essence of the nation even as much as its political administration and the system of military defence; in the regulation of these elements as of the others, the whole past, present and future of our nationality and our relations towards other and great national communities are to be considered."⁴ The above ideal of a well-organized and systematically developed nationality, is fundamentally opposed to the individualistic and cosmopolitan conception of natural laws automatically working for the good of humanity. The latter system assumes that competition, which means the elimination of the weak and the unfit, will, some how or other, lead to a wholesome readjustment by the mobility of labour and capital and the transfer of these to places and industries where they will be remuneratively employed. The mobility assumed, is in many instances, imaginary, and the readjustment left to be brought about by the forces of supply and demand in the world market, is a painful process which is calculated to end in the poverty of weak nations and their growing helplessness. So long as there is no world nation and world state and the losses and gains of one part of humanity are not the losses and gains of other parts, the advantages of free international competition and division of labour may prove illusory. This is the secret of persistent and deliberate efforts of states to safeguard their people against competition that they regard as undesirable. And Great Britain is no exception to this rule as post-war measures taken there by the national government to readjust the national economic machinery to the requirements of the new situation clearly show. This is then the general background of the picture of the economic ideas and policies which prevail to-day; and it will be our next task to study more closely the theory of international trade, division of labour and competition, which is supposed to be the basis of the policy of free trade and protection.

4. Artur Sommer: "Friedrich Lists system der Politischen Oekonomie",

II

INTERNATIONAL TRADE.

The subject of international exchange has always been regarded as of sufficient importance to merit special treatment in text books, and separate volumes have also been devoted to its discussion. It is believed that as trade crossed national boundaries, new forces came into play, and problems relating to money, prices and income assumed shapes which were different from those met with in a purely national economy. Mercantilist thinkers devoted much of their attention to foreign trade in developing their theories of money and balance of trade. International exchange played an important role in the discussions of the classical economists through the formulation of their theories of value and division of labour. With the growing improvements in the means of communication and transport and the increasing mobility of capital and labour, nations have steadily been drawn into closer contact with one another, and international relations have become more intimate and complex. The interdependence of nations has grown, the volume and the variety of imports and exports have continuously expanded, the markets for certain goods have widened with remarkable rapidity, and the banking and monetary systems of the nations of the world have become interlocked in a manner that could not have been thought possible a few years ago—in short, the position as regards the relations of nations with one another has so materially altered that an independent study of the problems presented by it, has come to be looked upon as an indispensable and a fruitful discipline for the student of economic science. It may at once be admitted that the claim made on behalf of this specialized line of investigation is perfectly justified, and the literature that has already been published on the subject, makes a valuable addition to our knowledge of economic facts and tendencies. Equally valid is not, however, the

proposition that 'world economy' constitutes a science which has its own laws different from those of economics as it is at present taught. A moment's consideration will show that international phenomena do not essentially differ from the national, and do not call for the formulation of different theories. That this view of the matter is neither unfair nor inaccurate, is demonstrated by the definitions of world economy that are given by its leading exponents. "World economy" we are thus told, "is, on the analogy of national economy, a union of classes and interests which are held together by mutual economic intercourse extending over the whole earth,"⁵ or that it is a "comprehensive idea of the relations evolved through highly developed forms of intercourse and governed by international agreements effected by governments and also the exchange relations between the individual economies of the world".⁶ We are, therefore, driven to the conclusion that world economy is not an independent unit comparable to national economies, and that the latter do not stand towards the former as different ingredient parts of a nation stand in relation to the national economic organization as a whole. There is an organic unity in the nation which is absolutely lacking in the relations of nations towards one another, however intimate they may be.

We have, therefore, to examine how division of labour and exchange take place within a nation or a community which, for this purpose, may be regarded as a unit and how exchange between individuals and groups within them work to the advantage of all. In every advanced community men have learned by experience that they can secure a better recompense for their effort at satisfying their wants if, instead of directly making all the things they need and thus becoming self-sufficient, they restrict themselves to the making of those things in the production of which they have a special advantage and for which they have a special aptitude, and obtain from others goods and services with respect to which the

5. Sartorius von Waltershausen: "Weltwirtschaft."

6. B. Harms: "Volkswirtschaft and weltwirtschaft."

latter are similarly circumstanced. Special professions and trades thus arise, and within each occupation also a similar division of special work arises. This division of labour results in the economy of effort and materials, which is beneficial to all. The exchange of products would not take place unless the parties concerned in it feel that they secure greater value than they have to part with in the transaction. What is true of individuals and classes is true of geographical and administrative and political units in a country. As each member of the above groups may be supposed to act on the economic principle of trying to obtain the maximum of satisfaction with the minimum of sacrifice, the competition that will be set up among them, will result in enhanced efficiency, the lowering of cost and the increase of net gain to individuals and the whole community. As money is used in effecting the exchanges, the value of products and services is determined in the market by the state of supply and demand; and the remuneration which the different classes obtain for their labour and sacrifice, is ultimately determined by the action on each other of supply and demand in a similar manner. This is a simple and elementary statement of the economic process by which wealth is produced and exchanged in a community which is an organization whose members are bound together by other ties along with those of the mutual economic relations described above. The reality is, of course, much more complex than the simple picture presented here, but the bare outline will serve the purpose we have in hand and we can make a nearer approach to our main theme by extending the bounds of the national economic activities so that they touch other communities and nations.

The canvas is now bigger. The farmer and the manufacturer find an outlet for their goods in outside markets, the division of labour is extended and prices are fixed no longer according to the local relation of demand and supply. But the underlying principle has not materially altered. The division of labour and the localization of industry rest upon differences in natural and acquired

advantages. First of all, there is the special advantage conferred by nature in a country in the way of climate, soil and the store of minerals. The suitability of the land for the production of cotton, tea, jute and sugar-cane in tropical countries and the deposits of coal, iron and oil elsewhere, constitute the special advantages which can become the basis of a mutually profitable exchange. Education, scientific and technical knowledge and possession of ample capital as also economical means of transport are conditions which place the people of a country in a position of superiority which enables them to effect a favourable exchange. All those causes which bring about a division of labour within a community, and render it ultimately beneficial to all, become more effective when they are extended to a world economy owing to the sharper differences of geographical and cultural position, though the unity of interests is not quite as perceptible in world intercourse as it is in the economy of an individual nation. The superiority of a factory, a locality, or a province of a country in any industry or industries, rests at bottom, on the relative low costs with which commodities can be placed on the market. Prices are determined in the world markets, as in national markets, by the costs of the marginal supplier, and those producers will have a superior advantage in competition who can bring forward supplies that are produced at costs that are well within the margin. It may be possible for a community to be able to carry on all kinds of industries, but it will have a special advantage as regards low costs only in certain branches, and in an international competitive market, the community will have to give way to other communities in some industries while holding its own in the commodities which it can turn out at lower costs than its competitors. Each district and province in India, may be self-sufficient as it is capable of producing the necessaries of life and the comforts which its people need, but there is still an inter-district and inter-provincial exchange which is caused by the relative superiority possessed by localities in the matter of certain products. And the easier and the cheaper the communications, the greater is the magnitude and the variety of

the goods that become the objects of the exchange. The underlying principle which explains the phenomenon of international exchange is then the same as that of internal exchange.

Is there a theory of international trade which is different from the theory of national trade? This would appear, from the foregoing, to be a superfluous question to ask. The answer would obviously be 'no'. The subject can not, however, be dismissed so summarily in view of the endless discussion that has taken place on the question and the uncertainty which appears still to surround it. The trouble began with Ricardo's formulation of the labour theory of value and continued to haunt the minds of thinkers who imagined that there is a dyarchy in the realm of economic conditions and two different rules prevail over internal and international conditions. Two theories are consequently needed to explain the two-fold phenomenon, and hence a separate theory for international trade. Some are of opinion that the latter is only an application of the regular theory of value and exchange viz. its extension to world economy. Ricardo's theory of value is essentially a cost of production or rather a labour theory, since rent was eliminated from cost and profit and wages were supposed to stand in a constant relation to each other. This theory of 'natural' price is based on the assumption that mobility of labour and capital is unrestricted and that competition is perfect; and in such conditions it is supposed that goods would exchange with each other at a price that represents the relative quantities of labour contained in them. If two commodities have each cost one hundred days' labour they must exchange with each other, and if temporarily there is a departure from this equilibrium, it will be immediately corrected by the force of competition which will equalize profit and wages. This was all a hypothesis; but by the process of refined abstraction, Ricardo converted it into a reality and a general truth. He, however, came up against a serious difficulty when he began to consider how prices are fixed in international exchange. The law of value which holds good in the case of internal exchange in any

given country, does not apply to the value of goods which are exchanged between two countries.⁷ Mobility of capital and labour is lacking in this instance and the force of competition does not work to bring value to the cost of production. To take the classical example, a quantity of cloth produced with hundred days' labour in England will exchange for a quantity of wine also produced with hundred days' labour; but it is possible for goods which have cost hundred days' labour of Englishmen to be exchanged for eighty days' labour of Portuguese workers. A quantity of cloth, let it be supposed, requires 100 days' labour and a certain quantity of wine 120 days' labour. The same quantities of the two commodities require in Portugal, 90 and 80 days' labour respectively. Now, if England exchanges her cloth for Portuguese wine, the wine would cost her 100 days' labour embodied in the cloth exported, instead of 120 days' labour as if the exchange had been internal; and there is here a saving of 20 days' labour in the transaction. On the side of Portugal also, there is a similar advantage and a saving of 10 days' labour. It is not, therefore, the cost of production in each country that has here determined value but the cost of the article which has been given in exchange. This law is the law of comparative costs as distinguished from the law of absolute costs which governs internal exchange. J. S. Mill, who developed this theory further, has put the matter thus:—"The values of commodities produced at the same place, or in places sufficiently adjacent for capital to move freely between them, let us say for simplicity, of commodities produced in the same country depend (temporary fluctuations apart) upon their cost of production. But the value of a commodity brought from a distant place, especially from a foreign country, does not depend on its cost of production in the place from whence it comes. On what then does it depend? The value of a thing in any place depends on the cost of its acquisition in that place, which, in the case of an imported article, means the cost of production of the thing which is exported to pay for it."

7. H. Weigman: "Kritischer Beitrag zur Theorie der international Handels."

Mill, following Ricardo, adopted this dualism of the theory of value to reconcile the phenomenon of international exchange with the cost-of-production theory to which both of them clung tenaciously. But Mill caught a glimpse of the true and more acceptable modern theory of value, which satisfactorily explains the phenomenon both of internal and external exchange, when he proceeded to consider the point at which value in international trade came to be fixed. The equilibrium which subsists within a country between demand and supply, is disturbed when foreign trade makes commodities cheaper and the demand for them increases; and the question arises where will the new equilibrium be established and how will the advantages of trade be shared between the exchanging countries? Mill answers the question by saying that "the exchange value of these commodities relatively to each other will adjust itself to the inclinations and circumstances of the consumers on both sides, in such manner that the quantities required by each country, of the articles it imports from its neighbour, shall be exactly sufficient to pay for one another," and goes on to add "that the limits within which the variation is confined, are the ratio between the costs of production in the one country, and the ratio between their costs of production in the other." Here we see once more the dualism of the sets of conditions of competing and non-competing groups and the corresponding dyarchy of theories. On the one hand, value is determined by the 'inclinations and circumstances of consumers' and on the other, by the 'ratio between the costs of production.' According to the classical theory, the influence of demand on price is only transitory, and price always returns to the cost of production which is its cause and measure. This does not, however, appear to apply to value in international trade, and therefore the influence of demand on price has to be enquired into. The law by which the adjustment of price is governed, is stated by Mill to be the law of the "equation of international demand" and runs as follows :—"The produce of a country exchanges for the produce of other countries, at such values as are required in order that the whole of her exports may exactly pay for the whole of her imports."

This law of international values is also called the equation of supply and demand, which is otherwise expressed as the law of 'reciprocal demand.' But the explanation Mill gives us of the manner in which the advantage of the exchange is divided between the countries, in accordance with this theory, does not carry us very far, as he still adheres to the cost theory of value with respect to internal prices and recognizes the influence of demand only so far as it affects the quantities of the commodities exchanged. "There are two senses in which a country obtains commodities cheaper by foreign trade: in the sense of value and in the sense of cost," says Mill and proceeds to observe:—"What her imports cost to her is a function of two variables: the quantity of her commodities which she gives for them, and the cost of these commodities. Of these the last alone depends on the efficiency of her labour, the first depends on the law of international values, that is, on the intensity and extensibility of the foreign demand for her commodities compared with her demand for foreign commodities". Unnecessary confusion has been caused here by the insistence of the classical economists that the influence of demand is exerted in international trade as it is not in internal exchange where production costs alone predominate. The value of a commodity obtained by means of exchange is said to depend on the relative quantities exchanged and the cost of producing them in the respective countries. This is, however, equally true of internal exchange since there also the price equilibrium is established on the relation between demand and cost, though the relation is not so obvious. In fact, all value is governed by comparative marginal utility or demand or comparative marginal cost which means 'reciprocal demand,' which is the same thing as comparative costs. In internal as well as external exchange, it is the comparative advantage conferred by the transaction that induces persons to exchange objects or buy and sell, and it is not essentially absolute but relative advantage that is the foundation of all exchange.⁹

9. Seligman: "Principles of Economics,"

If the difference in cost or advantage, is absolute, exchange is, of course, bound to be fruitful of satisfaction to both the parties. Exchange of services between a professional man and an artisan, for instance, is an illustration in point. Similar is the case of trade between the manufactures of western nations and the special raw products of tropical countries. Such absolute difference in utility or cost, is not, however, essential to exchange, which will take place if it secures to a person greater satisfaction to part with an object in favour of another. When two parties or two countries find themselves in a position to gain an advantage, they will be willing to exchange. How much surplus satisfaction each will secure will depend on the relative degree of satisfaction, or, which is the same thing, relative sacrifice. This is the elementary law of value to which the classical economists were strangers, and they took little or no account of utility or demand in relation to the available supply in framing their law, and their theory consequently became one-sided. They plumped for labour or cost of production as the cause and measure of value, and the law of marginal utility was formulated at a later stage. The bearing of this fact on the theory of international trade is that they applied the law of comparative cost of production only to the theory of international trade. The assumption that there is perfect competition within a country while it is entirely lacking in international trade, is arbitrary. Capital and labour can not be easily transferred even within a country from one industry to another, and there are non-competing groups to be found there. A special theory of international values is, therefore, superfluous. As a matter of fact, that same theory which is supposed to apply in an exclusive manner to trade between countries, is essentially the law of all value and exchange.

The above discussion of the theory of international trade is calculated to demonstrate clearly why and how a division of labour arises as between different countries and why it is found to be advantageous to all. The superiority which an industry enjoys in a given market, is due to two things; the cost at which a commodity

is produced and the quantity that can be placed on the market. Mere low cost will not give an industry an advantage over its competitors unless the supply is sufficiently large to exert influence on world economy. A country utilizes to the utmost the industrial superiority it possesses in certain branches of its economic activity so that the resulting benefit spreads to the whole world economy. The principle on which this happens is called the principle of the "stratification" or "gradation of the supply or of the market."⁹ When the country throws on the market cheap goods which it has produced at the lowest costs owing to its superior advantages of production, it is able to obtain cheap other commodities in which it enjoys no such advantage. Thus does the difference of grade in the conditions of production give rise to external trade and is the means of increasing the economic productivity of the country concerned. The price in the world market has a tendency to be governed by the lowest cost of production, and those countries are in a position successfully to compete, whose costs of production lie well within this limit. The superior advantage of a country thus lies in its ability to provide the market with the largest portion of its supply with goods produced at costs which are away from the margin. The larger this quantity and the lower the cost at which it is marketed, the greater the profit to the industry and the country concerned. Take as an illustration the glass industry. There are, in India, a good number of glass factories which find it difficult to compete with rival imported goods. A country say, Germany, covers a large portion of the Indian market with cheap glass-ware and can control the prices and the supply, and the benefit to that country is consequently considerable. Thus is explained the predominance of western nations in the Indian market with respect to several industries.

It is needless to point out here how the foreign trade and the industries of a country are intimately connected. The degree of the closeness of this relation, of course, varies from country to country. The poorer a country is, the smaller is the volume of its foreign

9. Schuller : "Schutzoll and Freihandel."

trade. Its purchasing power is small and it has few industries the products of which it can offer to the outside world with advantage. Newly settled countries and colonies may have, however, a comparatively large external trade in raw produce in view of their small population. India's *per capita* foreign trade is barely Rs. 20 a year, which is nothing compared to the corresponding average for even small western countries and their colonies. However small India's trade, it has considerable significance from the point of view of the country's national industries. The imports of cheap foreign manufactures for which demand in India is steadily growing, are powerful competitors before which indigenous enterprise has little chance of success. It may be urged that the present division of labour, in which India sends out her special exports in exchange for foreign manufactures, need not be disturbed and that neither this country nor the outside world is likely to gain by a change. It may be pertinently asked, therefore, "How is it that in the face of the unmistakable implications of the theory of international trade, almost all countries of the world are seen to put obstacles in the path of the free flow of foreign trade?" Everywhere one sees high tariff walls raised against the imports of commodities coming from abroad, and even the events of the post-war years have made little change in the situation. There is a good deal of talk about the necessity of removing restrictions on world's trade but there is hardly any action worth mentioning. Revenue duties imposed on foreign imports are avowedly intended to throw the tax burden on the consumer and are deliberately kept at a low level. In all countries except Great Britain, they are sufficiently high and are deliberately meant to keep off foreign commodities and minimise external competition in favour of home manufactures. How can this anomaly be explained? What has economic science to say in the matter? Or, is the function of the science ended when it has laid down its theory regarding international trade and has nothing to do with the policies which governments may choose to adopt in economic affairs?

The answers to these questions depend on the view that is taken of the aim and scope of economic science itself. Even when

the science is severely restricted to the task of only investigating the economic activities of men and groups with a view to discover if there are any general principles underlying them, economics would not be precluded from studying the policy of states which restrict the free flow of trade between countries and attempt to control the activities of individuals, and explain the causes and the consequences of such action on the well-being of nations and mankind generally. The conclusions drawn from such scientific enquiries would be valuable whether they are found acceptable or not by nations and governments, for reasons which are not strictly economic in their import. This is indeed the helpful and the indispensable contribution to the discovery of truth and the progress of humanity that may be expected from the scientific workers in the field of economics. Looked at from the definitely economic point of view, viz the principle of minimum sacrifice, the unrestricted competition of manufacturers and traders with one another at any given moment, may be found to be detrimental to their own interests in certain conditions. It is now a common ground among economists that conditions of economic life have to be studied both from the static and the dynamic point of view. Long period and short period changes have to be separately studied, and the results are found to be instructively different. The classical economists confined their attention to the phenomena of the moment and generalized from them. Many of their theories have gone wrong on account of this defect in their outlook and method, and they have now been declared to be crude and unfruitful. Labour theory of value, Malthusian law of population, the iron law of wages, the wages fund theory are pertinent examples. It was, for instance, assumed that the productive capacity of a community was some thing fixed, and that when as a result of foreign trade, a new division of labour was occasioned, all that happened was that capital and labour were transferred from one industry to another and that this transfer was not only practicable and natural but beneficial, the best that could happen to the community concerned. Mobility of capital and labour and free competition were likewise taken for granted. Now, a

moment's consideration of the rapid changes which are occurring all round in India in relation to capital, labour and consumption, is enough to convince one that a theory which generalized about them, on the basis of the older economists' outlook is bound to be hopelessly out of tune with the realities. The schemes of labour and social insurance and the varied legislation in the interest of workmen and consumers with which we are only too familiar, prove that taking of long views and the incurring of present sacrifices for a future good, are regarded as conducive to the best economic interests of the community. The answer to the question as to why governments all the world over are interfering with the unimpeded flow of international trade, will be found in their conviction that the so-called natural individual liberty and free competition do not benefit them and the communities they represent in the manner expected. It is not, however, only political powers that take this view under the influence of non-economic motives; scientific economists are seen to support the policy from the point of view of their own science. The correct decision in this matter turns on whether economic science is to concern itself with the individual as an atom working under the influence of the impulse of self-interest and guided in his economic activities entirely by this motive or it has to deal with an organized society the members of which are associated with one another as constituent parts of a united whole which has a distinctive ideal, culture, laws and government. The mechanical conception of the activities of the individual and of society has been consequently abandoned as a fiction and an unreality and has been replaced by the idea of a social organization, conscious, living and progressive, deliberately adjusting the economic forces to the needs of changing conditions. Economic life has been assigned its proper place by the side of and in association with the other sides of communal life.

The admission of the interdependence on one another, of the different parts and interests in a nation, the possibility and the desirability of measures to ensure the good of individual groups through the

safeguarding of the interests of the whole and the necessity of considering economic problems in relation to their bearing on other sides of national progress, and therefore, the examination of national policy from this wider point of view, all follow in logical course. The government, as the proper representative of the community, is obviously expected—and it is an obligation which its position throws upon it—to take suitable measures to correct abuses which result from inequality, unfair and ruinous competition and the maladjustment of social and economic forces and likewise to follow a positive policy of encouraging the development of the natural and the other resources of the country through such legislative and administrative measures as may be considered suitable. The community and the nation and not the individual or the separate class and interest, is the centre and the pivot of thought and discussion. It is not 'private economy' and 'world economy' but social and national economy that is the subject of the economist's study with reference to his special discipline. The relation of the economist towards economic life is not like the relation of the grammarian towards language. And a theory divorced from practical life is empty speculation. Neither free trade nor protection is based on a theory that has eternal and universal application. It is interesting to remember that Adam Smith, the founder of English political economy, correctly appreciated the relativity and realism of economic doctrines and recognized definite exceptions to the general rule that the state should not ordinarily interfere with individual liberty in economic activity; and J. S. Mill also felt inclined to make concession to protectionism. Recent tendency in England is clearly for the state to interfere, in the interests of the nation, with the normal economic machinery with the object of restricting imports, stimulating the development of home industry by means of financial assistance, seeking to counteract the influence of foreign competition on national industries and subsidising emigration of unemployed workers and even to think of taking the coal industry under public control. Imperial politics in its economic aspect, the development of the production of raw materials within

the empire, preference given to empire products in the British market, the preference shown to British manufactures in the Dominions, and special measures taken to improve inter-imperial communications, are all significant indications of the change that has come over British economic policy in recent years in connection with economic thought and action. It is a convincing demonstration of the truth of the proposition that each nation has to adjust its economic policy to changed conditions and that there is nothing eternal about economic doctrines. In fact, all this confirms the correctness of the view advanced above relating to the true scope of economic science and its connection with problems of national well-being and progress. England's position is economically speaking, peculiar. For her prosperity she requires, like few other nations, wide external markets for the disposal of her manufactures and an open door for admitting cheap and plentiful supplies of raw materials and food. A radical change of practice and policy and orientation is not, therefore, to be expected here. It is all the more remarkable, for this reason, that even liberal economic thought is showing signs of unmistakable modification. A writer who has made a detailed and careful enquiry into this question, sums up the results of the study by pointing to three important directions of the change which has taken place in England : 1. the individualistic constitution of English economic organization is being replaced, in a growing measure, by an organization in which the principle of concentration is assuming increasing importance. Free competition which is the very soul of the Liberal conception of beneficent economic liberty, is becoming less effective and concerts, agreements, combinations, cartels and trusts, with all their implications and consequences, are coming into prominence. 2. The attitude of the majority of people in matters economic is no longer the outlook of consumers but is becoming more and more that of producers. And that is a revolutionary change indeed. 3. Claims to protection for the existing standard of living, are being advanced from every side. This is evidenced by the fact that in the post-war period of prolonged industrial depression and a large volume of unemploy-

ment, there has been no appreciable reduction of the wages of labour in any of the leading industries of the country.¹⁰

While it is true that there is no special theory either of free trade or of protection because the first would ignore the existence of independent nations and the second would have to adjust itself to different policies and aims which are incompatible with the fundamental economic motive, it would not be correct to hold that protection is, in all conditions, indefensible on purely economic grounds. As one author¹¹ has put it, normal motivation is a thing quite different from the deliberate setting up of a particular motive, with which economic theory would, in the nature of things, have little to do. Economic benefit may thus be sacrificed by a people to some other advantage, political or ethical. We shall, therefore, leave aside, for the moment, these other motives and consider if protection would not be justifiable as an activity which is prompted by the desire to secure economic gain and may, therefore, fall within the domain of economic theory. When we pursue this line of thought, we, of course, assume that the unit to be dealt with, is not the isolated individual or a number of Robinson Crusos promiscuously thrown together, but an organic body, a nation. We also assume that the capital and labour, that is to say, the productive power of a community is not something that is ever fixed by nature, which is incapable of modification. Now, both the assumptions are not like the metaphysical conceptions of the older economists, mere abstractions, but they are living realities. It follows from this that in the domain of international exchange, the superior advantage a country has in bargaining with others, may be developed by conscious effort at enabling the national industries to control a growing portion of the total supply of certain commodities in the world market and to provide the supply at a diminishing cost, as on this capacity depends

¹⁰ Leubuscher: "Liberalismus und Protectionismus in der englischen Wirtschaftspolitik seit dem Kriege."

¹¹ Weigman.

the benefit which exchange between countries is calculated to confer on them. But so long as the home market is dominated by the supply of commodities coming from outside and offered at low prices because they have been produced at lower costs, the indigenous manufacturer can not compete and can not organize national capital and labour in association with the country's natural advantages so as to be able to offer his goods at the world price. The foreign supply has, therefore, to be restricted and its price has to be raised to a higher level. And who will do this? It is here that the state comes in and by means of protective duties minimises or prevents outside competition so as to permit national resources being freely developed. If this duty is not undertaken by the state, combinations, cartels and trusts arise and they control production, dominate markets and fix prices without reference to the interests of consumers, and the ultimate economic good of particular nations. National governments then find it necessary to take action on behalf of their communities and to regulate the supply and the prices. Free imports of commodities rendered cheap by efficient production or by adventitious circumstances, prevent the development of the resources of a country in raw materials, capital and man power and do not provide scope for the division of labour and competition to produce their beneficial effects. This is a loss to the country and indirectly to the whole world. Protection is, therefore, a temporary sacrifice, a price that the consumers of a country pay, an insurance premium for securing national economic development. A nation which adopts the policy of protection, is in the position of a businessman who is inspired by purely economic motives and yet is prepared at times to sell without making a profit or even at a loss if he expects thereby to secure a better market in the near future. He may also adopt such a policy with a view to render his rivals *hors de combat* and then to capture their whole trade. The transaction is beneficial in the long run because the temporary loss is made good by the eventual profit. It is such business-considerations and far-sighted economic motives that justify the imposition of protective duties, and the economist, has therefore, to examine each problem

relating to protection from this point of view of the balance of advantage over disadvantage that will accrue to a nation if certain measures are taken or are proposed to be taken by the state for the promotion of the economic prosperity of a nation. The discriminating protection which has been adopted as its policy by government in this country, has its roots and its support in the line of argument we have followed above. Economists will have failed in the discharge of one of their important duties if they refused to consider the problems of protection on the plea that they lie out of the purview of their theory. There is no question here, as will have been observed, of falsifying the pure theory of international trade; we only verify and exemplify it. Even if protection is wrong, its assumed injurious effects have to be demonstrated and it will not be enough to point one's finger to economic theory based on assumptions which may not be true to the facts of each case.

III

LINES OF PROTECTIONIST POLICY.

If the old idea of a 'natural division of labour' between countries, interference with which must result in economic loss, is once dropped and the reasoned conviction gains strength that this division of labour may be modified by a conscious effort so that it can yield a greater net advantage to a community and that the temporary detriment due to the dislocation, is likely to be more than counterbalanced by the permanent increase of productive power which will be brought about by the new policy of the state, the ground is clear for a discussion of the problem of the adoption of measures intended to promote the development of indigenous industries with the help of a protective tariff. Wealth-production is, of course, conditioned by the state of natural resources and a country's capacity to exploit them. The climate, the soil and the mineral resources are factors that do not admit of any appreciable change, but the power of manipulating them is capable of improvement. Where the raw material is not available or available in sufficient quantities and at sufficiently cheap cost, no effort to build up an industry on it has a chance of success unless there are present other factors which more than offset this disadvantage. The aim to become absolutely self-sufficient in every respect and yet to maintain a high standard of living will, in such conditions, be uneconomic. A policy of protection, therefore, has a reasonable measure of hope of obtaining success in rearing industries, in the face of foreign competition, only in the cases of enterprises in which conditions for production and for the disposal of goods are favourable. These are the obvious limits to the possibilities of industrial progress under the protection of the tariff.

The possibility and desirability of accomplishing the industrial development of India with the assistance of the state through a

protective tariff and bounties, had been perceived for several years. The poverty of the population and the dependence of the large mass of the people on the sole industry of agriculture, had constantly attracted attention, and the example of the United States of America, Germany and other countries in the west and particularly of Japan, an Asiatic nation, all of which had built up their national prosperity by deliberate state effort, was a source of perpetual inspiration and hope to the educated classes in India. Government was being unceasingly urged to take to heart the lessons of the industrial history of other countries and bring about the economic development of India on the lines of the policy pursued by them. India was circumstanced as they had been at one time, and perhaps more favourably in certain respects, and there was no reason why this country should not succeed just as they had done. England was not a suitable model for India to copy, and protection was the correct policy here as free trade was in that country.¹² There were two reasons why this appeal fell on deaf ears. First, it was believed that for a predominantly agricultural country like India, free and cheap imports were indispensable, and the opposite policy was calculated to do more harm than good to the people taken as a whole. Secondly, though the government in India felt the justice of the plea for protection, it had no power to effect any change without the sanction of the authorities in Great Britain. The latter were, however, confirmed free traders, and even when they were not that, they could not resist the pressure of British manufacturers whose interests were closely bound up with an open door in this country, which offered a wide and growing market for their goods. The history of the Indian tariff, into which it is not necessary to enter here, is sufficiently eloquent in this connection. The drift towards protection, so far as government was concerned, came very slowly. The Industrial Commission, which was appointed at the instance of the Indian legislature, definitely pronounced in favour of a policy of state aid to industries and it did not express any views on

12. Ranade: "Essays in Indian Economics."

the question of tariff protection because it was precluded from doing so by its terms of reference. The Montagu-Chelmsford reforms ushered in an important change. The conditions of war, in the conduct of which India took a prominent part by keeping the eastern theatres supplied with materials of all kinds, gave a temporary stimulus to many indigenous industries, prices and profits being high, and new capital entered into economic enterprise on a surprisingly large scale. Exigencies of the government treasury, besides, necessitated the imposition of high import duties which tended to give unintended protection to some of the industries. Further, one of the features of the constitutional reforms of 1919, was to relieve the Government of India from the control and the dictation of the Secretary of State in matters fiscal when it was in agreement with its legislature, and the ground was prepared for the exercise of the influence of Indian public opinion on the policy of the state. European manufacturers and traders in India were deeply interested in the question of protection and were inclined to support the popular demand as they also stood to gain by the change advocated, though they might not be prepared to go to the length to which Indians would go in advocating the adoption of a comprehensive protective tariff. The Fiscal Commission thus came to be appointed early in 1921; and its pronouncement on the main issue was expressed in the following words:—"We recommend in the best interests of India the adoption of a policy of protection to be applied with discrimination along the lines indicated in this report."¹³ The Commission examined the existing condition of indigenous industries and the possibilities of their development from the theoretical as well as the practical point of view; and its deliberate opinion will be found summed up in the following passage:—"We have no hesitation in holding that such a development would be very much to the advantage of the country as a whole, creating new sources of wealth, encouraging the accumulation of capital, enlarging the public revenues, providing more profitable employment for labour, reducing the excessive dependence

13. Report, Para 55.

of the country on the unstable profits of agriculture and finally stimulating the national life and developing the national character."¹⁶

This deliberate conclusion of the Fiscal Commission fully vindicated the position we have taken up regarding the theory of international trade and its bearing upon the right tariff policy for India. The opinion of Prof. Pigou, which the Commission has quoted with approval, amply confirms the correctness of the line of argument we have developed in these lectures. Says Prof. Pigou:—"From these considerations it follows that the case for protection with a view to building up productive power is strong in any agricultural country which seems to possess natural advantages for manufacturing. In such a country the immediate loss arising from the check to the exchange of native produce for foreign manufactures may well be outweighed by the gain from the greater rapidity with which the home manufacturing power is developed. The crutches to teach the new manufactures to walk as Colbert called protective duties, may teach them this so much earlier than they would have learnt it, if left to themselves, that the cost of the crutches is more than repaid." The heavy import duties which had been imposed during the troublous time of the war and the years immediately after its close, were, in any event, going to continue since there was little possibility of the government's financial position improving so materially as to make a substantial reduction, a question of practical politics for a pretty long time. The burden on the public would inevitably be there, and the pressure of the protective duties would not be felt as it would otherwise have been. The vital feature of the policy of protection is that the burden that it imposes on the whole community in favour of any industry, and, therefore, of the persons associated with it who directly benefit by it, is a sacrifice and a price society pays in view of expected general benefit and is not a free present made to those people. Social assistance to individual industries, consequently, throws a responsibility upon those who reap a direct and immediate profit from it, so that the community is entitled to receive

back full value for the loss it sustains for a time. In the absence of a consciousness of such responsibility, protection would lose all its economic and moral justification. Industries which are essential for national defence, stand on a different footing altogether and have to be maintained at any cost. The sacrifice entailed in keeping them up, must be regarded as normal government expenditure. In its general application, however, protection must satisfy the fundamental economic test and must yield a surplus of value over cost. The evils which are associated with protection have to be guarded against in advance and a scrupulous watch has to be kept over them. It was with this idea in mind that the Fiscal Commission insisted upon all claims to protection being referred for examination and opinion to an impartial board of experts who would not allow any thing to go in unless they felt convinced that it was a sound proposition.

The very first condition that the Commission laid down as a fundamental requisite for the admission of the claim of an industry to public help, is that the industry concerned should possess some natural advantages such as the abundant supply of raw material, cheap power, a sufficient supply of labour, or a large home market. Now, let us try to understand clearly the significance of this condition. Protection is intended to give an industry breathing time so that it may improve its equipment and bring down its costs to the level of those of its competitors. The success of these is indeed due, to a great extent, to their general efficiency, but on the principle of the division of labour and localization, their position of superiority is explained by some special advantage or advantages. Modern industries are run on very small margins, the cost of transport has steadily declined, machinery of the improved type is no longer the monopoly of any country, scientific discoveries and inventions and processes are not locally restricted, with the result that an industry must possess some distinct advantage to enable it to stand outside competition. Production costs consist of a variety of elements, some of which are decisive in making or marring an industry. The items of cost in which an industry enjoys superiority, must bear an appreciable proportion to

the aggregate cost so that the advantage may be effective. The Lancashire cotton industry provides an instructive illustration in this connection. It could control the markets of the world in spite of the fact that the whole of its raw material viz, raw cotton, came from the U. S. A. and Egypt. This would then appear to be a notable exception to the general principle which has been referred to above. That is not so. Raw material is indeed an important item in the cost of production here as in other industries, but this disadvantage was offset by superiority in other elements of cost. The high grades of cloth turned out, the excellent and efficient machinery employed, the very climate of Lancashire, the long established traditions and connections of the industry and the large volume of the business done, all combined to enable the manufacturers to control a third of the world's spindles and a fourth of the looms of the whole world. In post-war years, however, other countries, both in the west and the east, set up, expanded and improved their own factories, thus powerful competition arose and Lancashire found the markets slipping from her, and the industry has been in a parlous state for some time. Various causes are responsible for this result, but one of the points to be noticed here is that the superiority of British manufacturers has lain in, among other things, special kinds of high grade varieties of goods supplied by them to the markets of the world. A natural advantage places an industry in a peculiarly favourable position as such advantage is not easy to borrow, copy or import. It is usually this fact that gives rise to imitation and adulteration, and the law of substitution comes to operate. India has a monopoly in jute and the effect of that is seen in the almost unassailable position in which the jute manufacturing industry in India finds itself. Substitutes for jute are threatened now and again, and of course, if a rival raw material is found in sufficiently large quantities and at cheap cost, it will prove a serious competitor.

Another natural advantage that may be mentioned is the proximity of the supply of fuel. It is well-known that the prosperity of the iron and steel industry in the U. S. A, Great Britain and the

continental countries has been built on the secure foundation of this peculiarity. The fact that the coal deposits in India are restricted to certain parts of the country, has an important bearing on the development of our industries, as we shall have occasion to demonstrate later on. Modern industries depend for their existence on the use of power, and the proximity of coal confers a great advantage on an industry compared with its rivals. Water power has, in this connection, an importance all its own. Wherever natural conditions are favourable, there is a growing tendency, all the world over, to utilize this source of power which is comparatively cheap and efficient. An extensive home market is another favourable circumstance which is also classed as 'natural' for the obvious reason that the good fortune can not be shared by the foreign competitor. It is geographical proximity and has to do with distance and the cost of transport, but the advantage is likewise associated with an assured and an adequate market which, owing to its capacity to absorb a large output, is calculated to confer on the industry concerned, the benefit of lower costs per unit. Foreign competitors are less closely in touch with the varied and special requirements of this home market and have, besides, to face the handicap of a considerable cost of transport. If commodities, therefore, enter the home market of another country, even over a tariff wall, they are enabled to do so because they enjoy other advantages which outweigh the drawback of distance and freight. We shall attempt, as we proceed, to show how those comparative advantages work in the lives of Indian industries and how they are related to the justification or otherwise of protection. The two other conditions laid down by the Fiscal Commission follow logically from what has been stated above relating to the purely economic aspect of protection. The sacrifice of the community due to a protective duty will be misdirected and abused if it is used for the purpose of assisting an industry which could have been developed even without outside help. The element of time is, of course, a factor that can not be ignored here; and a distinction has got to be made between a mere possibility and practicality. And further, the

industry to be assisted must be one that is expected ultimately to stand on its own legs and be able to face world competition.

There are a few more points that will come up in the course of our analysis of the position of the industries which have claimed protection from the state, successfully or not. And here the Tariff Commission has taken a view which is thoroughly in consonance with the theory and the policy of national economics we have developed in the course of our discourses, as against the attitude of abstract economics. In cases of industries of national importance which have been already referred to above, the language of the market place, of cost and profit, is not to be heard, and the principle has been unhesitatingly affirmed that "any industry which is essential for purposes of national defence, and for which the conditions in India are not unfavourable, should, if necessary, be adequately protected, irrespectively of the general conditions which we have laid down for the protection of industries." The Indian steel industry is thus recommended as one that should receive priority in examination. Special consideration is also to be shown to what are known as "basic" or key industries, viz, industries the products of which are utilized as raw materials by numerous other industries in India. Protection of basic industries raises difficulties which have been seized by the opponents of protective tariffs to demonstrate the futility and the wickedness of the whole policy. It is too well known how the products of one industry constitute the raw material of other industries; and if the prices of the former rise as a result of protective tariffs, those other industries suffer and they too can legitimately claim similar public assistance which has to be extended to them. It is, of course, possible to help the basic industries by means of bounties so that the prices of their products may not rise and the whole difficulty may be avoided. But generally speaking, the finances of governments are rarely in a position to meet the calls thus made on them and tariff protection is the only method of public help that is available. Compensating or offsetting duties are thus levied for the benefit of the industries in-

juriously affected by the import duties imposed for the protection of the basic industries. "When you once start on the slippery path of protection, there is no knowing where you will be landed," says the free trader. But it is all a question of a balance of good and evil, of utility and cost, and it is interesting to note that the Fiscal Commission is emphatic on the point as it says:—"Our general view is that the decision whether protection should be given to basic industries should rest rather on considerations of national economics than on the economics of the particular industry. In addition to iron and steel, certain chemicals and minerals and lubricating oils might be regarded as basic industries."¹⁵

It is not relevant to the scheme of these lectures to deal with the problem of protection from the imperial point of view and to discuss the economic bearings of imperial preference on the industrial development of India. The question did indeed arise in an indirect manner, in the legislature, in relation to the protection of the steel industry, but it is not of sufficient theoretical and practical importance to deserve treatment here. It is true that the Fiscal Commission has dealt with the problem of imperial preference with reference to India's interest in the acceptance of the policy and advanced both economic and political arguments in support of the appeal that, with sufficient safeguards, India should come up in a line with the other parts of the Empire, and of her own accord, should make a gesture of imperial friendliness to Great Britain. Free traders in England, still cling to their old faith, tempered with the willingness to promote the spirit of friendship and co-operation with the Dominions and to develop the resources of the Empire but set their faces against every thing which tends to restrict economic freedom and competition. The Conservatives, on the other hand, would throw all economic theories to the winds and subordinate every consideration to the consolidation of the Empire into one economic unit. A leading business man (Sir Alfred Mond:

15. Report, Para 108.

Industry and Politics) is prepared to go to any lengths and says:— "After all, fiscal systems and economic policies exist for the benefit and development of countries, countries do not exist for the benefit of economic theories.....for myself, and for a great many more, I feel sure that we are prepared to sacrifice some of our economic ideas on the altar of imperial unity". During the past few years, there has been noticeable a decided drift in England, towards a policy of protection so far as it suits the conditions and needs of that country. Whatever the future may bring, if India is called upon to give preference to British products, apart from the question of this country's place in the Empire, each case will have to be considered on its merits. What is pertinent to notice here is the way in which economic questions are being considered more and more from the national, social and political points of view. The situation is, frankly speaking, perplexingly complex. On the one hand, colossal and fantastic organizations of capital are growing up in varied shapes, as cartels and trusts, and labour organizations are expanding irrespectively of national boundaries, and at the same time, statesmen and politicians are speaking in terms of nations and empires. Forces of national and imperial sentiment and solidarity are still powerful, and economics is expected to unravel the tangle and show the way to correct thought and action for communities and nationalities and governments.

It will now be convenient to indicate briefly the main lines of the critical examination of the leading features of those indigenous industries that have asked for protection. The start must be made from the time, to use a legal phrase, when the cause of action arose in regard to the complaint of the industries concerned that they were being undersold in the Indian market by foreign manufacturers. The nature, the quantity and the prices of the foreign commodities sold in the country, will need attention. A commodity has numerous varieties, and only a few of them are manufactured in this country. The foreign producers can count upon a world-wide market and either specialize in certain species of the article or turn out such

large quantities of several qualities that they can afford to sell at comparatively low prices. The Indian unit of production, on the other hand, is small, and the Indian market is limited, though it may demand small quantities of a large number of different sorts. As the Indian manufacturer can not market his output at competitive prices, it is evident that his cost of production is higher unless, of course, dumping can be proved. We have, therefore, to ascertain the average cost of production of the Indian industry. Here costs may vary from factory to factory, but they are all, more or less, on the high side. The cost of production must then be analysed into its principal component parts, viz. raw material, labour, stores, interest on working capital, depreciation, management expenses, middlemen's charges and all other items which are included under the head 'overhead charges'.

When it is stated that India has an advantage in certain raw materials, we have to scrutinize the nature of those materials to find out if they are suited to the production of high qualities of commodities. Then again, though the materials may be of excellent quality, they may be available at such long distances from the places of manufacture that the natural advantage may be seriously minimised by the high cost of transport. It may, therefore, be necessary that this favourable factor should be combined with some others so that, between them, the comparative cost of production may be kept low. The question of the location of factories will depend, to a considerable extent, on the situation of the sources of the raw material. This is equally true of the supplies of coal and the production of power for driving the industrial plant. Coal or water power and raw materials may not be found in the vicinity of each other, and the manufacturer must make a correct choice regarding the location of his works, making it depend on the comparative advantage of proximity to the raw material or the source of power, the market for the finished product being another factor of which due account has got to be taken. This factor of the relative distances, and therefore of relative costs, is generally ignored when people vaguely say that there

is no lack of raw material, coal and demand for finished goods in India, and protection is expected to perform wonders for them. Labour is another factor of production in the case of which unlimited supply and cheapness are always claimed in this country. On the face of it, in manufactures which are new to India, skilled labour with the necessary efficiency is not likely to be available in the required quantities. It is again possible that cheap labour may not mean low cost, and the relation between wages and productivity will have to be investigated. Indian labour is, however, capable of attaining greater efficiency with a few years' experience and training. The necessity of employing foreign labour in the initial stages of the growth of an industry and the possibility of replacing it with indigenous labour after a time, are questions which will merit attention, particularly in view of the sacrifice the nation is called upon to make on behalf of a protected industry.

The whole justification of a protective tariff turns on the supposed possibility of its being able to attract sufficient capital for investment in new industrial ventures, and we must know what rate of dividend will be enough to induce people to put their money into these enterprises. Besides fixed capital, there is the working capital, and the fate of several concerns may hang on the ready accessibility of running capital and the rate of interest that has to be paid for it. Conditions in India are certainly not as favourable in this respect as they are in western countries. Then, further, industries asking for protection, must not expect to be able, with public assistance, to distribute large dividends among their shareholders. Their costs of production must include a reasonable amount for the depreciation of plant, buildings and machinery. Protection is intended to place industries on an independent footing, and industrial concerns have to make allowance annually for the progressive wear and tear of their equipment so that the capital value of the factories may be kept intact. The system of industrial management and of sales calls for careful scrutiny for the reason that inefficiency in these matters will tend to increase costs and render

competition difficult. To conclude, even when it has been found that an industry deserves to be protected, the question of the measure of protection still remains, and it has to be decided what will be a reasonable amount of public assistance so that it may be neither more nor less than what is absolutely essential for the purpose which protection has in view. The decision regarding 'compensating protection' turns on the same considerations as have been discussed above.

IV.

ESSENTIAL FACTS.

It may be generally stated that to sustain its claim to protection at the hands of the state, on the basis of the principles of national economy, an industry has to show that it has been suffering from certain deficiencies which can be made good by potential advantages which may be realized only if it is relieved from the stress of foreign competition during a period of time. It will be readily admitted that, except for efforts to bring new enterprise into existence and to make experiments along those lines, enquiries into proposals in favour of protection can be undertaken exclusively in the cases of industries in *esse* and not industries merely in *posse*. An enquiry must proceed on some solid facts about what can be and has been achieved and can not properly take cognisance of bright ideas about possibilities and schemes which may have the air of plausibility. The industries which have been already started and have had practical experience of their working, can usefully put up their case for investigation, and they are expected to place all their cards on the table. Their works costs, their selling methods and the realized prices as well as their profits and losses, must all come under scrutiny. It is not easy, of course, to ascertain the costs of foreign competitors accurately, and some guess work may be necessary in that respect. The internal selling prices and the landed prices of foreign commodities are well known. The quantities of imported goods are equally well-known, and their values are available, thanks to the statistics compiled by the customs authorities and by the Commerce Department of Government. The prices which are comparable are those of similar or the same sorts of goods. The information about the volume and the value of the imported articles is of importance in finding out the mutual relation of the imports and the home supply.

It may be repeated that for the purposes of these lectures it is not necessary to go into detailed statistics and to study each of the

industries concerned in all its different aspects. Our main object is to discover the working of economic laws and illustrations of economic theory in the practical conduct of industrial enterprise. A general outline, broad facts and average figures are all that is required, and these will be used with due caution so that hasty inferences and one-sided conclusions may not be possible. It is but human that manufacturers should open their mouths too wide and ask for a larger measure of public assistance than, on a scrutiny of their claim, may prove to be reasonable. The divergence between what they considered a fair selling price for themselves and the price at which rolled steel would be imported, was estimated by the Tata Iron and Steel Company at Rs. 50 per ton, and therefore, the protection asked for amounted to 33 $\frac{1}{3}$ %. Paper-making firms which appeared before the Tariff Board, proposed that all kinds of paper without discrimination should be subjected to a protective duty of 25%. The demand of cement factories was that the customs duty which then stood at 15% on a valuation of Rs. 60 i. e. Rs. 9 per ton, should be raised to Rs. 25 a ton. These percentages represent the calculated difference, estimated by the industries, between probable prices of imported commodities and the probable realized prices of the home manufactures. Figures regarding the volume of imports and the home output, are extremely interesting. In the case of the steel industry it was found that there was ample scope for the expansion of the market for the domestic product. Owing to the poverty of the mass of the Indian population, the limited resources of the public bodies and the general backwardness of industries, the market for steel in this country could not be compared with the extent of the demand in western countries. The Tariff Board put its estimate as follows: "—" The total consumption of iron and steel in India may be put in the neighbourhood of a million and a half of tons, and of steel only at about a million tons. These figures, however, include a considerable amount of machinery, hardware, motor cars etc., which are not likely to be

produce in India for many years to come. Nevertheless, the market is already large and, with the expansion of demand which may be expected in the next ten or fifteen years provided there is an adequate extension of transport facilities, there would be room for two or three steel works each with an output comparable to that of the works at Jamshedpur." The Tariff Board's figures relating to the actuals and the estimates of production of Indian steel given in 1927 were as follows :—"The output of finished steel at Jamshedpur was about 163,000 tons in 1923-24. The output in 1926-27 will probably be about 380,000 tons. We estimate that the output in the next seven years will average 500,000 tons and that the output in 1933-34 will be 600,000 tons of finished steel." It is essential that, in order that there may be a fall in prices and that low prices may be maintained, there should be sufficient scope for the expansion of the market for the home industry and also that there should be internal competition as a result of the establishment of new works. The Tariff Board felt satisfied on this score and adhered to the view that there was room for more steel works in the country. In the absence of internal competition, there is, besides, the danger of the industry being monopolised by one firm, but on this point also estimates were satisfactory.

The cases of the paper and cement industries are very interesting. The one is a case of overestimate of internal demand, and therefore, of the scope for expansion, and in the other, the domestic output already exceeds the internal demand. The paper manufacturers had estimated that the annual consumption of paper of all kinds, including straw boards, pasteboard etc. was about 100,000 tons, that the Indian production exceeded 30,000 tons and that the kinds of paper manufactured or likely to be manufactured in India represented nearly 80,000 tons of the total consumption. Now, the question for consideration here was whether the field for exploitation open to the domestic producers represented by the excess of the total consumption over the actual output of the Indian factories, was really as wide as it was supposed to be. About 10 p. c. to 18

p. c. of the total consumption of 100,000 tons, was 'newsprint,' paper such as is ordinarily used for the printing of dailies. This kind of paper contains a large proportion of mechanical or wood pulp in its composition and comes in at extremely low prices, and it was hopeless for the domestic manufacturers to try to compete with this paper even if protection on an enormous scale had been granted. The inclusion of the mechanical pulp paper was defended on the ground that if the newsprint were exempted, it would be substituted for other paper on a large scale. The well-known economic law of substitution would thus come into operation, and consumers would protect themselves against enhanced prices by using an article that gave nearly equal satisfaction at a smaller cost. It is the common experience of businessmen that there is a universal tendency among consumers, as there is among producers, to prefer a cheaper article, and that patriotic convictions and instincts can not be relied on for an indefinite sacrifice. Swadeshi is a voluntary vow of sacrifice made by patriots: a protective tariff is a socially organized and imposed obligatory sacrifice due from all. The principle of substitution was illustrated in the steel trade also. Belgian steel, which is not up to the British standard specification, is sold cheaper, and when the prices of all steel rose as a consequence of the imposition of protective duties, that material, which appeared to derive benefit from a depreciated exchange, was substituted by Indian consumers for purposes for which ordinarily British steel would have been employed. It was freely stated at one time that continental billets were imported into England and rolled there in British steel works. As this cheaper steel flooded the Indian markets, the offtake of Jamshedpur products suffered and when the measure of protection granted to the industry came to be revised, this factor had to be taken into due consideration. One important principle which has been emphasised by the Tariff Board, deserves to be mentioned in this place. It is, that protection, to be effective, must be adequate for the purpose for which it is given, viz. enabling an industry to dispose of an increasing quantity of its output at fairly remunerative prices. If this does not happen, protection defeats its own

end, and becomes a meaningless sacrifice on the part of the consumers. It is necessary to remind the reader in this place that the facts and the figures used in the present and the succeeding chapters, relate to the state of the industries concerned, in which their claim to protection was considered and do not take account of changes in the demand, the supply, the costs and the prices which may have occurred since then.

To return to the story of the representation of the paper-makers. The account of how a large quantity of imported paper, which the domestic manufacturers had hoped to replace with the help of a protective tariff but which consisted of old newspapers against which it was evidently impossible to compete, had escaped the notice of all concerned and how the discovery came to be made, as it were, by an accident, may be better told in the words of the Tariff Board¹⁷ itself :—“.....a suggestion was made that in place of protective duties on paper, a surcharge of Rs. 10 a ton should be levied on the importation of old newspapers and the funds used to assist the industry. The suggestion did not commend itself to us, but it served to draw our attention to the fact that old newspapers in bales and bags make up 30 p. c. of the total imports of paper into India. These newspapers come almost entirely from the United Kingdom, and are imported largely in Bombay, Sind and Burma where they are used as the cheapest kind of wrapping paper. For tariff purposes they are valued at Rs. 130 a ton (11 pies a lb.), so that the 15 p.c. duty is just short of Rs. 20 a ton. It is obvious at once that no manufactured paper can possibly compete at the price and in ascertaining the market which the Indian mills might possibly capture, the old newspapers must be excluded. Nevertheless, although the imports of newspapers have been shown separately in the monthly Trade Returns since April 1923, all the manufacturers who gave evidence had included them in the estimate of the trade which would be captured. These imports amounted to a

17. Report on Paper Industry.

little over 22,000 tons in 1923-24 and to nearly 26,000 tons in 1924-25." Other varieties of paper which were either too cheap or too dear and could not possibly be produced at competitive prices in this country, had also to be excluded and the portion of the imported supply that could be replaced by the domestic industry, was narrowed down to only 20,000 tons instead of the 80,000 or 90,000 tons which was the original estimate of the manufacturers. Here we find an excellent illustration of the laws of division of labour and specialization and joint cost. The Indian consumer wants small quantities of a large number of different varieties of paper. The market for each variety is so small that you cannot concentrate on it and produce the variety economically. Foreign competitors have the advantage of a wider market spread over the whole world and can specialize in certain species of paper and can, therefore, produce an article of good quality at a cheap price. The average price of Indian paper must ultimately be governed by the joint cost of producing an extensive range of varieties, and as special equipment can not be provided and the division of labour is limited owing to the limited extent of the market, the cost of production is too high to permit a margin between it and the competitive selling price.

The growth of the Indian cement industry was phenomenal. "In 1914 a small quantity of cement was produced at Madras in one factory, while in 1924 there were ten factories at work with a possible output of 550,000 tons." Both consumption and home production have rapidly expanded, and by 1924, the Indian production and imports together amounted to about 388,000 tons, the ratio of the two being 2 : 1. While the aggregate productive capacity of India was about 600,000 tons, the annual consumption could not be put at a higher figure than about 400,000 tons. It could not be urged that there were the imports which could be replaced with the home-made product in as much as the Indian factories were already underselling the imported article. The ground on which protection is usually asked for is that the imported commodity is selling at low

prices at which the domestic manufacturers can not hope to compete with it, and that with the help of protection there is the possibility of capturing a wider market and of lowering the selling prices. Here the position was the reverse of what is usual. Foreign cement sold in the market at much higher prices than the home product, and the share of the imported cement in the total consumption was small. There were two striking facts in the situation : the prevailing prices of the Indian cement were wholly unremunerative and did not even cover works costs, and they could not long remain at that level, with the result that estimates of future consumption had to be cautiously framed. And secondly, the low price of Indian cement was due entirely to internal competition and had no direct relation to the price of the imported article. It was found that imported cement was landed at a price of Rs. 55-60 per ton while the Indian prices had gone as low as Rs. 30 to Rs. 40 in the local markets. One important result of this was the conclusion that no amount of protection, not even the total prohibition of foreign imports, was likely to affect the internal price, and therefore, the prospects of the home industry !

The difference in price between the Indian matches and those imported from abroad, has been very large, and that the domestic industry was able to keep its head above water and even to expand its production, has been due to a revenue duty which is nearly cent. per cent. Government has recently accepted the recommendation of the Tariff Board that the duty should be continued at the present level and that it should be converted into a protective duty. One of the elements of a favourable position with regard to the manufacture of matches in this country, is the size of the internal market and therefore of the possibilities of expansion and of the reduction of costs. The capacity of the two dozen and more of the domestic factories is 18 million gross matches a year, and the imports of foreign matches have declined from 13.68 million gross in 1921-22 to 6.13 million gross in 1926-27. The large volume of home consumption and the nature of the article, which is now a

necessary of life with increasing numbers of the population, is an asset of the domestic industry. As the Indian industry supplies such a large share of the total consumption, the price is governed by internal competition. Then the Indian cotton textile industry which asked for and received only in part the protection that was thought necessary, had a special case. It is not an infant industry but an old established one. Its main complaint was about 'unfair' Japanese competition. It did not want a wider market under the protection of a higher tariff; it wanted to retain its old market which was seriously threatened by the inroad of Japanese goods. The export trade in yarn in the Far Eastern markets has steadily declined to an almost vanishing point, and now the Indian textile industry was being beaten in its own home market. Inquiry into the condition of the Indian industry's claim revealed the following facts:—"Japanese yarn of 32s counts is being sold at a price which is practically equal to the cost of manufacture alone of yarn of this count in India without any allowance for profit or depreciation. In cloth of the lower counts, that is, in drills and sheetings, Indian mills are able to hold their own, and it is, therefore, doubtful whether the Japanese imports in these lines control prices in India. In cloth of counts of 30s and above, the cost of manufacture alone in Indian mills is either practically equal to or higher than the Japanese sale price and Japanese competition, therefore, exercises a depressing effect on the prices of Indian mill production."¹⁹ One of the chief causes of the depression in the mill industry in Bombay city and island was declared to be the increasing competition of mills in Ahmedabad and other centres.

While on the subject of markets and prices, we may usefully draw attention, at this stage, to an important consideration. We are in the habit of speaking of an Indian market, an Indian price and of the Indian producer. As a matter of fact, there are numerous markets spread over the whole country, and chiefly owing to their varying distance from the factories, they become the spheres of in-

quence, to borrow a phrase from diplomacy and high politics, of different manufacturing interests. Economic productivity is the creation of utilities which come to possess varying values to local consumers. As numerous manufacturers will try to reach the widest field of consumers, competition will set limits to the volume each producer will be able to dispose of. In a state of competition, the cost, including that of marketing, that is covering the distance between the factory and the consumer, has to be adjusted to the price at which consumers will buy. To the locality where this cost is higher than the price, the market is lost, unless the loss is made good in a more favourably situated market. We shall have occasion later to deal with this problem at greater length. The subject is referred to here to show how the Bombay mills came to suffer from depression owing to the curtailment and loss of what at one time were their special spheres. This remarkable change is brought out in the following statement of the Textile Tariff Board's report :—“...Since the end of the war, the up-country mills have increased their production of yarn by 115 million pounds and of cloth by very nearly 400 million yards. At a time, therefore, when...owing to the loss of the China trade in yarn the Bombay mills have had to find an outlet in the home market for the equivalent of an extra 300 million yards of cloth, they have been faced with the competition of an additional 400 million yards of cloth manufactured in India. The effect of this increasing competition on the part of the up-country mills will be obvious, more especially as it is direct competition since the up-country mills manufacture goods which are mostly of the same qualities as those made in Bombay.”

Now let us turn to the consideration of the advantage in relation to raw materials. There was a general impression in the minds of people that the prospects for a steel industry were not very bright in this country in as much as the supply of its principal raw materials was far from adequate and it was thought to be so located that it could not be economically utilized. Fortunately, however, actual enquiries revealed that the iron ore available for

the use of the works at Jamshedpur was of a superior quality and that the material was to be found in abundant quantities. What was further of importance was that the fuel needed for the industry, was also to be found near the works. The proximity of coal, ore and the other materials and also of the market for the finished products, was an essential condition that had to be here satisfied; and all doubts as regards the quantity, quality and distance were set at rest. The so-called iron belt, extending over the district of Singbhum and the adjoining Feudatory states of Orissa, is found to contain some of the richest ore to be had in the country. Quality and cheapness are advantages on the side of the Indian industry, and the Tariff Board put the matter expressively in the following words :—“ In other parts of the world equally rich ore is to be found, but it can not be landed at the iron works at any thing like the same price. Conversely, equally cheap ore exists in some countries but of nothing like the same quality. The advantage India possesses in the shape of iron ore is therefore very great.”¹⁹ Coal of a particular quality is needed so that good coke can be made out of it at low cost, and it is found that though the quality of Indian coal is inferior to the coal available in the great steel-making countries of the west, the cost of mining is comparatively low so that the total cost of coke per ton of pig iron is far from excessive. The decisive consideration is the cost of coal that figures ultimately in the making of pig iron, and the defect in the quality of the coal is made good by the cheapness with which the material can be put down at the works so that if more has to be used, the loss is offset by the cheapness of putting it down at the works.

The establishment of an industry in a particular locality is determined by the predominance of some one or more of the natural advantages we have spoken of above. The industrial organizer has to estimate his comparative costs according to the situation of his projected factory and to decide how he will combine his advantages

19. First Steel Report.

and drawbacks so as to secure the maximum net result. If he sets up his works near the ore, the coal may be far off; and if he prefers the vicinity of the coal, the ore stands at an inconvenient distance and may entail comparatively greater cost. Further, the market may be situated at such a distance from both that the cost of transporting the finished product may prove prohibitive. The skill in industrial organization lies in weighing these factors together and in arranging them in such a manner that their adjustment may result in the lowest total cost of the manufactured article. Here again we see the operation of the law of joint cost. In this respect too India enjoys a natural advantage in as much as not only has the home industry an abundant supply of ore of excellent quality, but it has its coal at a favourable distance from the ore. There are very few instances of a more advantageous geographical location of the raw materials of the steel industry, in this regard either on the continent or in the U. S. A. The law of joint cost finds further illustration in the supply of another raw material of some, though not of equal, importance in steel manufacture, viz. fluxing material. And in the light of what has been already stated in relation to that law, the following observation of the Tariff Board about fluxing material will be found interesting:—"In respect of fluxing materials India does not possess the same superiority as in ore, but, economically is at no disadvantage. Lime stone of the best quality is to be found in India but at such distances from the iron ore and coal as to preclude its use for metallurgical purposes. There are, however, ample supplies of lime stone and dolomite within a reasonable distance of the other raw materials. These supplies though not equal in quality to those available in other countries are nevertheless sufficient for the purpose. Larger quantities have to be used, but, as the materials are cheaper, the cost of flux is not on the whole higher than it is elsewhere." The fact that India had a distinct advantage in the manufacture of steel and iron so far as favourable natural conditions were concerned, was proved by the ease with which Indian iron could be exported to Japan and the west coast of America. But in

the manufacture of steel, India's natural advantages did not come into full play and the comparative cost of turning the pig iron into finished steel, was higher though the capacity of the Indian industry to manufacture steel of good quality was no longer in doubt.

The bearing of the distance of a factory from its supplies of coal and from its markets, on its cost of production, is instructively illustrated by the position of the Indian cement industry, which has no natural advantage in respect of fuel. Almost all the cement factories are so situated with regard to coal that the freight on fuel is a serious matter for many of the works. Coal is required in this industry for two purposes : for the raising of power and for fuel in the kilns. The Indian cement factories are scattered over a fairly wide area of the country, and are very differently circumstanced as to the supplies of coal and to their markets. They are to be found in Kathiawad, in the Central Provinces, in the Punjab, in Gwalior and in Hyderabad State. The coal required for the kilns has to be of a superior quality and has, therefore, to be conveyed from the coal fields of Bengal and Behar, while C. P. coal, which is of an inferior quality, may be used for the raising of steam. From this aspect of the location of the factories it will be realized that the cost of coal at the works is bound to exercise a predominant influence on the prospects of the industry, and a protective tariff is not calculated to render much help in its development and prosperity when it suffers from such a natural disadvantage. If we take five representative factories, including one at Porbandar on the Kathiawad coast and the Katni group in the Central Provinces, it will be found that while the cost of coal at the colliery per ton of cement varies between Rs. 3-9 and Rs. 5-5, the freight from colliery to the works per ton of cement varies from Rs. 2-9 for the Central Provinces Portland Cement Company to Rs. 10-1 in the case of the Indian Cement Company in Kathiawad. The difference in the total cost of coal per ton of cement in the cases of the above two works is, therefore, Rs. 7-5 and Rs. 15, and is indeed very wide.

It is interesting to consider if, in the face of the natural disadvantage from which some of the Indian cement factories are seen to suffer, they enjoy some natural advantage which may be expected to wipe out the drawback, and thus we come to the question of the distance of factories from their markets. One fact of vital economic importance in connection with indigenous industries may be mentioned in this place. Our port towns, such as Bombay, Calcutta, Rangoon and Karachi, owing to their large populations and their higher standard of living, provide huge markets for all kinds of manufactured commodities, and a good part of the demand for the out-put of the home industries must proceed from these cities. But it is in these same port towns that the competition of imported goods is the keenest. Compared to internal railway freight, sea freight over much longer distances, is very low, and in the port markets, where there is a good demand for all manner of commodities, the home-made products have to carry the burden of heavy transport charges, and the position of the imported goods is favourable. Indian manufacturers have a comparative advantage in the up-country markets in which the imported articles are handicapped by the railway freight which they have to bear from the ports to the interior. If the Kathiawad factories are excluded, there are no Indian cement works within 300 miles of a port. So far as the internal markets are concerned, the Tariff Board describes the natural advantage of the Indian works in the following words :—

“ Up-country, owing to the railway freight on imported cement, the Indian manufacturers have a great natural advantage; indeed it would hardly be too much to say that they possess a naturally protected market. It may be taken to include roughly all the stations on the Great Indian Peninsula Railway and the Bengal Nagpur Railway between Bhusawal and Pamposh, all stations on the G. I. P. R. and the East Indian Railway between Bhusawal and Asansol, all stations on the Bombay, Baroda and Central India Railway, north of Baroda, all stations on the North Western Railway north and east of Khanpur, the whole of the Oudh and Rohilkhand and Bengal and North-Western systems, and part of the Jodhpur

Railway." Within the region thus described, Indian cement has, as compared with its position in the ports, an advantage which varies with the distance from the nearest port but which may amount to Rs. 10 per ton on the average. Outside this field favoured by nature, Indian cement has to face the competition of the imported article on the same terms as in the ports, or on worse terms, as in Burma. And it is worth bearing in mind that the internal market where the home-made product enjoys a position of superiority over its rival, covers only one-fourth to one-fifth of the total consumption of cement in India, so that for the large balance of three-fourth to four-fifth, the Indian cement has to face the full blast of foreign competition.

Let us now try to appreciate the theoretical significance of the above facts. The Indian market for cement is divided into two clear-cut sections marked out from each other by varying prices governed by the cost of transport from the factories to the market in one case and from the ports to the market in the other. In conditions of keen competition the price would be governed by the law of minimum cost. Let it be supposed that the price at a certain place up-country, is Rs. 45 per ton which includes the ordinary cost and the railway freight from the factory to the market. This will be the joint supply price and that firm or those firms will be in a position to sell, which will be on the margin or within it. If the ordinary cost of production is assumed to be the same for all competitors, then the railway freight will be the decisive factor in determining which factory will be able to sell. If the ordinary cost, that is cost not including freight, varies with the factories, a firm which has a comparatively greater distance to cover and therefore to pay higher freight, may yet be able to capture the market provided its ordinary cost is lower than that of its competitors and allows a margin even after higher freight is paid; and the intra-marginal producers will thus be able to reap an advantage varying with the difference between the marginal price and their own costs inclusive of freight. Imported cement which is landed at a price of:

Rs. 50 a ton has absolutely no chance in this up-country market. The supply price for the imported commodity and that for the home manufacture will tend to meet as we advance towards the ports; and at a point nearer the latter, the two will meet, and the Indian cement will be eliminated altogether in the ports just as the imported cement was in the interior market. What an important role railway freight plays in the fixing of the market price, may be seen from the fact that while the cost of production at the works, exclusive of manufacturer's profit, is about Rs. 35-40, the freight to the ports is about Rs. 14 on the average. It will, therefore, be very easily seen why, in one set of its recommendations the Tariff Board proposed that a bounty of Rs. 8 per ton be paid on all cement consigned from an Indian factory through or via Calcutta, Bombay, Madras or Karachi or to any Railway station not more than 75 miles from these ports and that a bounty of Rs. 4 a ton should be paid on all cement consigned from an Indian factory to any Railway station more than 75 but not more than 150 miles from any of these ports.

It has been hinted above that low sea freight is calculated to confer on the foreign manufacturers an enormous natural advantage as the transport charges for British cement from London to an Indian port are lower than what the Indian factories have to pay for moving their output by railway to their home markets. Burma imports a considerable quantity of cement from abroad, but that market is practically closed to the Indian factories. The difference between the freight to Calcutta and the freight to Rangoon from the up-country cement factories is Rs. 14 a ton, and the price of imported cement in Rangoon is only about Rs. 3 a ton higher than it is in Calcutta and Bombay. An additional bounty of Rs. 11 would, therefore, be necessary to enable the Indian factories to compete with foreign cement in the Burma market. Burma is a valuable market to the Indian factories, but there is a wide gulf fixed between their supply price and that of the foreign manufacturers, to the serious disadvantage of the former.

There is another interesting point about Indian cement. It has been repeatedly examined by Government experts and has been pronounced as perfectly equal in quality to the imported portland cement. In spite of the expert testimony and the evidence of consumers as to its satisfactory character, however, there is a lurking prejudice in the minds of the users of Indian cement against an article the manufacture of which has been only recently started in the country, and a preference is shown for the imported article. The extent of this preference for imported cement may be put down at Rs. 8 per ton. This fact illustrates the importance of demand in the determination of value and the limitations of the cost of production theory of value. The superior advantage of a trade mark is essentially of the same character and may depend upon nothing that is intrinsically good or sound. Things become valuable because the people who want them imagine that they are so, the limit being their willingness to bear the cost or the sacrifice necessary to secure them. Here we have a convincing demonstration of the necessity of retaining in Economics what is called the 'subjective' theory of value, which some economists would altogether eliminate from the science as superfluous.²⁰

20. Cassel: "Theoretische Sozialökonomie."

V

ANALYSIS OF COST.

The older economists, who believed in the existence of 'natural laws' in Economics, were inclined to think that there was a 'natural division of labour,' between countries of the temperate and the tropical zones. The former were better fitted, by their cold climate, superior training and efficient organization, to carry on manufacturing industries, whereas the tropical lands were in an advantageous position to grow food crops and raw materials of industry, which required a particular soil and climate but which did not need much skill, capital and organization. Unhampered trade between these zones was, therefore, in the best interests of all. A protectionist policy, however, seeks to minimise the disadvantages and promote the advantages of the two exchanging groups so as to make the division of labour and competition more effective and therefore beneficial to the peoples of the world. What is to be noted here is the fact that the older economists recognized the existence of natural advantages and disadvantages which were the basis of the international division of labour and which were related, properly speaking, to the difference in the absolute cost of production. It should not be forgotten that the natural barriers which separate industrial zones and nations from one another, are steadily losing their rigid character with the advance of science, the rapid improvement in the means of transport and the growing use of substitutes as the constituent materials of commodities. The wonderful growth of the artificial silk industry during the past few years and the similar development of dye manufacture, are illustrations in point. Products which to-day depend very largely, for their manufacture, on natural e. g. vegetable raw material, may, in an increasing measure, be produced in the laboratory. An industry may likewise be established at a great distance from the sources of its chief raw material e. g. Lan-

cashire cotton mills. We have a rise and fall of industries in the economic sphere corresponding to the rise and fall of kingdoms and empires in the political sphere. Accessibility of suitable raw material will, however, continue to play an important role in the localised organization of industries; and it will now be worth-while to pursue our investigation of the industries we have selected for study, with particular reference to the importance of raw materials in their costs of production.

Take first the manufacture of paper. Rags have been the recognized raw material of this industry from olden times and in all countries. Strong paper is even to-day made of rags and it is very costly. Owing to the limited extent of the Indian market for this variety of paper, it is not manufactured in any appreciable quantities by Indian mills, though rags are mixed up with other materials for the making of various kinds of paper. It may be mentioned in passing that the common impression that rags are a cheap material for the making of paper in India, is not correct for the reason that this stuff, as it finds its way to the factories, is in such a dirty state, that the cost of cleaning and bleaching the material tends to be prohibitive, and the effect on the quality of the paper turned out, besides, is very unfavourable. Grasses and wood have now come to be the standard raw materials for paper manufacture, and special attention has to be paid to these as rags are not a natural product and India can not be said to possess any natural advantage in that regard. 'Esparto' grass is in common use in western factories, but wood fibre is being still more extensively employed and is to-day the cheapest material for the industry. Scandinavia, the Baltic states, Canada and the U. S. A. have abundant supplies of the trees which are especially suitable for this purpose. The demand of newspapers for this cheap variety of paper, has grown so enormously during the past few years that the forests in the above countries are threatened with denudation, and the governments there have been seriously considering the problem of conserving and renewing their forest resources. Grass has an important natural advantage over wood

in as much as it is annually renewed while wood takes generations to grow up again. This question of the relative merits of grass and wood, has a special significance in India at the present moment for the reason that it has been recently discovered that bamboo is quite a suitable material for paper-making and that India can command extensive supplies of this natural product. Not only this. The paper made out of Bamboo is found to be superior to the paper made from the Indian grasses. The economic consideration will here, of course, weigh very heavily as to the cost of the transport of the bamboo from the forests to the sites of the mills and the relative advantages of taking the raw material to the mills and taking the mills to the raw material. As in the cotton textile industry, some mills may specialize in spinning and others in weaving and still others may carry on both spinning and weaving, in paper manufacture, the making of pulp may constitute a separate industry or it may be combined with the manufacture of paper, each factory making its own pulp. There appear to be good prospects for the manufacture of bamboo pulp, and the possibilities of the economic exploitation of that natural raw material will have to be carefully considered.

The grass that is used for making paper in India is predominantly the "Sabai." The species of paper made from this material satisfies the requirements of a certain class of consumers in India owing to its peculiar qualities, but its utility is limited and consequently the market for it is restricted. Sabai makes a strong paper that may be used both for writing and printing, but it is very poor in smoothness and finish and is, therefore, replaced by imported paper where the latter qualities are required. Now, when it is said that there are abundant supplies of this grass available in India and that, therefore, this country has a natural advantage in that respect, we have to consider what this means. Physical abundance of grass is not the same thing as an economically abundant supply. It is superfluous to repeat that these are two different things. It is not abundance in the general that is of importance: it is abun-

dance in a given place and in relation to other factors that counts. If the mills have to go farther afield for the collection of the grass with each increase in the distance, the cost of transport and labour increases and the raw material tends to become uneconomical. The economic law bearing on this question is the law determining the relation between the price of a finished product and the cost of the agents of production. The price of a commodity casts its reflection back and governs the price of the productive goods. If the market price of a commodity is not high enough to cover the prices of the productive goods, then the latter will cease to be employed and the production itself may have to cease. It is the marginal utility of the supply of grass taken as a whole, which is available to a given mill, or its marginal cost, or to put the same thing in another way, it is the marginal demand price compared with the marginal supply price that is conclusive in this connection. The abundance of supply of grass is, therefore, at bottom a question of the price at which it can be secured, and that will, in its own turn, depend, other things remaining the same, upon the price of the finished product. When the competitive selling price of paper is low, grass which is apparently cheap, is practically dear to the manufacturer who can not economise on other items of cost.

It will be instructive to note that the Bengal paper mills have to bring their grass from very long distances running into hundreds of miles. Take the case of the Titaghur Paper Mills which drew their supplies from four different areas, stretching as far as the extreme north-west of the United Provinces and into Nepal. The distance in the former case is more than 900 miles from the mills and in the latter, the distance from railhead to the mills is 580 miles. The remaining sources of supply are not less than 200 miles in any case. The cost of putting down the grass at the mills, works out, on an average, at Rs. 50-55 per ton and at Rs. 125 per ton of pulp or paper. There is obviously very severe competition, if not a scramble, among the mills to obtain their supplies of grass, and the long distances to which they have to travel, add Rs 25 in

railway freight to the cost of paper. The question may here suggest itself : if the mills have to transport their grass over such long distances and at high cost, why should they not avoid this cost by going near the raw material ? The answer to the question is to be found in the estimate of the comparative costs of production under the two sets of conditions. If the Bengal mills were transplanted to the vicinity of grass, there would indeed be a saving on the freight of 2½ tons of grass carried over a distance of 900 miles for making one ton of paper ; but freight will have to be paid, at the same time, on 5 tons of coal that will have to be carried from Bengal and Behar for the same quantity of paper, and the distance to be covered will not be very much less. Distance from the market will be another factor, but that may be ignored for the moment. When the claim of the paper industry to protection was being considered, there was indeed in contemplation a scheme of such a mill that would be established near the raw material ; and the Punjab Paper Mills Company hoped to be able to obtain its grass from an area within a radius of 20 miles from the mill at a cost of Rs. 14 a ton at the mill. Even if this figure is raised to make allowance for a possible element of oversanguineness and the cost is taken at Rs. 20 to 25 a ton, the cost of grass per ton of paper is reduced to Rs. 50 to 60. What was pertinent in this instance was that it was proposed to use hydro-electric power at the mill so that the advantage of the proximity to raw material was not likely to be wiped out by the distance from the coals supply and, therefore, by high fuel cost. Is it any wonder, in the circumstances described above, that the Tariff Board arrived at the conclusion with respect to paper mills using Sabai grass as their principal raw material, that their claim to protection was not made out ? That verdict is to the effect that "the conditions of the Indian market being what they are, and with pulping wood at its present price, the paper mills in India, which use sabai grass, have no natural advantage in competition with imported paper, but on the contrary, are at a disadvantage".⁸¹ The

81. Paper Report.

natural advantage would be effective only if the mills were in the vicinity of the grass and a site is selected where hydro-electric power is available.

Under the existing conditions of paper manufacture, a factory may be said to possess a natural advantage in production if its raw material can be obtained at an extremely low cost. How natural advantages which are latent, become suddenly patent and how objects which are wealth in the physical sense, are converted into economic wealth, with all the characteristics of accessibility and exchange value, is illustrated in an interesting manner by the emergence of the bamboo plant into sudden fame. In large tracts of this country, the bamboo grows wild in enormous quantities which go unutilized for the satisfaction of the wants of man. The discovery that the bamboo makes an excellent raw material for paper manufacture is calculated to introduce a revolution in that industry and to become a romance in industrial development. The bamboo has been found to be a superior paper-making material as compared to sabai grass, and its exploitation does not present any thing like the same difficulties. Distance of the bamboo areas from the mill and the cost of transport are indeed factors which have their importance there also, but fortunately other natural advantages are associated with the use of bamboo in India. The bamboo can be floated down the streams of rivers which flow by the side of the forests, and the cost of transport is thus reduced to a minimum. There are such conveniently situated areas in Burma, Bengal, South-west India and particularly in Cuttak, the last mentioned having, besides, advantage of proximity to a coal mine. Distance from coal is indeed a difficulty with most of these areas, but the cost of fuel would not be a serious factor if the making of pulp from bamboo were made a specialized industry, as only half the quantity of coal required for the manufacture of paper is sufficient for the manufacture of pulp. It may be possible to carry on pulp-making on a large scale and paper mills may buy their pulp from the pulp works and Indian pulp may even be exported. India can be said to possess

a natural advantage in the raw materials of paper-making only on the basis of the utilization of the bamboo in conditions described above.

Before concluding the discussion of this part of our study and proceeding to consider the other elements in the costs of production, we shall refer to another illustration of comparative differences in the natural advantages of industries in the matter of raw materials, caused by some of the commodities manufactured being by-products of other industries. It is a common-place of economic theory that the price of a constituent of a joint supply or of a by-product is not regulated by the particular cost that is needed for producing it and that if a by-product can be disposed of at a higher price, or in some cases, at any price, the manufacturer is enabled to secure a larger margin of profit on the main article of manufacture or to reduce its selling price. A by-product is an essential and an inevitable element in the total supply of a commodity and will be automatically produced in any case. The cost of production that may be attributed to it, will be a part of the aggregate cost of the principal finished article, and if it can be covered by any selling price, that is a distinct gain to the manufacturer who will be content with any thing he can obtain for the by-product. Let us suppose that silver mining is profitable at a certain level of price which will, however, be kept in a depressed condition if silver is found mixed up in the raw state with other and more valuable minerals for which the mining is specially carried on. Independent mining of silver will not thus be paying so long as it has to compete with the cheap supply of the metal provided by another industry, as an unimportant element in its output.

It was claimed for the magnesium chloride industry in India that it has superior natural advantage in this that the raw materials required for it are available in large quantities in the salt areas at Kharaghoda on the coast of Kathiawad. Magnesium chloride is used in India mainly as a sizing material in the

cotton textile mills of Ahmedabad and Bombay. It was calculated that at the Kharaghoda works the productive capacity could be expanded to four times the demand for the finished product as the raw material consists of the residue of salt water that remains after the sodium chloride or common salt has been removed from the pans. The magnesium chloride works asking for protection claimed the advantage of good railway service at its disposal for purposes of transport, these facilities having been created for the use of the salt industry which exists there. During the time of war, the Indian industry was in a flourishing state, as imports of magnesium chloride were cut off, prices were high and the textile mills were ready to pay any thing for the article. Before the war, Germany had practically a world monopoly in the supply of the commodity, and this is how it came about. "At Stassfurth in Saxony there are extensive and very valuable deposits of a mineral called "carnallite," which is a double chloride of potassium and magnesium with traces of bromine and iodine. Magnesium chloride apparently forms the greater portion of the carnallite and must be eliminated before the more valuable potassium salts can be recovered. It is, therefore, essentially a by-product and, since the manufacturer must in any case incur the expense of its removal, whether he can sell it or not, he can afford to dispose of it at a very low price."²² This circumstance explains how Germany could monopolise the market of the whole world and how the requirements of the vast textile industry of Great Britain were supplied by it. Magnesium chloride is, in India, a specially manufactured product while in Germany, it is a waste product, and this explains the difference in the world-market price of the article. The natural advantage of Germany is greater than that of India; and the indigenous industry could not justifiably claim protection on the ground of favourable conditions regarding the raw materials of manufacture. There were no overwhelming compensating advantages, besides, in favour of the Indian manufacture, which could be urged in support of protection.

²². Tariff Board's Report on Magnesium Chloride.

An important element in the cost of production, besides raw material, is wages of labour, unskilled and skilled, and labour engaged in supervision. Wages bear a varying ratio to the other costs in the different industries. Most of the large industries in India to-day are industries in which machinery of the modern type is used. Manufactures of the old type, carried on on a small scale and with the help of simple tools and instruments, have little chance of success in competition with large-scale manufactures. This means not only the investment of large amounts of capital and the employment of up-to-date machines and also the adoption of improved scientific processes, but the employment of skilled labour that is calculated to handle the complicated mechanism with efficiency. For lack of experience, it is but natural that indigenous labour should not be found at first equal to the tasks imposed upon it and that therefore, its efficiency should be smaller. Efficiency of labour is its capacity to contribute to the utility created by it in association with the other factors of production. It is not the amount of the money wage, small or large, that determines its cost in the industry. If the value of the output of an industry per head of the workmen employed increases, other things remaining the same, there is an increase in labour efficiency. A similar result will follow even when the money wage has been raised but when the per capita production has gone up in a greater proportion. This is the explanation of the usual statement in economics that low wages do not necessarily mean low cost and of the phenomenon that general industrial costs are comparatively low in the U. S. A. in spite of the higher money wages that prevail in that country. Another fact to be noticed in this connection is that labour efficiency depends not only on the physical and the intellectual capacity of the worker but on the efficiency of the machinery and the organization of the industry itself. Much labour is liable to be wasted and its cost is likely to be higher if the tools and machinery which workmen are called upon to handle, are not sufficiently helpful to the workers. The question with which we are here particularly concerned is with regard to the advantage or disadvantage in comparative labour efficiency in the costs of produc-

tion of Indian industries, and the extent to which improvements in it may be expected under a regime of protection. It should be mentioned in passing that a scheme of protection is likewise calculated to increase the productive power of a nation and to give increased employment to its people in the national industries. But this consideration is not directly relevant to our present discussion.

There are two facts about Indian labour which are clear. Wages of labour in India are comparatively low and secondly, its efficiency in many departments of industry is lower than in western countries. Efficiency of labour is to be judged, as has been already stated, from the relation between its money wages and its productivity; it may be found in certain classes of labour and in certain branches of industry that if Indian productivity is low, its wages are equally low and that for the prevailing wages, the labour can not be regarded as inefficient. Let us apply the above general principles relating to wages to labour efficiency as it is to be found in the actual working of the Indian industries. Though mechanical and industrial education has not yet been provided for on any appreciable scale, there is an amount of the old type of labour which is found suitable for the new industries as such workmen learn their jobs with a moderate duration of practical experience and thus evince a remarkable degree of adaptability. Foremen and supervisors need higher qualifications and, therefore, regular training. In the case of mechanical and scientific experts, of course, this training is an absolute necessity. It is superfluous to add, however, that it is in the interest of the employers themselves that provision should be made for the training of their labour and that measures should be taken for increasing the efficiency of labour generally. The responsibility of proprietors of industries that receive state aid, is peculiar in this respect. The employment of Indians for all jobs in their works is important not only from the point of view of national economic progress but from that of economy in their own factories. Whatever the higher efficiency of the foreign hands, there is no question that as compar-

ed with indigenous employes with the same qualifications, they are more costly. The U. S. A., Japan and other countries have consistently followed the policy of bringing out expert workmen at high cost in the initial stages of industrial undertakings and have dispensed with their assistance when local men had been sufficiently trained and the industries could do without them. A similar procedure has had to be adopted in India, and in the steel, cement and paper industries, for instance, outside labour is to be found to-day in greater or smaller degree. The more complicated, the more novel and the more difficult the operations of an industry, the greater is the need for foreign labour and the longer also it is retained. When workers are brought out on short term contracts they have to be paid higher salaries and allowances. With regard to unskilled labour, the supply in India is pretty large though factories have very often to draw for it upon neighbouring and even distant provinces. The efficiency of this class of labour is admittedly low, and in better conditions and with a little training, its productivity is sure to increase even though a slightly higher wage may have to be paid for it.

The remarks we have made above apply particularly to the labour conditions as they prevailed at Jamshedpur in the earlier years of the growth of the steel industry there and hold good to a good extent even at the present moment. This is what the Tariff Board said in relation to this subject in its first report on that industry :—
 “ In respect of labour India suffers under a disadvantage inevitable in any country which is mainly agricultural, and where industrial experience and training has still to be acquired. This renders it necessary at present to import skilled supervision from Europe or America for the more difficult processes involved in manufacture of iron and steel. This is a temporary difficulty which will eventually disappear. As regards unskilled and semi-skilled labour, wages in India are relatively low, but it is doubtful whether in this matter India has any advantage. Low-paid labour is not necessarily cheap, and far more men are employed in iron and steel works in India than would be considered necessary in western countries. In this

matter also time should work an improvement." The comparative efficiency of labour employed in the Indian steel industry can be found out by comparing the labour cost per ton of finished steel in this country with the corresponding cost abroad. The extra cost at Jamshedpur due to the employment of outside hands was estimated to be Rs. 2 per ton, and this could be saved if and when they were replaced by Indian men. The process of replacement was being carried out steadily as far as the extension of the plant permitted.

It may be expected that in the paper-making industry, which has been in existence in India for half a century, European labour should have been replaced by Indian labour in the superior posts long ago. The Tariff Board, therefore, felt disappointed that except in the two up-country mills which were, however, not very important, no progress in Indianization had been made. This meant that, to say nothing of other considerations, and to put the matter on the pure basis of rupees, annas and pies, the mills had failed to take full advantages of their opportunities to economise and to reduce their costs. A futile attempt was made to argue that to be an efficient paper-maker, a man must be born to the trade or should at least have entered the industry as a boy. Now, there is nothing specially difficult about paper-making which young Indians could not have picked up in a few years. In the case of other industries in which even more difficult work has to be done, no such difficulty has been experienced. In one of the paper mills, 12 Europeans were employed, including the manager and the assistant manager, four engineers, a chemist, a foreman, two machinemen and two paper-makers. Though six additional Europeans had been employed as new machines were added to the plant in the course of 20 years, not a single European had been displaced by an Indian. The Tariff Board found no reason for thinking that "Indians can not be trained to fill in time any appointment in a paper mill", and thought that a regular scheme was necessary for the purpose of their recruitment and training. The Board felt no doubt that India was at no dis-

advantage as regards the cost of labour, but] already had an advantage, though not a large one, and their explanation of this fact is the same as the one we have attempted to give, viz. that the lower wages in the Indian mills more than counterbalance the smaller effectiveness of the individual workmen. And they were quite positive in their view that "the question of Indianization is, nevertheless, of importance on the financial side, for the disadvantages of the paper industry in India are so serious that every potential advantage must be utilized to the full."

The capacity of Indian labour for adjustment and for improvement in efficiency is well illustrated by the progress which has been achieved in the manufacture of matches; and labour efficiency has indeed been declared to be one of the advantages enjoyed by the industry. It has been found that the number of employes in an Indian factory does not much exceed the standard prevailing in European countries and probably the numbers would be further reduced in the immediate future. Even in the case of the cotton mills of Bombay about the relative inefficiency of labour in which so much has been recently said, the Textile Tariff Board has found that much improvement is capable of being effected if the employers introduce certain reforms in the management and organization of the industry. The Board thus fully bears out the remarks we have made above that the efficiency of labour depends, to a considerable extent, on the manner in which it is handled, the machinery it is provided with, the conditions in which it has to work, the raw material it is called upon to use and generally the manner in which the operations of the factory are organized. One instance, among many, of deficiencies in this connection may be referred to here. The Tariff Board points out that "increased efficiency can not be expected from operatives unless they are provided with suitable raw material. The existing tendency to spin higher counts of yarn than the quality of the cotton warrants, causes breakages and increases the work of the spinner and the weaver." The provision that has been made for the training of Indians for employment in

the more technical and responsible work by the Tata Company in its Technical Institute at Jamshedpur, is suggestive of what can be usefully done in this direction. The process of Indianization in the steel industry and consequently of the reduction in costs, has been facilitated by the training imparted there and the Company's policy of admitting Indians to the higher and the responsible posts wherever practicable. The results of this policy may be summed up in one sentence in the report of the Tariff Board that "although since 1923-24 the output of finished steel has more than doubled, India is rapidly becoming less dependent on imported labour in the manufacture of steel." It may perhaps be objected here that efficiency being determined by the relation of wages to the contribution made by labour to the outturn of an industry and Indian labour being already efficient in the sense that it causes no comparative disadvantage in Indian manufactures, all efforts at raising the efficiency further by raising wages and improving the conditions of workers are superfluous. But a little reflection will show that this conclusion does not follow. If the improvements in the conditions in which workers live and do their work are likely to increase their capacity to contribute utilities, it will be an economic gain and an advantage from the larger social and the purely narrow economic point of view. The correctness of the view we have taken above, of the relation of wages and labour efficiency and the possibilities of higher productivity conditioned by a better treatment of workmen in India is borne out by the considered opinion of foreign observers.²³

23, Schröder-Furtwangler: "Das Werktätige Indien."

VI

COST AND MEASURE OF PROTECTION.

The very first direction in which the benefit of protection is expected to accrue is larger output. Foreign imports being restricted and their prices having been raised, the home industry gets an opportunity to sell larger quantities at higher prices, and, therefore, to increase its output and to make a profit. According to the law of diminishing costs, the application of more capital and labour yields, owing to the improvements and economies that are thereby rendered practicable, comparatively higher returns. The cost per unit of the commodity produced is reduced and the end of protection is thus attained. There are certain items in the cost of production in relation to which the industry is presumed to have a special advantage, and its exploitation is expected to become more efficient, while the disadvantage relating to others may be minimised. The industry may, however, have to labour under some comparatively permanent disabilities, which will render protection unsuitable or ineffective unless these are of a subordinate character. The final and total cost of production and the capacity of the industry to benefit by protection and to face foreign competition, will, therefore, depend on the balancing of these different factors. It is the common practice to divide the cost of production into three main groups of items: 1. Raw materials, 2. cost above materials, including fuel, wages and stores, (1 and 2 together being works costs), and 3. overhead charges, including interest on working capital, management and office expenses, selling charges and normal profits of the manufacturer. The items under the first and second heads have been already dealt with except for stores and chemicals etc. For most of these, India has to depend on foreign imports, and the country is, therefore, at a more or less permanent disadvantage in this respect. It is the usual principle of fiscal practice everywhere to exempt raw materials and similar other auxiliaries from import

duties, or in any case, to levy very light revenue duties on them. Chemicals and stores required for different industries are produced on a large scale in the industrially advanced countries of the world, and the local manufacturers secure the advantage of cheapness. It is not possible, in India, in view of the restricted market, to produce these articles economically, at present, and if tariff protection were to be granted to them, as essential materials for industries, their high prices would prove a handicap to the development of the more favourably situated industries which deserve to be encouraged. These basic industries are, therefore, generally given protection through bounties. To assist the cotton textile industry, government have recently removed the duties on the imports of mill machinery and stores.

Manufacturers are always in need of working capital which they have temporarily to borrow and on which they have to pay interest and that is a standing charge and an important item in the 'overhead.' As the rate of interest is generally high in India, this is a comparative disadvantage from which Indian industries have to suffer. Seven to eight per cent. must, therefore, be calculated on this account. Banking facilities play an important part here and India is backward in that respect. The output of factories is not disposed of the moment it is produced and long credits have likewise to be given to the wholesale purchasers. This means the locking up of funds and consequently the loss of interest for a period. British steel manufacturers were recently reported to be discussing a scheme for setting up an organization for the purpose of providing such credit as they found that they were losing their custom for the lack of necessary facilities. In its first report on the steel industry, the Tariff Board allowed it interest at $7\frac{1}{2}$ per cent. for provision of interest on the lock up of capital in raw materials, outstandings, and stocks of production. At a later enquiry, in 1927, the rate was reduced to 7%. In the case of the paper enquiry, the Board held, on the strength of information it had received, that the estimate framed by a manufacturing concern regarding the sums it has

to borrow and the rate of interest it has to pay, "is always affected by its own financial circumstances at the time" and that these may be "wholly irrelevant to the real issue." It went on, therefore, to state:—"After considering the evidence given as to the stocks of materials and goods usually held and the period which elapses between delivery and payment, we think that the cost of eight months' output is a fair measure of the working capital required." The amounts will, it will be observed, vary from industry to industry according to the nature of the materials, the volume of output and the rapidity or the slowness of the offtake. But a suitable allowance has to be made for this item. The standing of the firms managing the factories and the condition of the available banking facilities very largely govern the determination of the rate of interest that must be allowed as reasonable.

Depreciation charges may appear to lie outside the scope of the costs of production since they are not amounts which have to be actually expended to secure the output of commodities. But this is not correct and is a self-deception. You can not both eat your cake and have it. The fixed capital in the shape of plant and tools undergoes continuous wear and tear in yielding the services it does, and therefore, steadily depreciates, which means that its capacity to produce, grows less and less. Capital is nothing but a fund of services, and as one draws on them, they get steadily exhausted, so that at the end of a certain period, nothing will be left of them and the industry must come to a stand-still. The income of an industry is really the surplus of utility over cost, the last including the cost of depreciation. If, therefore, capital is to be maintained intact as regards its service-yielding power, a fund, corresponding to the annual loss of capacity, must be set aside. Managers who are either short-sighted or are driven by the pressure of greedy share-holders, to declare a larger dividend, do not make adequate provision for this item. The rate of depreciation is governed by the expected life of machinery and buildings. In some cases, these wear out much more rapidly than in others, and the rate of depreciation consequently

varies. In order to receive a steady yield on capital, wise firms provide not only for depreciation regularly and in ample measure, but set aside reserves and other funds, which virtually become additions to capital. The report of the Cotton Textile Industry Board contains a good deal of interesting information on this subject, and it will be found from it that the Board favours the system suggested above viz. that of making full allowance for depreciation before the profit balance is struck. The Board has illustrated the irregular practice that is some times followed, by citing the instance of a Bombay mill which in 1920, when its profits were at their highest, placed only Rs. 62,000 to depreciation out of a total profit of Rs. 15.38 lakhs but found it necessary, in 1923, out of a total profit of only Rs. 1.85 lakhs to place Rs. 1.38 lakhs to depreciation. An average of $7\frac{1}{2}$ p. c. is normally regarded as fair depreciation on the fixed capital of a factory.

It is superfluous to point out that an indigenous industry that aspires to compete successfully with its foreign rivals, must instal the most efficient machinery that is available, and in this matter, India suffers from a natural disability. India can not hope to manufacture its own machinery for years to come and must import it from abroad and pay heavy charges for transport, from which the foreign manufacturers escape. In the second place, mechanical inventions which are being daily made and adopted in western countries, take long to reach India. The same remark may be made with respect to improved scientific processes of which the home industrialists may not even be aware until they have become old and out-of-date in competing countries, to be replaced by others which are still more efficient. Thirdly, the large amounts of capital which the instalation of new machinery and its replacement by newer mechanical devices and appliances require, are not easily accessible in this country. Lastly, those men of enterprise and organizing ability who have been elsewhere the makers of great industries, are, in the backward state of Indian industries, only rarely to be met with. Some of these disadvantages will, of course, be temporary, and as the country advances in industri-

al development, will tend to disappear. Progressive firms in the west will build up reserves and will find it economical, with their help, to scrap machinery only a few years old and instal new and improved types which are more efficient. In judging the possibility of an industry benefiting by protection, attention has to be paid to the efficiency of its machinery as well as that of its management.

To complete our analysis of the cost of production, it is necessary to consider what should be the reasonable allowance for remuneration for management and office expenses and a reasonable return on the capital invested. There is no uniform system of management or of fixing the above remuneration, and the amount of office expenses must be judged from the nature and the volume of the work involved in each case. The managing agency system predominates in India, and it has its admitted defects. It is not the system as such, however, that is at fault but the manner in which it is worked. But the question of the return on capital merits special attention. It is argued that since capital is shy and scarce in India, a larger yield has to be promised and assured to share-holders if they are to be induced to put their money into industries and this is specially true of new ventures. The return on capital, in such cases, is remuneration on account of interest and for the risk of loss involved. The supply price of capital is higher in India, and the return on capital expected is consequently higher. The capitalization per unit of a commodity is, on an average, in this country higher than in the west for two reasons: (1) the cost of importing and setting up machinery may exceed the corresponding cost elsewhere by more than a third, and (2) the return on the investment has to be such as to attract shy and unenterprising capital. Conditions in respect of the supply of capital have radically altered since the time of the war, and were, for a few years, highly in favour of the development of indigenous industries, as may be seen from the huge floatations of the boom period that succeeded the close of the war. There are, however, cycles of industrial prosperity and depression, and capitalization has to be maintained in strict relation to produc-

tive capacity. This is not often done and the result is that machinery, plant and buildings may stand in the books of industrial concerns at fictitiously higher values than are warranted by the dividend-yielding capacity. This is specially the case in concerns where adequate depreciation has not been provided for or values have been inflated by speculation. In many a British Industry, it was found that when the boom was over, the nominal capitalization offered a basis on which no profit could be earned and no dividends could be distributed, and the remedy of drastic writing down of capital had to be applied. The true value of an industrial plant is not, therefore, what it cost originally but its replacement cost at any given time. In determining what should be regarded as a fair return on capital to be allowed in the costs of an industry to be protected, this consideration has to be given proper weight. The Tariff Board found it necessary to do this in arriving at proper capitalization with regard to steel and other industries. The Textile Tariff Board has given very interesting statistics to illustrate the double evil of overinvestment in the Bombay cotton industry in the boom period, viz. capitalization at inflated values and extensions at the high prices which prevail in such a period. When prices are high and profits are high, people are in a hurry to buy and sell mills and factories at inflated prices and to expand productive capacity also at heavy cost. When the inevitable reaction comes, the nominal values of industrial concerns are found to be hopelessly out of accord with current and replacement values, with the result that the depression is deepened and there are huge losses which could have been avoided to a considerable extent if adequate reserves and depreciation funds had been built up. The temptation to use up profits to pay high dividends, to the neglect of due provision for depreciation and reserves and thus to make hay while the sun shines, brings its own nemesis. We give below a few statistics in this connection quoted by the Textile Tariff Board and its comments thereon:—“An examination of the balance sheets of the Bombay mills shows that for 1920, 35 companies comprising 42 mills declared dividends of 40 p. c. and over, of

which 10 companies comprising 14 mills paid 100 p. c. and over and 2 mills paid over 200 p. c. In 1921, the number was 41 companies comprising 47 mills out of which 9 companies comprising 11 mills paid dividends of 100 p. c. and over. In 1922, it fell to 29 companies comprising 34 mills of which 4 paid dividends of 100 p. c. and over and in 1923, only 7 mills paid dividends of 40 p. c. and over. Whatever criterion be adopted, it must, in our view, be held that the dividends paid during the boom years were unduly high. This criticism holds even more of 1918 than of subsequent years, for in that year no less than Rs. 192 lakhs out of the net profit of Rs. 228 lakhs were distributed in dividends. It was argued that the reason for this was the favourable outlook in 1919, but if the proportion of dividends to profits in 1918 had been kept down to reasonable limits, there can be little doubt that this would have done much to check the speculation of the following years so far as it affected the mill industry. In other words, a cautious financial policy in 1918 would have subsequently proved of immense service to the industry. The best test is that of results and, judging by these it is obvious that if the Bombay mills had husbanded their resources to a greater extent in the boom years and still more in the years which preceded them, they would have been in a better position to meet the subsequent depression."

When it has been decided, after due consideration of all the relevant facts relating to an industry that it deserves protection on economic grounds and the amount of the protection that is reasonably needed to make it effective and the method of extending it also have been settled, the question of the onerous influence of the measures proposed on the consumers and other interests has to be carefully examined. Protection indeed means sacrifice to consumers of the article protected, and the injury done by it to other industries may be so serious that the resulting good to the community may, after all, prove to be problematical, and there may be more detriment than benefit to the nation as a whole. If the interests adversely affected are, from the national point of view, of subordinate

importance, the general advantage that is expected to accrue from the policy of protection may be held to be sufficient compensation for the temporary loss involved. But if the direct effect of protection is serious injury to important industries whose prosperity is also a national asset and which are being carried on as private enterprises receiving no state assistance, it must be an essential part of the policy of protection that those industries should be compensated for the loss inflicted on them. In determining what the amount of this compensating protection should be, careful calculation has to be made of the amount by which the cost of the industries concerned has been raised as a result of the higher import duties.

This problem presented itself when the claim of the Indian steel industry to fiscal help was discussed. Steel is a raw material for important industries, prominent among which is what is known as the Engineering industry. At the Jamshedpur works not only was iron ore made into steel but the steel was rolled into suitable shapes such as rails and plates. But the further manipulation of the steel thus rolled by various operations such as bending, drilling and rivetting etc. is done in separate works which prepare the steel for purposes of bridge-making, house-building etc. and for the construction of tanks, chimneys, river steamers and so on. This is a specialized industry which had to face the competition of imported goods of the kinds it dealt in, and apart from the fact that the high price of steel was calculated to tell on the consumption of its goods generally, the grievance of the engineering industry lay in the lower price at which imported materials would be sold in the Indian market in competition with them. It would be, therefore, necessary to compensate it with a bounty equal to the additional burden thrown on it or to raise the import duty on the competing articles and thus place the industry once more on the same footing as before. It should be borne in mind here that the supply of a commodity like steel, except for a portion of it,

does not go into consumption directly as it issues from the factory but requires further manipulation before it becomes fit for various uses. The demand for raw steel is, therefore, "derived" demand, depending upon the offtake of manufactures made of raw steel. If protection proposed for the steel-making industry is to prove effective, there must grow up a wide market for its products, and the dimensions of this market will be determined by the demand for the articles in which steel is the principal raw material. This means that the fates of these industries are intertwined and both must rise and fall together.

The protection of the Indian steel industry thus necessitated the protection of the Engineering and the wagon building industries. The Tariff Board pointed out that "the manufacture of raw steel and its fabrication were inseparably connected and must stand or fall together and that the market for the sale of the steel made at Jamshedpur depended on the existence of the engineering industry." The Board went on to state :—"The engineering works have been doing valuable work for the country for many years, but so long as they had to import their steel from abroad, they could not take root deeply and had no special claim to assistance or encouragement from the state. But the position is entirely altered if once it is decided that the manufacture of steel in India should be fostered. Fabrication is one of the processes to which the Indian raw materials must be subjected before they can be used, and it is, therefore, an essential part of the manufacture of steel. The encouragement of engineering work in India provides an indirect, but immediate, stimulus to the production of raw steel, and since economical production depends on a high output, tends eventually to lower the cost of production." An enhanced import duty on fabricated steel, except for certain species of the commodity, was, therefore, recommended. Bounties were recommended on the manufacture of wagons in India on the same ground, viz. that "the building of wagons is a natural development of the growth of the steel industry in India and that it is of great importance to the

Indian steel manufacturer that this outlet for his steel should be open to him." The reason why bounties were preferred to protective duties in this instance, was the desirability of doing as little as possible to raise Railway costs and the unsuitability of a protective duty as a method of developing the industry, at any rate, at the moment. Protective duties likewise were recommended by the Tariff Board for the benefit of the tin plate, wire and nail and agricultural implements industries mainly on the ground that they provided the necessary outlet for the output of the steel industry and required compensation for the high prices of their raw materials.

We give below two extracts from the report of the Tariff Board on the steel industry, which will throw useful light on our discussion of the elements of the cost of production, a fair selling price for industries seeking protection and the measure of State assistance reasonably needed by them. Writing about the position of the wire and wire-nails industry, the Board says:—"In order to determine what is a fair selling price for the Indian manufacturer it is necessary also to ascertain what is a fair allowance for the return on capital. The capital of the Company (the Indian Steel Wire Products, Ltd) stands at a little over Rs. 21 lakhs. We do not consider it probable that capital can be raised in India, for the smaller industries such as wire, at a lower rate of interest than 10 per cent. and the total return on capital is therefore 2.16 lakhs. If this profit has to be earned on a production of 3,000 tons per annum, it amounts to Rs. 72 per ton. We do not consider, however, that a firm can reasonably expect to earn a full profit during the first two or three years of its existence on an output equal to about a third of its full capacity. The total return on capital must, we think, be distributed over the full output of 9,000 tons a year and the incidence is then Rs. 24 per ton. The fair selling price is then as follows :—All-in cost of production Rs. 296 (per ton) *plus* return on capital Rs. 24 = Total 320. The evidence we have obtained from the Company, which is confirmed by other sources of information, leads us to the conclusion that imported wire, such as is manufactured by the Company, is

likely to enter India at a price without duty, of Rs. 260 a ton. It is on the difference between this figure and the fair selling price as determined in the last paragraph that our proposals are based." Speaking of the Agricultural Implements Company, Ltd., the Board remarks :—"This firm obtains from the Tata Iron and Steel Company the steel which it requires at favourable rates. The principal articles manufactured at present are picks, *powrahs* or kodalis and hoes. The Company's works, which we visited in August last, are well laid out and equipped with modern and up-to-date machinery. The full capacity of the plant is about 4,000 tons of finished goods per annum, but the present production is only about 80 tons a month or less than a thousand tons a year. At this rate of output the incidence of the overhead charges is very high and the all-in cost per ton is Rs. 767 (excluding depreciation) whereas the wholesale selling price for goods of the kind manufactured by the Company is Rs. 710 per ton. When full production is reached the all-in cost of production is expected to drop to Rs. 609 a ton excluding, or Rs. 666 including, depreciation. The profit remaining would be equivalent to a return of about 7 per cent. on the Company's share capital. We are satisfied that the Company is efficiently managed and is likely to do well provided it can reach its full output. Protection is needed in this case not as a permanent measure, but as a temporary expedient to enable the Company to get a foothold in the Indian market and increase its production rapidly."

The measure of protection needed by an industry, it will have been observed, depends upon the difference between its present and steadily declining cost of production and the selling price it is likely to realise in a competitive market. As protection by means of an increased import duty or a bounty, means a direct or an indirect burden on the public, the community has a right to know what sacrifice it is called upon to make for the sake of prospective general good. More than that, it is essential that people should know the precise relation between the burden they will be called

upon to bear and the prospective benefit they, as a nation, will realize. It is, for this reason, essential that we should ascertain in each case, what the effects of a measure of protection, are likely to be. The Indian steel industry was the first on which the experiment of tariff protection was tried in this country, and the attempt very naturally evoked serious opposition on the score of the heavy cost it was calculated to impose on the community. The Tariff Board very carefully considered all the relevant arguments in this connection and determined the public sacrifice entailed by its proposals relating to the measures of protection it had proposed. As to the argument that the poor cultivator would suffer on account of dear steel, the Board observed :—“ We agree with the Director of Industries, Behar and Orissa, that the direct effect of protection for steel on agriculture is negligible, and that the cultivator will be affected, if at all, mainly through any consequential increase in Railway rates that might result, to which we might add the increased cost of bridges in rural areas. It would be different if it were intended to impose a protective duty on agricultural implements generally. But only one such proposal has come before us and it is of very restricted scope.” It was also argued that protection would involve a considerable reduction of imports and consequently of agricultural exports, to the serious detriment of the cultivating classes. The answer of the Tariff Board to this objection was as follows :—“ Since large units are essential to cheap production, a policy of slow and imperceptible growth is out of his (the steel manufacturer) power. The industry must develop by sudden jumps or not at all. Quite apart from any question of protection, moreover, the increased Indian production of steel is imminent and the new plant at Jamshedpur is almost ready to operate. Unless the manufacture of steel in India is to cease altogether, a heavy reduction in imports is inevitable, since the only chance of cheap production is to utilize the new plant to the full.” As to the third argument that high prices of steel were calculated to affect prejudicially the prospects of all industries in the country, the Board replied that the production costs of steel were expected to fall sub-

stantially in the course of a few years and that "the industries which used steel as their raw material would be gradually built up on the basis of steadily diminishing steel costs." We can not do better than conclude this discussion of the burden of protection with the following frank statement of the Tariff Board in this behalf:—"We have no desire, however, to minimise the consequences of what we have proposed. Protection of steel involves a real burden on the community and a temporary sacrifice in order to secure advantages in the future. If we did not believe that the sacrifice was temporary and the advantages more than commensurate, we should have had no proposals to lay before the Government of India".

VII

CONCLUSION.

The Fiscal Commission had come to the unanimous conclusion that "a considerable development of Indian industries... would be very much to the advantage of the country as a whole..." and that a policy of protection should be adopted in India. But while the majority of the members recommended a policy of protection "to be applied with discrimination along the lines of the report", a minority including the President, did not approve of the qualification and supported a vigorous application of a protectionist policy without hesitation and drastic limitations. The minority fully appreciated the importance of discrimination in the application of a protectionist policy so that the burden on the consumer should be reduced to the minimum necessary for the attainment of the object in view. The difference between the majority and the minority rested on the difference of outlook and on the different views taken regarding the pace with which industrial development should be carried out and the extent of the sacrifice that the public should be called on to make for the sake of a rapid industrialization of India. The minority declared as unacceptable a half-hearted policy of their colleagues who anticipated as its result that "India for many years to come is likely to concentrate on the simpler forms of manufactured goods". A languid execution of a policy of protection, it was believed, would show only poor results and the goal to be attained would remain as far off as ever. While the majority would scrupulously balance cost and advantage at each step, though this meant slow progress, the minority believed that the achievement of substantial results needed immediate and comprehensive measures even at a heavy temporary sacrifice.

Which of these two attitudes of mind is the correct one, it is not for pure theoretical economics to say. But the aim to be attained, viz. "considerable development of Indian industries," being given,

the economist can and must determine how far the means proposed to be employed will be effective and what economic sacrifice will be entailed. The 'discrimination' to be exercised must, therefore, take account of all relevant factors, the far-reaching and the indirect as well as the immediate and direct effects of a proposed measure of protection, and these relations can not be left off as incalculable. From this it will be clear why it is stated that there is no pure economic theory either of free trade or protection: the first ignores the existence of national existence and consciousness and the second may have to deal with non-economic aims and means. The so-called theory of international trade does take cognizance of 'nations', though the supporters of free trade identify the good of nations with the good of separate individuals comprising them. The theory of international trade is not an applied theory,—an extension of internal exchange,—nor is it a theory of 'world economy.' It is not, however, correct to hold that economic theory is helpless in the face of the controversy between free traders and protectionists, and even the advocates of a special study of world economy uphold the views we have presented here. "The judgment of historical national economics on the value of the means of fiscal policy to a nation, is relative. It puts in the forefront of its enquiry geographical differences and changes in the conditions of each country. The general doctrines can only show the possibilities from which a choice has to be picked up and which display the different positions which can be justified through practical compromises. The developed theories of free trade and protection are not consequently without value. The theories lead to the formation of logical judgments which can be deduced from particular fiscal policies and in definite circumstances, and which must be similar in similar conditions. One learns only by historical experience, which, however, becomes intelligible through abstract conception."²⁴

The theory of international trade seeks to ascertain, first, the conditions in which exchange between nations takes place and

24. Sartorius von Waltershausen: "Die Weltwirtschaft."

secondly, how the resulting gain is divided between them. The old theory of absolute or comparative costs does not by itself satisfactorily explain facts of exchange, as goods may be exchanged for services the cost of which can not always be found out, and even when there is an exchange of goods, the same difficulty is encountered. The exchange in such instances turns ultimately upon the intensity of wants and the purchasing power of people. Further, the assumptions underlying the old theory that with increased output, costs remain the same and that the average costs in similar industries in a country are the same, are arbitrary and not true to reality. The influence of money incomes of exchanging countries is not, again, taken into consideration, and the influence of the elasticity of demand and supply is not sufficiently recognized. The tribute levied by one nation on another and the abuse of imperial power, prevent the growth of efficiency and purchasing power in economically backward communities. Thus there arises the exploitation of one people by another when a monopoly of supply is established in certain countries and others have a low standard of living and have comparatively low purchasing power. Manufacturing countries derive greater advantage from international trade than agricultural nations, and the prosperity of Europe and the U. S. A. has long rested on this kind of comparative superiority.²⁵ European nations realized this fact only too clearly after the war, with reference to the U. S. A.

Prof. Taussig has recently examined this whole question of international trade from the practical as well as the purely theoretical point of view. His admirable book²⁶ throws valuable light upon the problems with which we have concerned ourselves so far. He firmly believes in the theory of comparative costs or advantages, and asserts from his wide experience of the working of protective duties in the United States, as follows:—"The evidence furnished by the development of American industries under the

25. "Grundriss der sozialökonomik," VIII,

26. "International Trade,"

influence of tariff legislation is most striking in the contrast between the extraordinary growth of some protected industries and the marked failure of others to show a growth at all corresponding. We have here a set of phenomena which, commonly discussed quite without regard to the general principles of international trade, are in fact clearly related to those principles—confirm them in the main, suggest modifications or qualifications in some directions, serve on the whole to illuminate and clarify the theoretical analysis. And it is no less true that most of the arguments commonly heard in the popular controversy, and particularly those on the supposed effect of protection in raising wages or keeping them high, can be understood and weighed only in the light of the doctrine of comparative advantage." The advantages and limitations of a policy of free trade or protection can be and ought to be thus examined from the economic point of view if the action taken or proposed to be taken in this behalf, is to prove beneficial. Some times it is difficult to use the purely economic measure in estimating the advantages claimed for a certain policy. The absence of definite data is, therefore, urged as an argument against the application of economic theory to facts relating to a policy of protection. The economic cost or benefit can, however, always be ascertained, for short and long periods, with sufficient accuracy. And every nation must apply this test whenever it wants to adopt measures for the well-being of the community so that it can realize what price it has to pay for its policy and whether the thing is worthwhile on the whole. The present position and the prospects of industries in India call for such examination; and our discussion in the preceding pages was intended to show the way in this direction. Even the Indian Tariff Board, which was not called upon to discuss the larger and general question of a policy of protection for India and whose inquiries were severely restricted to problems of fact set before it, found it necessary to draw attention to certain considerations of national importance in relation to the comparative cost and benefits of protection. It speaks of the advantages of a well-established steel industry in India as those arising "naturally from

the firm establishment of a great industry which is essential to national security and for which India possesses great natural resources." The gravest consequences of the neglect of that Indian industry, are described by the Board thus: "Finally, and this is the gravest consequence of all, the shock to public confidence in the future of Indian industries would be extreme. It has long been recognised that the progress of industrial development in India will be slow until Indian capital is forthcoming in much more abundant measure than it has been in the past. The complete collapse of the greatest single industrial enterprise in the country would put back the clock for twenty years at least. We do not claim that these considerations are decisive. But they are factors which must be taken into account in arriving at a decision on a momentous issue."

REPORT
of the
UNEMPLOYMENT
ENQUIRY
COMMITTEE.

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TRAVANCORE

1928.

REPORT
OF THE
UNEMPLOYMENT
ENQUIRY COMMITTEE

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REPORT

OF THE

UNEMPLOYMENT ENQUIRY COMMITTEE.

CHAPTER I.

PRELIMINARY.

We the undersigned members of the Unemployment Enquiry Committee, beg to submit the following Report:—

1. At a meeting of the Legislative Council held on the 22nd April 1926, Mr. T. Kumara Pillai, Member for Kalculam cum Vilavancode, moved the following resolution. "In view of the increase in the number of unemployed in the State, a Committee be appointed to inquire into and report on measures to remedy the evil". Government accepted the resolution and in their Proceedings R, Dis. No. 1730 of 1926/G. A. dated 2nd October 1926 and sanctioned the appointment of a Committee to inquire into the problem of unemployment in the State and to suggest remedial measures. The composition of the Committee was as follows:—

Messrs. C. V. Chandrasekharan, M. A. (Oxon), F. R. H. S., Professor of History and Economics, H. H. the Maha Raja's College of Arts, temporarily Professor of English, H. H. the Maharaja's College of Science, Trivandrum (*President*).

„ I. C. Chacko, B. A., B. Sc., A. R. S. M., A. R. C. S., Director of Industries.

„ Changanacherry K. Parameswaran Pillai, B. A., B. L., High Court Vakil.

„ T. Kumara Pillai, M. L. C.

„ M. Subramonia Pillai, M. L. C.

The first two are officials appointed by Government and the last three were elected by the non-official members of the Legislative Council from among themselves. Mr. K. Parameswaran Pillai resigned his seat on the Committee in June 1927 when he was appointed Puisne Judge of the High Court. The non-official members of the Legislative Council elected Mr. K. P. Nilakanta Pillai, B. A., B. L., in his place and he took his seat on the Committee on the 13th August 1927. As the terms of reference were rather vague, the President requested the Government in his letter dated 13th October 1926 to indicate the scope of the inquiry more definitely. In reply Government ordered in their letter R. O. C. No. 5422/26/G. A. dated 21st October 1926 that the Committee was to confine its investigation to unemployment among the educated classes in the State. It may be noted that this decision was in accordance with the trend of the debate in the Legislative Council on Mr. T. Kumara Pillai's resolution.

2. At its first meeting held on the 5th November 1926, the Committee appointed a Sub-Committee composed of the President, Messrs. I. C. Chacko and T. Kumara Pillai to draft a questionnaire. The draft questionnaire prepared by the Sub-Committee was discussed and approved with modifications by the Committee. A copy of the questionnaire issued is appended to the Report. It was printed in English, Tamil and Malayalam and copies were sent to 770 persons including Heads of Departments, members of the Legislative Council and the Sri Mulam Popular Assembly, prominent retired officials, heads of educational institutions, co-operative societies and municipalities, representatives of English and Indian banks and other firms in the State, planters, leading vakils and medical practitioners and prominent Travancoreans living outside the State. 138 persons sent their replies to the questionnaire. The Committee gathered oral evidence by examining 64 witnesses at the following centres:—Peermade, Kottayam, Alwaye, Alleppey, Mavelikara, Quilon, Nagercoil and Trivandrum. During their tours the Committee visited the Agricultural School at Alwaye, the Rama Varma Drawing and Painting School at Mavelikara and the Carpentry School at Quilon and the President also visited the

Workshops of Messrs. Harrisons and Crosfield at the kind invitation of Mr. L. A. Lampard.

3. As we desired to have a copy each of the whole of the written and oral evidence to enable us to study it and frame our conclusions and recommendations, it was resolved at the meeting held on 20th October 1927 to request Government to arrange for its printing and publication. The reply of Government deciding against the printing and publication of the evidence, in view apparently of its vast size, was received on the 26th December 1927. It was therefore found necessary to prepare four type-written copies and this inevitably caused further delay. A type-written copy of the oral evidence and the original copies of all the written evidence and memoranda received are submitted along with this report.

4. The Committee held 13 meetings and was on tour for 19 days. There were 18 sittings for taking oral evidence. At our penultimate session lasting for five days we considered and passed the Draft Report.

5. We desire to express our obligation to all our correspondents and witnesses, official and non-official, for the ungrudging help which they rendered to us in the conduct of our investigation. Their names will be found in Appendix E.

6. We would also record our appreciation of the zeal and energy displayed by our Secretary, Mr. R. Sankara Aiyer. In the collection of facts and the tabulation of figures and in the efficient conduct of the numerous clerical duties involved Mr. Sankara Aiyer's services were found to be very valuable.

7. We may be permitted to thank the Government for the very satisfactory arrangements they were kind enough to make for the conduct of our work and for our tours.

8. At the meeting of the Committee held on the 8th April 1928 the following resolution was passed: "That the members of the Committee do place on record their grateful acknowledgment of the work of the President who cheerfully bore the brunt of their labours and who found time in the midst of his many heavy duties to draft the Report".

CHAPTER II.

SCOPE OF INQUIRY AND EXTENT OF UNEMPLOYMENT:

9. As set forth in the Preliminary Chapter, the problem which we have been called upon to investigate is not the general problem of unemployment in the State, but the smaller, narrower problem concerning those who have received education in our schools and colleges. We shall discuss in this chapter whether unemployment does in fact exist among this group of people and, if so, in what form and to what extent.

10. But before we enter upon this discussion, the question arises "Who are the educated classes"? Or to put the question in another form, "What is the standard of educational attainments to be fixed as the minimum qualification for the purpose of our inquiry"? This question was raised prominently in the course of our oral examination of the Director of Public Instruction, who held the view that the unemployed Vernacular School Leaving Certificate holder should not be included in the category of the "educated unemployed" because he had received only the minimum of education necessary "for ordinary living". There is much to be said in support of this view of the scope of our inquiry. The primary stage lays the foundation of education and the Middle School stage provides the bare minimum mental equipment and training indispensable for every citizen, male or female, and for every kind of occupation in the economic life of the community. The two stages together form what is generally called elementary education which is universal and compulsory in the progressive countries of the modern world.

11. Further, the problem of the unemployed V. S. L. C. holder stands in many respects on a different footing from the problem of the unemployed E. S. L. C. holder and the college

Note on abbreviations.

- V. S. L. C. Vernacular School Leaving Certificate.
- E. S. L. C. English School Leaving Certificate.
- V. H. Vernacular Higher Examination.

graduate. He is far less expensively educated than the latter. His investment on education is so small that it cannot be said to count as an important factor in determining his choice of occupation. The average age at which he leaves the VII Class being 14, his adaptability has not been impaired to any serious extent by the education he has received and he can more easily turn his hand to one of the traditional occupations of the community. He can do so more easily for another reason, because in a good many cases he belongs to one of the occupational castes or communities and his father or guardian has often great facilities for introducing his son to his own trade. In this connection we must not fail to note the wide difference in social and economic status which often exists between the pupils in Vernacular schools and those in English schools. From the statistics of Travancore for 1101/1926 it will be seen that the number of pupils who belong to castes and communities which, in western countries, would be called "the working classes" is much greater in the Vernacular schools than in the English schools, the percentages being 24.1 and 4.7 respectively. On the other hand, 91.3 per cent of the pupils in English schools and colleges belong to classes which correspond to the middle class in western countries. They are the children of more or less well-to-do agriculturists, merchants, lawyers, Government servants, pensioners, teachers and other professional groups.

12. The considerations set forth above would perhaps justify the exclusion of the V. S. L. C. holder from the scope of our inquiry. But we do not propose to follow this course. In the first place, our terms of reference, unlike those given to similar committees in Bengal and Madras, do not contain the expression the "educated middle class" and obviously imply the inclusion of the V. S. L. C. holder. In the second place, it must be recognised that the V. S. L. Certificate can only be obtained, at least since 1095/1920, by securing a pass in a public examination and that under the Public Service Notification the V. S. L. C. holder is eligible for appointment as teacher in the Primary classes of an English or Vernacular school and also to various subordinate posts under Government. However low the educational standard attained by the V. S. L. C. holder may be, the consideration just mentioned would by itself justify his inclusion in

our investigation. Further, the points of difference which have been urged between the unemployed V. S. L. C. holder and the unemployed E. S. L. C. holder exist, though not with equal force or to the same degree, between the latter and the unemployed Intermediate or college graduate. Nor can we shut our eyes to the points of resemblance in the nature and causes of educated unemployment, be it that of the graduate, the E. S. L. C. holder or the V. S. L. C. holder. It need hardly be said that the unemployed among those who pass the Vernacular Higher Examination are, *a fortiori*, included in our inquiry. Unemployment in the professions of Law, Medicine, Teaching and Engineering and among technically qualified persons will also obviously come within the ambit of our investigation.

13. Unemployment among the educated classes does not mean destitution or failure to get any kind of work which would ensure a subsistence wage. Their chances

Nature of unemployment. of getting such employment as they would have got if they had not been educated remain more or less the same as before.

The Travancore Census Report of 1921 spoke of the increase in the demand for labour both skilled and unskilled as being universal in the State and the evidence placed before us goes to show that the supply of skilled workers, such as, carpenters, masons etc., is by no means plentiful. If the educated unemployed would join the ranks of the labouring classes, the problem will to a large extent solve itself. But owing to various objective and subjective causes, which we do not go into in this chapter, they are not prepared to do so.

14. The problem, as we see it, is the failure of numbers of young men and women of various educational qualifications to get the kind of work the earnings of which will fairly correspond to the efforts and sacrifices involved in acquiring those qualifications and to the standard of living customary in the grade of society to which they belong. That unemployment in this sense exists to a considerable extent is clearly established by the facts and figures which we have been able to gather. This conclusion is supported by the unanimous testimony of those who have favoured us with their answers to our questionnaire or appeared before us to give evidence.

15. The data available and the materials that we were able to collect are too imperfect for measuring the extent of unemployment with any approach to accuracy. We shall attempt a rough estimate in the following paragraphs.

Extent of unemployment. 16. One valuable source of our information is derived from the unemployed themselves. We had a notice published in the *Government Gazette* dated 10th Kumbhom 1102/22nd February 1927 requesting educated persons who were unemployed at the time to fill a simple form and send it to the office of the Committee. The Assistant Inspectors of Vernacular Schools, Tahsildars, and the Honorary Organisers of Co-operative Societies were requested to give wide publicity to the notice in the areas under their jurisdiction and to obtain and forward any forms received by them. 1312 forms were received. Of this number, 321 are from individuals who, though they had been at school, had failed to pass any public examination. Excluding them, we get 1312—321 or 991. The actual number is undoubtedly larger than this. There is no doubt that a considerable number of the unemployed had either not seen the form or did not care to fill it and send it to us. Nevertheless, the forms received yield, as we shall show later, useful results.

17. A more reliable estimate of the number seeking employment is obtained from the figures given below of the total annual output from 1097-1101/1922-1926 of Travancoreans with educational qualifications of all kinds, graduates, E. S. L. C. holders, V. H. and V. S. L. C. holders, qualified persons leaving technical and commercial schools, Sanskrit schools and Ayurveda schools.

<i>Year.</i>	<i>No. of qualified men.</i>
1097/1922	3451
1098/1923	3458
1099/1924	3437
1100/1925	3482
1101/1926	3739

Deducting the average number of B. L.'s enrolling themselves as vakils, the average for those five years is 3483 or say 3500, and this figure may be taken to represent approximately

the number of persons with educational qualifications seeking employment every year. The V. S. L. C. holders form 29 per cent of this number.

18. The field of employment for this number lies mainly in Government service (including teaching in Government schools) or service under private companies and firms and the professions of law, teaching, medicine, engineering and may we say, journalism.

19. Heads of Government departments and offices had kindly supplied us with statistics regarding the sanctioned number of posts of different grades open to the educated classes in their respective departments or offices and the number of vacancies arising in such posts annually during the last 10 years. Using these figures as our data, we found that the average number of non-gazetted posts of different grades of superior service in the various departments and offices for ten years from 1092-1101/1917-1926 was 13600. The average number of vacancies occurring in such posts during the period was 5.8 or roughly 6 per cent. Assuming that a new appointment was made in every vacancy, the average number of persons that can be annually absorbed in Government service is 6 per cent of 13600 or 816 or say 820.

20. Teaching in private colleges and schools is the second large field of employment. The average of the total number of teachers in private colleges and schools in the State during 1097-1101/1922-1926 was 8126. Assuming the average rate of vacancies occurring here also to be 6 per cent, the average number of persons who can get employment in such institutions is roughly 480.

21. It is more difficult to compute the number of appointments available every year in the banks, commercial and industrial firms and the planting estates. In spite of repeated requests, definite information regarding the actual number of posts available and the vacancies arising has not been received from all the private organised bodies in the State which employ in the clerical or technical line men with educational qualifications of one kind or another. The impression which we formed in our

tour and from the evidence of witnesses representing such bodies appearing before us was that they attached little importance to examination qualifications. One prominent planter went so far as to say that he invariably preferred "unpassed men" and that the less "educated" a man was, the better character he had. Nevertheless, a fair number of educationally qualified Travancoreans are found to be employed in the private firms which have condescended to help us in our inquiry. Calculating on the basis of the available information, we may not be far wrong in estimating the number of posts available in private firms at 2000. Assuming the percentage of vacancies to be the same as in Government departments, the number of vacancies likely to occur every year is 120. As a fair knowledge of English and good handwriting are the essential qualifications for these posts, they are generally filled either by Intermediates, E. S. L. C. holders or those who leave school without obtaining a certificate. It will not, we hope, be an over-estimate to fix upon 50 per cent or roughly 60 of these posts as available for educationally qualified persons.

22. From the figures available for 5 years from 1097/1922, the annual rate of increase in the number of those who enter the legal profession is 50, 30 B. L.'s and 20 second grade pleaders. We leave out the annual output of medical men and engineers in private practice as too small to affect our calculation. It is however interesting to find that nearly 100 Travancoreans were studying in the Medical Schools of the Madras Presidency in 1925-26:—

Royapuram 23, Tanjore 31, Coimbatore 19, Vizag 1,
Madura 9, Lady Willingdon School 10.

We are unable to ascertain even approximately the number of Travancoreans who obtain employment outside Travancore and leave the State. There are, we guess from general report, nearly 100 Travancoreans in employment at Calcutta, nearly 400 at Bombay and perhaps a greater number in the Madras Presidency. The wider scope and the freer life in British India attract an increasing number every year, especially graduates. But, we believe we are right in saying that the number is yet too

small to relieve the situation at home. Putting the above mentioned calculations together, we get the following estimate of the extent of unemployment.

No. seeking employment every year	...	3500
No. absorbed in Government service	..	820
„ Private Colleges and Schools	...	480
„ Other private service	...	60
Total number finding employment	...	1360
No. unemployed	...	2140

23. The forms received from the unemployed, when analysed and tabulated, throw much light on the comparative extent of unemployment among the different sections of the educated classes.

	No.	Percentage.
Graduates	... 58	4.4
Intermediates	... 19	1.4
E. S. L. C. holders	... 260	19.8
V. S. L. C. holders	... 524	39.9
Vernacular Higher	... 38	2.9
Sanskrit tests	... 48	3.7
Technical tests	... 44	3.4
Unpassed	... 321	24.5
	...	
Total	... 1312	

If we can argue from the above figures, based as they are on the forms received, we infer that unemployment prevails in the descending order among the following sections:—

(1) V S. L. C. holders, (2) Unpassed men, (3) E. S. L. C. holders and (4) Graduates.

24. Another source of information was the registers of applications received in Government offices during the years 1099, 1100 and 1101/1924, 1925 and 1926. At our request, heads of departments and offices were good enough to send the registers to our office for reference. A few minor departments and offices informed us that registers were not maintained. A clear indication of the extent and proportion of unemployment

may be obtained by taking the average of the number of applications received in a few major departments of Government during the last three years for a few typical appointments.

	Education.		Excise.		P. W. D.		Secretariat.	
	Average No.	Per-centage.	Average No.	Per-centage.	Average No.	Per-centage.	Average No.	Per-centage.
Graduates	272	12	33	13	33	19	72	44
Intermediates	93	4	16	6	21	6	12	7
E. S. L. C. holders	482	22	117	45	169	52	60	37
Vernacular Higher and V. S. L. C.'s.	146	47	45	17	3	1	1	1
Sanskrit and other technical tests	221	10	11	4	70	21	15	9
Unspecified and unpassed	101	5	39	15	32	10	2	1
Average total for 3 years ...	2216		261		328		162	

25. The number of graduates produced in 1101/1926 was more than double the number produced in 1097/1922 and more than 4 times the number produced in 1092/1917. The average annual output of graduates (Pass and Honours) for the 3 years 1099-1101/1924-1926 for which accurate figures are available is 250. This includes the number of those who qualify by passing the September Examinations for which only approximate figures can be had. The average annual output of B. L.'s, enrolled as vakils for the last 3 years, is 30 and deducting this we obtain 220 as the average number of graduates seeking employment every year. Taking the average of the number of appointments in Government service and in departmental and private schools for which graduate qualification is prescribed and calculating the vacancies arising at 6% of this number, we find that the number of posts available for graduates is roughly 100. In other words, only 100 out of 220 graduates seeking employment are likely to be absorbed in Government service or in the schools. The percentage of the

unemployed among graduates is therefore approximately 55. Out of this number we have to make an allowance for the number of Travancore graduates who secure employment every year in British India and Ceylon. We believe that the number is by no means negligible but we are unable to make even an approximate estimate. We must also allow for the increasing number of graduates who are competing with undergraduates and are readily accepting inferior posts on Rs. 25 or Rs. 20 per mensem in Government or private service. Even when all possible allowances have been made, the extent of graduate unemployment is certainly disquieting. The situation, serious enough as it is, will grow worse and worse as one year succeeds another, unless the supply adjusts itself or is adjusted to the normal demand. But of this later.

26. The last 15 years have witnessed an unusually rapid expansion of secondary education in the State. The number of English Secondary Schools of all grades has increased from 72 in 1913 to 220 in 1927 or by more than three times. The rate of increase is much greater than in British India. The number of pupils in the VI Form, the highest class in a secondary school, has also more than trebled, increasing from 1225 in 1913 to 4036 in 1926. The number of E. S. L. Certificates issued in 1926 is more than double the number issued in 1917, while the number declared eligible for College admission in 1926 is nearly treble the number in 1917. There was a sudden jump in the figures in 1922. The number of E. S. L. Certificates issued in that year rose by 60 per cent and the number declared eligible for college admission rose by 100 per cent over the figures of the previous year. We shall refer to this point again in the next chapter but here we may say that this sudden increase has undoubtedly aggravated the acuteness of the problem during the last five years. It is also interesting to notice that the increase in the number of "eligibles" in 1922 is reflected in the increase in the number of graduates in 1926 and it is therefore indirectly accountable for the increase of unemployment among graduates as well.

27. Calculations similar to those made for graduates yield the following results :

Average annual output of E. S. L. C. holders seeking employment ..	1760
Approximate number likely to be absorbed in Government service and in private schools ..	440

Thus only about 25 per cent of the E. S. L. C. holders seeking employment every year can be absorbed in Government service or as teachers in private schools. Even if a generous allowance is made for the number likely to be absorbed in clerical employment in business firms, banks, etc., the situation is certainly very acute among the E. S. L. C. holders. To a much greater extent than in the case of graduates they are crowding into posts not originally meant for them at all. They are competing with the V. S. L. C. holders for teachers' posts in Vernacular Schools and offering themselves for appointment as constables, mochees or attenders.

28. While in secondary and university education there was great expansion during the last 10 years, vernacular middle school education seems to have been gradu-

V. S. L. C. holders. ally recovering during this period from a wave of expansion which it experienced in the previous decade. The number of pupils

in the 7th class of Vernacular Middle schools in 1926 is actually 1000 less than in 1917. The practice of issuing certificates to all candidates who sat for the public examination was abolished in 1095/1920 and from that year certificates were issued only to candidates who were successful in the public examination. This was a wholesome change from our point of view, because it considerably reduced the number of V. S. L. C. holders seeking employment. The number of certificates issued declined from 6109 in 1094/1919 to 744 in 1095/1920 and the number issued in 1101/1926 was 300 less than in 1096/1921. We are therefore justified in concluding that among V. S. L. C. holders the annual number seeking employment has decreased since 1920. Taking the three years 1099-1101/1924-1926, the average annual output of V. S. L. C. holders is 1012 which,

it may be noted, is 750 less than the number of E. S. L. C. holders. As regards the number of posts available for V. S. L. C. holders, it is difficult to make calculations similar to those which we attempted for graduates and E. S. L. C. holders. In their case, the situation is complicated by the competition of E. S. L. C. holders and unpassed men. From the figures supplied by heads of departments it is found that taking the last 3 years the average number of V. S. L. C's absorbed in Government service is about 150. The number of teachers' posts in private schools available every year for V. S. L. C. holders is estimated to be about 300. The percentage of V. S. L. C. holders likely to be absorbed works out to be 38. Though this percentage is higher than that of E. S. L. C. holders, it must be remembered that the former unlike the latter have little or no scope for employment outside the State.

29. The number of B. L's. and pleaders practising in the courts of the State has increased from 1105 in 1922 to 1640 in 1927 or nearly 50 per cent. The number of B. L's. and first grade pleaders increased in the last six years from 436 to 700 and the number of second-grade pleaders from 669 to 940. Comparing the figures in the Census Reports of 1901, 1911, and 1921, it is seen that the number of persons following the profession increased by 66.6 per cent during the first decade and 75.6 per cent during the second decade. The increase in the Madras Presidency during the decade (1911-1921) was only 34 per cent. According to the figures contained in the volumes on the statistics of Travancore the total number of suits and appeals has increased since 1097/1922 only by about 12 per cent. The increase in the volume of litigation is quite disproportionate to the increase in the number of lawyers and it has actually been decreasing since 1100/1925.

30. From these figures and from the almost unanimous testimony of our witnesses and from the fact that B. L's. of 3 or 4 years' standing are seen accepting clerical appointments on Rs. 25 or Rs. 30 per mensem, we cannot avoid the conclusion that the legal profession is very much over-crowded. There is obviously an enormous extent of underemployment and consequent lowness

of remuneration. The acute distress of numbers of junior lawyers would be revealed if we could estimate the average annual income in the profession. But the data for getting at this information are insufficient, and we are unable to make an estimate.

31. Most of our witnesses are of opinion that persons possessing special qualifications (industrial, agricultural or commercial) are able to secure suitable employment. But this view needs qualification. *Technically qualified men.* The Commercial School at Alleppey is very popular and its strength has increased from 27 in 1921 to 152 in 1927. The Headmaster of the school assured us that a majority of his old students had been absorbed by the various mercantile firms, European and Indian, of Alleppey itself. Some are working in other places in Travancore on a decent pay, and one of them had risen within three years from the post of a Short-hand Typist to that of head clerk in a big European tea estate. About a score of students had gone to Bombay and were receiving salaries ranging from Rs. 80 to Rs. 150. More than 20 of the old students of the school are in the Federated Malay States holding decent jobs. One adventurous old student is in service in British East Africa on a pay of Rs. 250 per mensem. All this is very satisfactory. The heads of a few business firms at Alleppey told us that their demand for the product of the school would increase if its quality could be improved. Though there is little or no unemployment now among those trained in this school, the Headmaster feared that in about five years more the supply might become excessive. The Sri Mulam Technical School at Trivandrum has had a more chequered career. The school began by training men for whom there was no demand. Students had to be attracted for its classes by scholarships and stipends and reduction of fees. In spite of these attractions, the number of admissions in the Mechanical Overseer Class came down from 21 in 1921 to 5 in 1924 and in the Fitters' Class from 21 in 1921 to 10 in 1924.* The fall was mainly due to the failure of the trained students to get employment. In 1925 the constitution of the school was revised and a Civil Overseers' Class and a Maistries' Class were formed. The Fitters' Class

was abolished. The Public Works Department readily provided employment for men trained in these classes in their work establishment. The present popularity of the school is mainly due to the ease with which the men trained in the Civil Engineering side can be absorbed by the P. W. D. The history of this school serves as a good object lesson for the enthusiasts of technical education.

32. The Carpentry and Smithery School at Quilon was specially intended to attract pupils from the Kammala Community. But there were very few applicants for admission from this community. The actual strength of the school was only half the sanctioned strength in the first two years of its existence. The rates of stipends paid to the students were consequently increased to attract more pupils and the school became more popular. We visited the school and saw the arrangements under the guidance of the Director of Industries. We were told that the pupils were attracted by the stipends and rarely had any intention of setting up as carpenters. A good number of them left in the middle of the course when they succeeded in obtaining some Government appointment. This is surprising in view of the great demand for carpenters in the State and the comparatively high wages which a carpenter can command in the market.

33. The School of Arts at Trivandrum provides instruction in three crafts, namely, ivory carving, pottery and silver work besides drawing and painting. V. S. L. C. holders and those who have passed the III Form in an English school are given stipends on admission. It is believed that many of those who learn ivory carving and silver work in the school follow these trades as the employees of the ivory and silver-ware shops at Trivandrum. There are, however, numerous instances of pupils joining the handicraft classes as stipendiaries merely for the sake of the stipends or for becoming drawing masters in schools.

Of the 46 technical schools in receipt of grants-in-aid from the Department of Industries 41 are intended for the teaching of cotton weaving. No minimum qualification is prescribed for admission into these schools and the boys trained in them follow their trades either on their own account or as employees of master workmen.

34. Thanks to the remarkably rapid spread of female education in Travancore, we enjoy the peculiar distinction denied to the unemployment committees

Women. appointed in British India of having to consider the problem as it affects a considerable number of the girls and young women who receive education in our schools and colleges. The number of women students in the colleges in 1101/1926 was 232, which is four times the number in 1092/1917. (In England, we may mention in passing, the number of women students in the universities increased during the last 50 years from 70 to more than 9000.) The number of girls in English schools has increased from 3019 in 1092/1917 to 9585 in 1102/1927, i. e., by more than 300%. In Vernacular schools the increase during the same period was more than 200% and in Special schools the number increased from 822 to 1324. More than 30% of the total strength of our schools and colleges are girls. There are two women taking the course in the Law College and 15 women in the Madras Medical College.

35. Taking the figures for the 3 years 1099-1101/1924-1926, the average annual output seeking employment is as follows :—

Graduates	...	10
E. S. L. C. holders	...	40
Vernacular Higher Examination	...	40
V. S. L. C. holders	...	270
Music, needle-work and other special qualifications	...	90
Total	...	450

The total number of women engaged in teaching in the departmental and private schools is roughly 2500. The number of vacancies likely to arise every year, estimated at 6 per cent, is 150. The percentage of employment is therefore 33.3. We have not included all the posts available for women in the Education department and in the private schools. About 580 of such posts are now filled by men. If these posts also can be considered to be ultimately available, the number of vacancies will be 184, and the percentage of employment 40.8.

If, however, we exclude the V. S. L. C. holders and women with special qualifications and consider the graduates and the E. S. L. C. holders alone, the number seeking employment annually is 50 and the number of annual vacancies likely to occur in posts on Rs. 15-40 and above available to women is 40.

36. In Trivandrum a lady graduates' association has been formed to agitate for the recognition by Government of women's claims to appointment in all departments of the public service. A deputation has waited on the Dewan and the Government have decided to throw open to qualified women certain appointments for which they were hitherto not selected. We welcome the announcement of this decision by the Dewan in his last Assembly Address because we are convinced that unemployed women graduates stand in need of some measure of immediate relief. But we feel bound to say that any sweeping change of policy in this direction may give an artificial stimulus to female education and in the long run create a worse situation both for qualified women and for qualified men.

37. The girls receiving education in the English schools and colleges of the State belong mainly to the two advanced communities, the Nairs and the Christians. The pernicious custom of early marriage is not prevalent among the Nairs and is dying out among the Syrian Christian families of the State. Marriage usually takes place in these communities in the ages of 15 or 16. The later the age, the more difficult it becomes to find suitable husbands and women graduates rarely succeed in getting married. The consequence is that they look for employment as eagerly as men do. In fact, it is the difficulty of finding suitable husbands on the one hand and the hope of getting an appointment on the other which induces parents in most cases to send their daughters to the colleges. A degree makes the daughter as valuable in the parents' eyes as a son. We do not wish to depreciate the enthusiasm shown for higher education but we cannot shut our eyes to the plain facts of the situation. A change in the attitude of parents towards female education is urgently needed.

38. We have now surveyed all the facts we were able to gather regarding the extent of unemployment. Not only is it very acute but it is far more acute than in the provinces of British India in which the problem has been investigated. In Madras, for instance, the Unemployment Committee stated in its report that the proportion of educated men seeking employment to the demand for them was roughly two to one. In Travancore, as we have shown, it is more nearly 3 to 1. In view of the smaller size and resources of the State and the proportionately greater number of educated persons seeking employment, this is as might be expected.

CHAPTER III.

CAUSES OF UNEMPLOYMENT.

39. The problem under investigation is by no means peculiar to Travancore, It is an All-India problem. Nearly ten years ago, the report of the Sadler

An All-India Commission commented on the gravity of the situation in Bengal. In pursuance of a resolution carried in the Legislative

problem. Council, the Government of Bengal appointed a committee in 1922 with the Director of Industries as Chairman "to investigate the problem of unemployment among the educated middle classes in Bengal and to suggest remedial measures". In its valuable report presented in November 1924, the Committee stated: "We have been greatly impressed by the acuteness of the problem and the urgent necessity for the adoption of measures for the alleviation and removal of the present distress and for the prevention of any aggravation of the present condition of affairs in the future". In 1926, there was a lively debate on the question in the Indian Legislative Assembly, as the result of which the Government of India addressed the various local Governments in May 1926. The Madras Legislative Council discussed the subject in August 1925 and the Government of Madras appointed a Committee of inquiry with the late Sir G. F. Paddison, Commissioner of Labour, as President in February 1926 and the Committee reported in June 1927. In September 1926 the Bombay Government directed the Director of Information and Labour Intelligence to collect statistics about middle class unemployment in that province. The Report of the Director was published in 1927. In the United Provinces the matter was, we believe, referred to a committee. The Government of Mysore appointed a committee in January 1927 to consider the proposal to revive the Unemployment Bureau which was in existence in the State a few years ago. In the evidence given before the Royal Agricultural Commission in almost every part of India which the Commission visited there is frequent reference to middle class Unemployment and discussion of the practicability of the diversion of middle class youth to agriculture. Finally the subject came up

for discussion so recently as last February in the Council of State. Not a day passes without some reference to this ubiquitous problem in the Indian newspapers. Several public meetings have been held and during the Congress week at Madras in December last a conference of the educated unemployed was held and several resolutions were passed. There are signs that public agitation on this question is passing from the stage of sporadic meetings and vague resolutions to the stage of creation of associations and organisations of the unemployed.

40. A problem so general and widespread must obviously be traced to general fundamental causes affecting the whole country. Local conditions, it is true, may aggravate or moderate the effects of these general causes. Unemployment may be greater in acuteness and volume in one province and less in another. But that it is prevalent in a more or less acute form in all the educationally advanced parts of the country, can no longer be disputed. An adequate analysis of the problem in Travancore ought to reveal the fundamental causes at work in relation to the local conditions.

41. From the facts and figures stated in the last chapter, it is perfectly clear that the number of educationally qualified persons seeking employment has been, in recent years, very much in excess of the demand for their services. In the history of education in the State this is a comparatively recent phenomenon. Ten or twelve years ago there was not a sufficient number of Travancorean graduates to fill the posts falling vacant in the departments of Government and the Department of Education was forced to appoint Tamilian applicants from the east coast as teachers in Travancore Schools. The total number of scholars in all kinds of educational institutions, departmental and private, actually declined between 1901 and 1911 by nearly 25,000. According to the Census Report of 1921 (P. 84) the decrease was due to the strict enforcement of the provisions of the Education Code. But between 1911 and 1926 we are struck by the phenomenal increase in the number of pupils in schools and colleges from $1\frac{1}{2}$ lakhs to nearly 5 lakhs. The causes of this over-production have to be examined.

42. We have in the first place to take account of the considerable increase in population during the last 20 or 25 years.

Between 1901 and 1921 the population of Travancore increased by more than a million. The well-to-do classes of the community naturally shared in this increase. From the statistics of Travancore, it is seen that the great majority of pupils in schools and colleges belong to the land-holding, the trading, the official and the professional classes which together we may call for convenience "the middle class". The following table shows the increase in English schools and colleges between 1911 and 1926 of the number of pupils belonging to the various sections of the "middle class".

	1101/1926.						1086 1911.
	Arts Colleges.	Profes- sional Colleges.	English Schools.	Verna- cular Schools.	Special Schools.	Total.	
A. Government ser- vants and pension- ers ...	22.7	23.7	15.3	4.3	6.4	5.4	8.2
B. Agriculturists ...	42.6	43.4	51.5	53.3	28.8	52.9	49.8
PROFESSIONAL CLASSES.							
C. Teachers ...	5.5	5.9	3.9	1.3	2.3	1.4	1.8
Vakils ...	6.0	1.3	2.6	.4	.1	.6	.8
Physicians ..	1.6	2.6	1.8	.9	3.8	.9	.8
Priests, clergy &c	2.7	2.6	2.0	.4	1.0	.6	.8
Temple servants.	.4	1.3	.4	.3	.2	.2	.3
Journalists ..	.1	...	.04	.002	...	.002	...
Artists, Painters &c	...	...	.04	.01	.3	.01	...
D. Merchants ...	8.6	6.5	13.2	11.8	9.1	11.9	} 11.1
Contractors ...	.8	...	.4	.04	...	.08	
Bankers etc. ...	...	...	.2	.0006	...	.02	
Hotel keepers &c.	.04	...	.2	.0006	...	.0006	
Total (C and D) ...	25.2	20.2	24.7	15.1	16.8	15.7	...
Total (A, B, C, D) ...	90.5	86.6	91.5	72.7	52.0	74.0	73.6

43. In pre-British times the number of men absorbed by the administrative services and the professions was relatively insignificant. The modernisation of the administration and of the professions and the *official and professional classes*. practical recognition of English as the official language of the State in the early years of the 19th century created a growing demand for qualified men in the service and the professions. Middle class families of the Tamil Brahmin, Nair and Syriyan Christian communities were among the earliest in South India to take advantage in increasing numbers of the new openings offered by the introduction of western education in the State. These Communities and especially the first two have a long tradition of literacy and 'letters' and of official and professional service. In the past they have shown little aptitude for industry or trade. Even the retail trade of the country has been mostly in the hands of Vellalas, Konkans, and Muhammadans. In view of their past traditions and recent history, it is not a matter for surprise that middle class families among Tamil Brahmins, Nairs and latterly among Syrian Christians almost automatically send their children to school or college with a view to qualify them for Government service or for one of the professions. An official and professional class drawn mainly from the above three communities has thus been formed in the course of the last 100 years. Once a man of this class enters Government service even as a petty official, his aim is to bring up his sons in his own profession. His ambition is that they should get, if possible, a higher start in the service than he himself obtained. The sacrifices which he often bears and the privation which he not seldom suffers in the pursuit of this aim are such as to compel our admiration and move our compassion. The demand in Government service which at one time, years ago, actually outran the supply has now naturally slackened. But the supply has not readily adjusted itself to the changed conditions. The educationally advanced communities ought to realise that even if they are granted a monopoly of Government appointments, which they are not so unreasonable as to claim, their numbers are far too great for the services to absorb. Forming, as they do, the intelligentsia of Travancore society, their responsibilities are

greater and they should set an example to other communities by living up to higher ideals of service. In the choice of careers for their children they ought to lead the way by refusing to join in the mad rush for Government service and the over-crowded professions. But in the great majority of cases they follow the beaten path without vision, foresight and courage.

44. Let us now turn our attention to the agriculturists. Travancore is par excellence, a land of small holders and the bulk of the educated unemployed belong, as

The drift from agriculture. might be expected, to families which obtain their income more or less directly from the cultivation of small holdings. Owing to obvious causes the income so derived has become inadequate to meet their increased needs. In the first place, the family has grown considerably in size during the last 20 years. There are more mouths to feed and though "with every mouth God sends two hands", the hands are not needed on the land and lie idle. The pressure of population on the cultivated land is undoubtedly very great. The reclamation of backwaters, the development of rubber and tea industries and the extension of cultivation over large areas of waste lands during the last two decades have certainly relieved the pressure but not reduced it to the necessary extent. Secondly, under the influence of modern ideas and conditions the standard of living of the cultivating class has risen. Their families need more clothes, new and comparatively more expensive forms of food, better houses, more furniture and other conventional necessities than they did twenty or thirty years ago. Thirdly, the cost of living has greatly increased while, owing to lack of knowledge and organisation, the cultivator has not reaped his full share of the higher prices. About a hundred years ago "the expense of a Nair family in tolerable circumstances did not exceed ten or twelve rupees a month, of a Showan probably not more than a moiety of that sum, which with a Pulayan may still be reduced by half."* These figures have to be multiplied five times and perhaps more to obtain the approximate figures of today.

* Ward and Conner—"Memoir of the survey of the Travancore and Cochin States"—p. 132.

45. The causes outlined above partly explain the drift from land and the rush into the schools and colleges of young men of the land-holding classes. They are compelled to leave their homes and their ancestral properties and to seek alternative sources of income. The Census Report of 1921 makes this fact very clear. The proportion of the population supported by agriculture had fallen from 56 in 1911 to 54 in 1921 as the result of the fall in the percentage of actual workers engaged in it from 48 to 45. Further, the percentage of dependents for the whole State had risen from 59 in 1911 to 64 in 1921 and in the classes supported by agriculture the percentage of dependents had increased from 64 to 69. The fall in the percentage of actual workers engaged in agriculture can only be explained by the fact that people are abandoning agriculture for more attractive occupations. The disintegration of the Tarwad, the drift into towns and the draining away of the best talent from the villages are other aspects of the same phenomenon and are traceable partly to the operation of the causes indicated above and partly to the growing aspiration of the cultivating class for literary or quasi-literary occupations.

46. Further, the evidence which we have received to the effect that the ordinary forms of agriculture are proving to be unremunerative is overwhelming. As the Director of Agriculture says in his valuable memorandum, "Repeated cultivation for years will naturally reduce fertility if what is removed from the soil through crops is not returned to it through manure. Very many of our cultivators do not do this, at least to the required extent, and hence their income from agriculture is becoming less. Where, however, proper attention is paid to the cultivation and manuring of the soil, there the return has increased." The causes of this state of depression in agriculture are manifold and complex. The small cultivator is in a state of chronic indebtedness and cannot command the capital required for putting his land to the best use. The passing of the ownership of land into the hands of the money lender, and the degradation of the peasant proprietor to the position of a tenant or lease-holder was noted as a general tendency by our witnesses. The difficulties in obtaining green manure and the absence of irrigation

facilities except in South Travancore have also been prominently mentioned. To quote Dr. Kunjan Pillai again, "the facilities which once existed for manuring the soil are fast disappearing. The waste lands from which green manure used to be collected no longer exist to the extent required. The strict enforcement of the rules regarding forest conservancy which is absolutely necessary in the interests of the country has made it difficult for ryots to collect green manure from the reserved forests." The paucity of grazing grounds and the decline of the subsidiary occupations and the land revenue policy and methods of assessment followed by Government are also among the causes mentioned by our witnesses. Finally, we may also note the increasing subdivision and fragmentation of holdings which have been aggravated by the operation of the Nair, Vellala and Ezhava partition laws. We shall revert to this topic in the next chapter but here we may say that the cry of "back to the land" as a remedy for middle class unemployment will fall flat unless it is clearly demonstrated that agriculture as a vocation for middle class youths will pay and unless more land is made available and substantial inducements are offered.

47. Until about 15 years ago, we may repeat, a graduate on taking his degree easily got what he would have considered a decent appointment in Government service.

The vocational value of education. The great majority of matriculates and V. S. L. C. holders were also easily absorbed in Government or private service. This was a clear enough demonstration of the vocational value of education and all classes and communities rushed in for it. The investment was small and spread over a number of years, the prospect seemed more or less certain and satisfactory and education became as a wit said a "cottage industry." The situation has now changed but education has not yet recovered from the rather artificial stimulus which it received when it plainly served as the antechamber of Government employment. It is a familiar criticism of our educational system that it is too "literary and cultural." On the other hand, Mr. Mayhew, an experienced educationalist, contends that it is mainly vocational and grossly utilitarian. "In actual fact", he says, "our high

schools and colleges suffer not for want of vocational training but for their concentration on training of a definitely vocational but very limited type. Essentially practical and utilitarian, they have aimed at the production of Government officials, lawyers, doctors, and commercial clerks and within this narrow range they have succeeded remarkably well. . . . They have trained their students to earn a living in occupations congenial to their traditions and antecedents and increased in number and attractiveness by British administration."* There is considerable force in this view. Several of our witnesses deplored the scramble for Government service and looked about desperately for measures to destroy its fatal attractiveness. But do what you will, Government service will retain its attractions in the conditions of Travancore to-day. A safe and steady income, comparative lack of strain and stress, a pension for old age, opportunities for leisure, and chances of promotion to positions of dignity, power and influence—advantages such as these will remain even if salaries are reduced and officers 'sacked' as quickly for incompetence, inefficiency or corruption as in a business firm.

48. The excess of supply over demand has been partly caused by the eagerness for education displayed by castes and communities which till quite recently were

Social and political awakening. content to follow their hereditary or traditional occupations and were more or less indifferent to the value of education. This phenomenon is of far reaching importance for the future of the country and we shall refer to it again in the next chapter. Here we are concerned with it only as one of the causes of "educated unemployment". Two kinds of communities are affected by this awakening. One kind includes those like the Syrian Catholics or the Malayala Brahmins or the Muhammadans who possess a high social and economic status but who for lack of education are denied or have to deny themselves a corresponding share of influence in politics and administration. The other kind consists of the Ezhavas, the artisan classes and what Mahatma Gandhi

* Mayhew - "The Education of India" - p. 149.

called "the suppressed classes", the backward and the depressed and the untouchable. For the former, education is the means by which they hope to secure a just share of political power and representation in the services. For the latter, education means much more than this; it is the door to a new earth and a new heaven. It is the instrument of emancipation from the social and economic subjection which the caste system has imposed upon them. It is a way of escape from hard and exhausting toil or servile and degrading labour. No wonder that barbers and washermen and field labourers have begun to put their children into shirts and to send them to school. During the year 1101/1926 M. E. 4.7 per cent of the pupils in English schools and 24.1 per cent in Vernacular schools belonged to these classes and in the colleges their percentage was .7. This tendency has been actively helped and accelerated by the policy of Government. Most of our witnesses have questioned the wisdom of this policy. They admit that its effects are at present negligible but they deplore its ultimate consequences. They fear that it will tend to unsettle the labour market and disturb the economic equilibrium of society by creating a serious maladjustment of the supply of labour as between different occupations. Education, we were told, gives the children of these classes false notions of themselves and engenders in them contempt for their less fortunate fellows. They decline to take to the traditional callings of their fathers and run about in vain seeking office jobs and living upon their relatives. "The cult of the shirt", as the Dewan said in his last Assembly Address, "is an inexorable bar to manual labour." One concession granted about four years ago allowing the full-fee and half-fee concessions to children of depressed and backward classes has come in for severe criticism. Our witnesses were strongly in favour of putting a brake on the education of those classes and of devising means to check their tendency to abandon traditional callings. We agree with much of this criticism and we shall consider the educational reforms necessary for checking the tendencies noted above. But on the broad question involved, we cannot endorse the view expressed by our witnesses. Travancore like the rest of India is passing through a period of economic transition in which the caste organisation of occupations and economic life is

breaking down and a new stable organisation more adapted to modern conditions has not yet taken its place. Government and public opinion can best help this process of social evolution by giving vigorous support to the education and uplift of the masses. The evils noticed by our witnesses belong to the period of transition and will disappear in course of time. They are symptoms of the new awakening and the emergence of social ambition and self-respect among the masses, sunk in age-long subjection. As the Director of Public Instruction said in the course of his evidence before us, "It is as important for the country's sake that those with poor mental equipment should be educated as that the clever ones should. The latter will get education somehow or other in life. It is the mentally and physically depressed that should have education. It is very dangerous for the country to leave such men without education,"

49. A powerful aggravating cause of the present situation is the lowering of educational standards that has taken place during the last 10 or 15 years. The School

Deterioration in educational standards.

Leaving Certificate superseded the old Matriculation Examination in 1910. As a test of entrance to the University it proved quite unsatisfactory, whatever its merits may be in other respects. It increased the number admitted to University classes but there was a distinct deterioration of quality. Stories were told of the manipulation of the school marks by headmasters. After several years of experimentation the scheme has now been virtually abandoned by the University. The increase in the number of pupils and the development of private enterprise in education created powerful vested interests. The public began taking an unusually active interest in education and newspapers were eager and ready to write leaders on the slaughter of the innocents. Under the combined pressure of these influences, the Government, the University and other educational authorities and even examining boards succumbed. In 1917, the University decided that the Intermediate Examination need not be passed as a whole; passing in parts was allowed. In 1920 the September examinations were introduced. They increase the number of graduates turned out every year by at

east 40 per cent. In 1923 the minimum for a pass in English in the Intermediate and B. A. Examinations was reduced from 40 per cent to 35 per cent. New colleges not particularly well equipped arose and obtained affiliation with little difficulty. Supplementary pass lists and supplementary eligibility lists and sympathetic consideration of "hard cases" appeared to be the order of the day. All this reacted upon the colleges and the schools. Standards of admission, promotion and selection, of teaching and examination, of staffing and equipment were endangered. The practice of selecting pupils appearing for the E. S. L. C. Examination was abandoned in most schools in 1921 and the number of E. S. L. C holders eligible for college admission automatically increased in 1922 by 100 per cent, presumably because examination boards tend to work up mechanically to the average mark and percentage of passes of previous years so as to avoid unnecessary comment. In 1923 the Government ordered the authorities of the Old College to admit all Travancoreans with eligible certificates and as the result of this classes became unwieldy, the quality of the teaching suffered and personal contact of teacher and student very nearly disappeared. The more the students, the more the fee income and the less the per capita expenditure on college education. So it was argued and educational ideals came to resemble the calculations of a factory manager. The popular but mistaken view that the training of teachers is a matter of little or no importance was accepted by Government and the period of training of undergraduate teachers was reduced to one year. The "double-shift" system was introduced. The culmination of this educational policy was marked by the bifurcation of the College in 1924. All these changes were partly at least responsible for the increase in supply and the deterioration in quality, of educationally qualified persons seeking employment. The Government review of the latest administration report of the Education department, referring to the fall from 2611 to 2507 in the number of students attending the colleges in the State, says "the decline in students seeking admission to University courses may possibly indicate a tendency to turn to other walks of life than those in which University graduates at present endeavour to find a livelihood". Such a tendency has possibly begun to make its appearance, though the

fall in question is directly due to the lower number of passes in the last Intermediate and E. S. L. C. Examinations. There are signs, if we are not mistaken, that the force of the rush into colleges will soon spend itself. Travancore colleges will not find it so easy to get their students in the coming years as they did in the past. Even now, there is only one college in the State to which there is a rush for admission. At the same time, in the educational policy both of the University and of the Government a healthy reaction against the prevailing laxity of standards is setting in.

50. We may now proceed to consider the present system of education in relation to the problem under inquiry. Most of

The present system of education. our witnesses condemned the present system in very strong language and considered it to be one of the major causes of unemployment. We cannot accept this view without considerable qualifications. "The educa-

tion of a people is not given by schools and colleges alone. Other influences blend with theirs—the spirit and temper of the community which they serve, the power exerted over its thoughts and character by prevalent aspirations and beliefs, the tone of its family life, the rules and restraints imposed by its social organisation, the conditions under which its daily work for livelihood is done."* The combined influence of these forces is generally much stronger in determining the character, the quality and the attitude to life, of a people than the education it receives in its schools and colleges. When, as in India, the ideas and the traditions and the social system of the community are seriously defective and obstructive to material and moral progress, schools and colleges have to contend with forces which are constantly conflicting with and neutralising their influence. The critics of our educational system are apt to forget this. When the system is denounced for not inculcating the dignity of manual labour and even for fostering an aversion to manual labour, it is apt to be forgotten that the greater part of the manual labour required by our society has been relegated to Pulayas, Parayas and other menial castes and that under the

* Sadler Commission Report, Volume I—p. 105.

caste system these indispensable producers of wealth are untouchable and unapproachable. With what conviction can a teacher inculcate the dignity of manual labour when in the minds of his pupils, and perhaps in his own mind, it is associated with those whose very touch is pollution? When, again, our colleges and schools are condemned for their neglect of physical development, it is not realised that many boys are habitually underfed in homes which cannot afford to bear the expenses of education or are infected with hookworm and are consequently averse to physical exercise of any kind. The education of school and college may make an honest attempt to convince the pupil that "Life is real, life is earnest" and to instil in his mind ideals of strenuous social service, but in home and society, far too common is the belief that life is illusion and effort meaningless and futile and resignation the highest ideal. As Sir M. Visvesvaraya says, "The general outlook upon life in India, as things are now, is too gloomy to permit of any sound individual or social development".* While the teacher attempts to develop grit, self-respect and sense of responsibility in his pupils, traditional ideas of caste obligation and institutions, such as the joint family, encourage parasitism and unashamed dependence on relatives or friends. Those who denounce the western system of education in unmeasured language ought also to remember that the defects which they notice are not inherent in the system and are by no means conspicuous in the west.

51. All this, however, does not imply that our educational system is satisfactory or is doing its best. Far from it. Its sins of omission are many and its sins of commission are a good few. The British Indian system of education which our own system resembles closely in essentials has been pronounced to be the worst educational system in the world. This is probably true and it is true mainly because it is, if we are not mistaken, the cheapest in the world, cheapest for the Government, for private managing bodies and for the individual who receives the education.

* "Reconstructing India"—p. 237.

52. But we do not feel called upon to discuss the present system of education at any great length. Long and lively discussions have been held in the Legislative Council and representations have been made in the Assembly on this subject. The Government have realised the seriousness of the problem and have undertaken to appoint a commission or other suitable agency to inquire thoroughly into the working of the educational system and to make recommendations. In the circumstances, we feel we are relieved from the task of close investigation or elaborate discussion of the structure and working of the educational system with reference to our own conclusions or recommendations. All that we propose to do is to indicate very briefly the bearing of the question on the unemployment problem and in the next chapter to throw out a few suggestions for educational reform for the careful consideration and scrutiny of the proposed Education Commission.

53. The bearing of the educational system upon the unemployment problem is two-fold.

(1) Are there any serious defects in the character or attainments of the educated unemployed which render them "unemployable" and for which the education which they have received is partly or wholly responsible?

(2) What contribution has education made to the economic development of the State and, if this contribution has been poor, is it due to any defects in the educational system or to other causes? A moment's consideration will show that the problem of unemployment among the educated classes is inextricably bound up with the economic development of the State and is in fact merely one phase of the general economic problem. The second question which we have asked is therefore fully relevant to the problem under investigation.

54. The most unsparing critics of the Indian educational system have sometimes been educationalists themselves. Sir Philip Hartog, for instance, who was a member of the Sadler Commission and the Vice-Chancellor of the Dacca University, giving evidence before the Bengal Unemployment Enquiry Committee, said: "I regard the education given now in the majority

III

LINES OF PROTECTIONIST POLIOY.

If the old idea of a 'natural division of labour' between countries, interference with which must result in economic loss, is once dropped and the reasoned conviction gains strength that this division of labour may be modified by a conscious effort so that it can yield a greater net advantage to a community and that the temporary detriment due to the dislocation, is likely to be more than counterbalanced by the permanent increase of productive power which will be brought about by the new policy of the state, the ground is clear for a discussion of the problem of the adoption of measures intended to promote the development of indigenous industries with the help of a protective tariff. Wealth-production is, of course, conditioned by the state of natural resources and a country's capacity to exploit them. The climate, the soil and the mineral resources are factors that do not admit of any appreciable change, but the power of manipulating them is capable of improvement. Where the raw material is not available or available in sufficient quantities and at sufficiently cheap cost, no effort to build up an industry on it has a chance of success unless there are present other factors which more than offset this disadvantage. The aim to become absolutely self-sufficient in every respect and yet to maintain a high standard of living will, in such conditions, be uneconomic. A policy of protection, therefore, has a reasonable measure of hope of obtaining success in rearing industries, in the face of foreign competition, only in the cases of enterprises in which conditions for production and for the disposal of goods are favourable. These are the obvious limits to the possibilities of industrial progress under the protection of the tariff.

The possibility and desirability of accomplishing the industrial development of India with the assistance of the state through a

protective tariff and bounties, had been perceived for several years. The poverty of the population and the dependence of the large mass of the people on the sole industry of agriculture, had constantly attracted attention, and the example of the United States of America, Germany and other countries in the west and particularly of Japan, an Asiatic nation, all of which had built up their national prosperity by deliberate state effort, was a source of perpetual inspiration and hope to the educated classes in India. Government was being unceasingly urged to take to heart the lessons of the industrial history of other countries and bring about the economic development of India on the lines of the policy pursued by them. India was circumstanced as they had been at one time, and perhaps more favourably in certain respects, and there was no reason why this country should not succeed just as they had done. England was not a suitable model for India to copy, and protection was the correct policy here as free trade was in that country.¹² There were two reasons why this appeal fell on deaf ears. First, it was believed that for a predominantly agricultural country like India, free and cheap imports were indispensable, and the opposite policy was calculated to do more harm than good to the people taken as a whole. Secondly, though the government in India felt the justice of the plea for protection, it had no power to effect any change without the sanction of the authorities in Great Britain. The latter were, however, confirmed free traders, and even when they were not that, they could not resist the pressure of British manufacturers whose interests were closely bound up with an open door in this country, which offered a wide and growing market for their goods. The history of the Indian tariff, into which it is not necessary to enter here, is sufficiently eloquent in this connection. The drift towards protection, so far as government was concerned, came very slowly. The Industrial Commission, which was appointed at the instance of the Indian legislature, definitely pronounced in favour of a policy of state aid to industries and it did not express any views on

12. Ranade : "Essays in Indian Economics."

strain. Lacking expert advisers and immersed in the details of an ever-growing routine, the educational authorities had neither the time nor the energy required for viewing the system as a whole in relation to economic conditions. No serious or strenuous or consistent attempt has been made to relate educational policy to the economic needs and resources of the State. We read in the annual reports of the Education Department of rural schools started and then closed and converted into part-time schools, of vocational bias in vernacular middle schools first introduced and subsequently abandoned, and of other similar experimentation. But of the formulation of a comprehensive policy based on mature consideration of all the facts of the situation and of every kind of relevant expert advice available and of the steady and continuous and unwavering pursuit of that policy from one administration to another we see little trace. There is no co-ordinating agency to decide the relative claims of professional education, general education and technical and vocational education, and no machinery is provided for the co-operation and joint action of the Education and the Development Departments. Education is both a training for life and a training for a livelihood. In every country there is some conflict between these two aims. But in the special conditions of Travancore as of British India the antagonism is abnormally sharp and fierce and it is the duty of Government and public opinion to face the problem squarely and deal with it courageously.

56. But when all is said that could be said of the defects of the existing system of education, it cannot be maintained that unemployability in the sense of defective character or defective education is one of the major causes of unemployment. If there was a real demand for the services of men with educational qualifications, the employers must take whom they can get. Here lies the crux of the problem. The demand for the services of the type of unemployed under consideration is strictly limited. It is confined to a very narrow range of occupations which we have already specified. In these occupations, they render service on a monthly salary. Being in most cases at the end of their financial resources

and sometimes actually in debt when they complete their school or college course, they must seek employment. They have rarely any capital for productive undertakings. They cannot in most cases turn to agriculture or trade or become small shop-keepers because they have either no land or capital or not enough of either to enable them to earn an income adequate for their standard of living. It would be an exaggeration to say that they want "office jobs" and nothing else and that they remain unemployed because they cannot get them. When a new and suitable opening offers itself, they readily respond. The opportunity offered by the coming of the motor car, for instance, and of the motor bus was readily availed of by a number of young men leaving English schools. It is interesting to note that there are 4000 licensed motor drivers in the State to-day.

57. The expansion of Government service or the increase in the demand for professional men or clerks in private service cannot possibly keep pace with the increase in the number of men seeking employment. There is certainly scope for expansion of Government service especially in the Development Departments. But the number of posts available in Government service will always remain considerably less than the number of men seeking employment.

58. As regards professional service, the demand is strictly conditioned by the level of prosperity attained by the community. If that level rises, the standard of living will rise and the demand for lawyers, doctors, teachers and other professional men will increase. The demand has increased no doubt during the last 20 years but here again the supply has far exceeded the demand. The level of prosperity will rise only if the methods of production, agricultural and industrial, are thoroughly modernised and obsolete institutions and ideas that stand in the way of such modernisation are ruthlessly destroyed. This is the root of the matter. Travancore has not yet been organised for the production of wealth and her resources remain undeveloped. The economic backwardness of the country is the root-cause of unemployment among the educated classes. In an industrially developed country the avenues to employment are various and

manifold. In England, for example, the Dictionary of Occupations* published by the Ministry of Labour mentions 16,000 occupations excluding administrative service (Army, Navy and Civil service) and excluding professional service (Lawyers, Doctors etc.). In Travancore the Census Report enumerates 40 occupations.

59. Among the obsolete institutions and ideas referred to, the caste system and the ideas and traditions connected with it are the greatest hindrances to economic progress. Every Indian schoolboy knows how harmful its effects are in the economic sphere and yet a century of western education and western culture has not supplied the educated classes with the mental energy required to shake off its terrible obsession. For good or for evil, under the influence of world-wide economic forces Travancore, like the rest of India, is passing from the agricultural and handicraft stage to the industrial stage of organisation. This line of development, as the census figures of the number of factories, joint-stock companies, banks etc., will show, is now well-assured. We must not be misled by the fierce and unintelligent reactionary tendencies of a period of transition. But whether the development is to be rapid and smooth or slow and painful will depend partly on Government policy but mainly on public opinion and on the intelligent co-operation of the enlightened classes with the forces at work.

60. To quote an Indian writer on economics, "Nowhere has the caste system proved itself more harmful than in its failure to adapt itself to the new conditions created by modern methods of trade, transport and industry. We suffer at both ends of the caste system. The higher and educated castes at the top will not take to industry because of a false notion of superiority and aversion for manual work. As a result they overcrowd the professions and clerical employments and are now faced with the problem of unemployment. The depressed classes at the bottom are, on the other hand, excluded from all honourable employment." One instance here and one instance there of a Brahmin who has taken to weaving or dealing in dried fish or of a Pulaya

boy in the college does not warrant us in saying that the barriers of caste are breaking down. Such evidence, though valuable, is inconclusive. The Indian Census Report for 1921 says: "There is a growing caste consciousness accompanied by a feeling of caste patriotism on the one hand and by intense caste jealousy and antagonism on the other." In Travancore, the growing suspicion and mistrust engendered by caste and communal prejudices is the bane not only of political life but of economic progress.

61. The friendliest and most sympathetic western observers of Indian conditions and distinguished Indian thinkers themselves have noted the deadening effects of *Preoccupation with religion.* popularly held religious beliefs and superstitions.* They have also referred to the excessive preoccupation with religious ritual and quasi-religious rules and restrictions as one of the main causes of India's economic backwardness. There may be some exaggeration in this and it is likely that the fatalistic attitude to life so common in our country is to be traced more to climate and poverty. On the other hand, it must be recognised that beliefs and superstitions imbibed in childhood deeply colour one's outlook and attitude to life and exercise the strongest influence upon conduct even when one may consciously feel free from such influence.

62. The vigour with which the communities which laboured under the serious disadvantages of the joint-family organisation have emancipated themselves by legislation *Joint family.* is highly commendable. It is difficult to forecast the effects of this great reform upon unemployment. On the one hand, the loss of the protection afforded by the joint family may aggravate the distress of those who fail to obtain employment. On the other hand, the bracing effect of personal responsibility, the feeling that one can now

* Lowes Dickinson—The civilisations of India, China and Japan.

William Archer—India and the future.

Valentine Chirol—India.

Sir Frederick White—Asia in the 20th century.

Aldous Huxley—The jesting Pilate.

Sir M. Visvesvaraya—Reconstructing India.

take hold of one's life and do what one liked with it may strengthen character and act as a powerful incentive to give up traditional ways and to seek "fresh woods and pastures new".

63. The question that remains for consideration in this chapter is the much-talked of question of overpopulation. Some of our witnesses expressed the view that the chief cause of unemployment was overpopulation. On the other hand, the writer of the Travancore Census Report for 1921 was of opinion that the increase of population between 1900 and 1921 was "normal" under the conditions of the State. It is however difficult to comprehend the sense in which the expression "normal" has been used in that Report.

64. The subject is important and relevant to our inquiry and we may be permitted to express the views which we were able to form on the subject. If the fact of overpopulation can be established, it follows that directly and indirectly it is one of the major causes of the problem under investigation.

65. In recent discussions of the population problem the question of overpopulation has been viewed in relation to what is called the 'optimum'. For any given area in given circumstances there is an ideal size for the population from the economic point of view. To put it more definitely, "at any given time, relative to existing economic resources and the methods of economic organisation, there will be a certain population which will give the highest return in respect of income per head".* This is called the optimum and overpopulation exists when the optimum number is exceeded. To prove the fact of overpopulation in this sense it would be necessary to prove that the real income per head has been falling with the increase of population. There is another way in which the question of overpopulation is more generally regarded. The state of overpopulation exists when the numbers of the people may be such as to press upon the means of subsistence, i. e., when its rate of increase is higher than its rate of productivity. As one writer bluntly puts it, "It is a fundamental equation between mouths and food. If mouths increase in a higher ratio than food, the tendency must be towards greater poverty, no matter what

* Carr-Saunders. "The population problem". P. 200.

may happen in other parts of the world". We have to show that the increase in productivity has not been commensurate with the increase in population. With the uncertain data available it is very difficult to establish this conclusion beyond possibility of refutation. A few relevant considerations may however be suggested.

66. The percentages of increase in population during the last five censuses were as follows:—

<i>Year.</i>	<i>Percentage of increase.</i>
1881	3.9
1891	6.5
1901	15.4
1911	16.2
1921	16.8

This rate is unique in India. The rate of increase between 1901 and 1921 (33.5%) is more than four times the average rate of increase (8½%) for India as a whole. The chances were that the average quality of the land newly brought under cultivation during this period was poorer, in which case the ratio between population and subsistence was still further altered for the worse. It may also be noted that the acreage per unit of the population is little more than half an acre and shows a tendency to fall. The latest administration report says: "The total area under occupation during the year (1102/1927) was 2,298,491 acres or roughly 57 cents of land per head of the population according to the last census. The population at the end of 1926 is roughly estimated to be 4,400,000. This would make the present holding of land about 52 cents per head".

67. Calculations of density based not on total area alone which are misleading but on total cultivable and cultivated area yield startling figures:—

Estimate of population in the Administration Report for 1102/1926-27	...	4,400,000
Density per sq. mile on total area	...	577
Do. on total cultivable area	...	950
Do. on occupied area	...	1,225
Do. on cultivated area	...	1,611

These figures are perhaps the highest in India with the possible exception of Bengal. As Wattal points out,* in Europe 250 persons to the square mile is thought to be the limit of density where agriculture is practised. In Travancore six to seven times this number are supported on an area of this size. This is to be accounted for by the lowness of the standard of living. It cannot be denied that a large section of our people are living at the lowest level of subsistence at which it is possible to maintain life at all.

68. Since agriculture is the main and basic industry in the State and 54 per cent of the population according to the last Census derive their income directly or indirectly therefrom, a comparison of the increase in population with the increase in the area of land under cultivation will furnish a reasonably adequate test. But unfortunately we have not been able to get the figures for the latter prior to the year 1911. Taking the last 15 years 1911-1926, it is found that the population increased by 28 per cent but the cultivated area increased by only 15 per cent.

69. Or again, we may compare the rate of increase of population in Travancore and western countries. The figures are for 1910.

United Kingdom	...	10·5
Germany	...	13·3
France	...	0·4
Austria	...	10·8
Spain	...	9·3
Italy	...	11·2
Travancore	...	16·2

It must be remembered that a vast proportion of the population in European countries is concentrated in towns and occupied in manufacture and trade. The proportion of urban to rural population for instance is 75 per cent for England and only 14 per cent in Travancore.

70. In our opinion, the considerations set forth above point strongly to the conclusion that the State is overpopulated under the existing economic conditions.

* Wattal. — "The population problem in India" — Chapter V.

71. To check this overpopulation, a few daring witnesses, (including Mr. and Mrs. Dodwell) were prepared to advocate the teaching under proper auspices of approved methods of artificial birth-control. A few did not wish to go so far but were in favour of vigorous propaganda being carried on by social reformers for later marriage and smaller families and voluntary self-restraint. Two or three witnesses suggested that the Government might encourage and even actively direct such propaganda.

72. If we were concerned with the problem of poverty and general unemployment, we might have felt it necessary to deal with these suggestions at some length. But we are investigating only one aspect of the general problem, that which concerns persons with educational qualifications seeking employment. The population problem is a world problem of unusual difficulty and complexity. There is a considerable pre-war and post-war literature on the subject and the conclusions reached by present-day students of the subject are in some cases at variance with what were regarded in the past as accepted views. We do not pretend that what we say on overpopulation in Travancore can be regarded as anything more than "obiter dicta".

73. The arguments of those who are in favour of birth-control propaganda run as follows: In western countries, when population increased enormously under the effects of the Industrial Revolution, the excess was absorbed by organised industries, industrialised agriculture and emigration. It is obvious that none of these facilities is readily available to us. Population in Travancore has increased and is increasing at a rapid rate. Our vital statistics are admittedly unreliable and we cannot argue from them. But if the estimate made in the last Census Report may be accepted, the birth-rate is as high as, if not higher than, the Indian rate. In other words, the tendency in good seasons to breed to the margin of subsistence is as strong, if not stronger, in Travancore. Our death-rate, accepting the same estimate as for the birth-rate, is considerably lower than the Indian rate. A more equable climate, a much lower rate of infant mortality due to the absence of child and early marriages except among a few small communities like the Tamil Brahmins and the comparative freedom from what Malthus called "the positive checks"

to population, namely, famines, pestilence and widespread epidemics, are some of the causes of the lower death-rate. Thus overpopulation in Travancore is not only a momentary fact but a persisting tendency. (See Prof. Hamilton's paper on "The Population Problem in India" in the proceedings of the 7th Indian Economic Conference.)

Supposing therefore for the sake of argument that we can rapidly overcome our economic limitations, vigorously develop our resources and successfully industrialise the country, the mass of the people will not be better off so long as the tendency of the population to outrun the means of subsistence is as powerfully at work as it is to-day.

74. Though we admit considerable force in the argument indicated above and though we agree that Travancore is overpopulated under existing economic circumstances, it appears to us that public opinion in Travancore is not prepared to view with approval proposals of this nature. But we agree that public opinion should be more fully awakened to the facts than it appears to be at present.

75. We are also convinced that the economic policy of the State should be shaped in the light of this outstanding fact of overpopulation. Though the highland region of the country is being fast opened up by the extended cultivation of tea and rubber, there is still considerable scope for extension of cultivation in this region. We would recommend that Government do consider the feasibility of an organised scheme of emigration to this region and also explore the facilities for emigration, if any, that may be available outside the State.

76. But truly speaking, there is no quick or easy remedy for overpopulation and for the related evils of poverty and general unemployment. The tendency of the population to grow to the subsistence level can be effectively checked only when all classes of our society and especially the lower classes are enabled and educated to attain a higher standard of living. All authorities seem to be agreed that there is a close inverse relation between the standard of living and the birth-rate. As Prof. Pigou says, "There are two ways in which manual workers can use their

increased claims over material things, namely, an increase in population and an increase in the standard of comfort It is not possible to prophesy *a priori* the precise proportion in which increased resources will be devoted to these two uses. But—and this is the point—it is almost certain that the population use will not be allowed to absorb the whole fruits of increased command over nature.”*

“The mass of the people are now sunk in apathy and listlessness. They are without hope or fear, ambition or desire for a standard of living. They have been accustomed to the minimum standard and they are too inert to exert themselves to improve it”.† Viewed from this angle, the problem of the educated unemployed appears not only as one particular phase of a big general problem but as the inevitable repercussion of the economic situation upon the educated classes. Government and the well-to-do classes should endeavour to help the labouring class to increase their earning power by education and improved efficiency. The uplift of the masses will indirectly and in the long run prove to be of lasting benefit to all the sections which form the middle class of our society and which are now suffering indirectly from the effects of the poverty and the low standards of living and efficiency among the mass of the people.

77. Elaborate studies and statistical investigations of the problem of unemployment have been made in western countries. But they give us little help or guidance in our inquiry except perhaps in a most indirect manner. Though there is at present a certain amount of middle-class unemployment in England—we hear of qualified and trained teachers failing to get work—the problem in England and other industrially developed countries is mainly an industrial problem, affecting trained industrial labour and arising out of seasonal and cyclical fluctuations of trade. It has been shown that under modern industrial conditions every developed industrial country possesses a permanent margin of unemployment or “reserve of

* Pigou *Economics of Welfare* p. 60.

† Carr Saunders *op. cit.* p. 276.

labour". Under normal conditions, few workers are permanently unemployed and in most cases unemployment lasts only for a short time, a few days or a week or two. In the main, it is not on account of personal defects, not because they are "unemployable" that workers find themselves thrown out of work. The prolonged spell of unemployment in European countries today is abnormal and it is due to the post-war depression in trade and industry which has exceeded in magnitude any previously known. But the problem in Travancore is very different in character. It is a social and economical problem not an industrial problem.

CHAPTER IV.

REMEDIES.

78. We have attempted to estimate by reference to such facts and figures as we were able to obtain the volume and acuteness of "educated unemployment"

Effects of un-employment. We have analysed the causes and our analysis, we hope, has revealed the fact that

the roots of the problem lie deep in long-standing social usages and traditions and in present day economic conditions, while the educational system has aggravated its character by the poverty of its contribution to the elevation of the moral, social and economic life of the people. Not many words are necessary to explain the serious nature of the effects of such unemployment. Apart from the material hardships of the unemployed, which are severe, disappointment and discontent produce as an inevitable consequence a spiritual and moral degeneration which is disastrous. Such indirect consequences are far more important from the standpoint of society than the actual material sufferings of the unemployed because they do not affect this generation alone but are generally cumulative from generation to generation. They may result in a permanent lowering of the character and quality of the population. Then there are the inevitable political repercussions of unemployment. It is perfectly true, though it is a common place, that one of the underlying causes of the general political unrest and disaffection in India is the embitterment of large numbers of young men, who having taken their degrees or obtained their certificates, feel a strong sense of personal injury against a scheme of things which in their view invites them to make efforts and sacrifices and then cheats them out of the legitimate rewards to which they feel entitled. The following passage from the report of the Sadler Commission, though it refers to Bengal, is equally applicable to Travancore. "The existence and the steady increase of a sort of intellectual proletariat, not without reasonable grievances, forms a menace to good Government especially in a country where, as in Bengal, the small

educated class is alone vocal. It must be an equal menace whatever form the Government may assume. So long as the great mass of the nation's intelligent manhood is driven, in ever increasing numbers, along the same, often unfruitful, course of study, which creates expectations that cannot be fulfilled, and actually unfits those who pursue it from undertaking many useful occupations necessary for the welfare of the country, any Government, however it may be constituted, whether it be bureaucratic or popular, must find its work hampered by an unceasing stream of criticism and of natural demands for relief which cannot possibly be met".* Nor can we shut our eyes to the growing fascination which socialistic and communistic ideas which are in the air exercise upon the minds of the young men educated in our colleges. The psychological effects of the prevailing unemployment on the pupils of our schools and to some extent on the students of colleges is also disquieting. The Inspector of Vernacular Schools says "Scores of conscientious Headmasters, whom I rely on, have told me and reported to me that there is a progressively palpable slackness in obedience to the teachers and in the mental effort to learn and in the devotion to matters connected with school work on the part of the pupils in schools".

79. A problem so various and far-reaching in its effects should not be treated lightly as it is sometimes the fashion to do. There is no need to apportion blame for the emergence of this problem. As we have tried to show, the educated classes, the educational authorities, the capitalists and employers of educated labour and the Government are all more or less responsible and none of them can shirk their share of responsibility in solving the problem. We need hardly say that the recommendations which we make in this chapter depend for their success on the active and earnest co-operation of these bodies. Our recommendations, it may be noted, are designed both to relieve the present distress and to prevent unemployment becoming a matter of serious concern in the future. It is however not easy to separate and keep apart these two aspects of the matter.

* Volume I. p. 23.

80. We recommend an experiment in land colonisation with a view to attract unemployed educated youth to the land. The scheme we propose is similar in its main features to the scheme which is now being tried by the Agricultural Department in the case of boys trained in the Agricultural School at Alwaye. In the course of his evidence before us the Director of Agriculture told us that his experiment has already shown signs of success and that he would approve of a similar scheme being tried for educated middle class youth. We have already indicated in the last chapter that any scheme of this kind will not have a reasonable chance of success unless substantial inducements are offered. The trend of the evidence given before the Royal Agricultural Commission supports this view. We believe that small blocks of 200 or 300 acres of waste land are available in the lowlands or can be made available from the forest area. The land selected for the experiment must be of at least average quality and easily accessible and not unhealthy. Unemployed graduates who have a genuine intention of settling on and cultivating such blocks may be offered 15 to 20 acres each, E. S. L. C. holders 10 to 15 acres and V. S. L. C. holders 5 to 10 acres and agricultural loans ranging from Rs. 250 to Rs. 1000 should also be given to enable them to start cultivation. One or two model colonies may be attempted at first and if the experiment proves successful, more colonies will be started. The experiment should be tried not directly by the Government but by non-official public organisations under the control and supervision of Government, which will provide the land and a part or even the whole of the funds required. We believe that well-conducted and well-esteemed organisations such as the Y. M. C. A. or the Nair Service Society will be willing and ready to undertake the establishment and management of such colonies. The work may also be entrusted to any new association formed for the purpose under proper auspices.

81. We are aware that the Land Colonisation Rules were promulgated partly with a view to deal with the problem of unemployment. Though it is now more than three years since the

rules were issued, the scheme has not advanced beyond its preliminary stages. In the course of our tour we heard a great deal of criticism of the scheme, and several proposals for drastic modification of the rules. As the scheme has not yet been tried, we find it difficult to estimate its merits and defects. But as a solution for middle class educated unemployment it is impracticable. It expects unemployed graduates or E. S. L. C. holders scattered throughout the State to come together, to form Syndicates, to choose the block to be colonised and patiently to go through the endless redtape involved. It is a vital feature of our proposal that the experiment should from the start be in the hands of some well-respected non-official body which will be held responsible to Government for the working of the scheme.

82. We are aware that weighty arguments may be advanced against our proposal. It may be said that the demand for land by the cultivating and labouring classes is greater than the supply available at the disposal of Government and that Government is not justified in pampering the educated classes by offering special concessions when every bit of land available will be readily taken up for cultivation by genuine cultivators. There is much force in this view. On the other hand, the educated form only a very small percentage of the population and the proposed scheme will not greatly diminish the amount of land needed for other purposes. If it is granted that unemployment among the educated classes is acute, that its effects are serious and that Government's educational policy is partly responsible for the situation that has arisen, some such scheme as we have proposed would have to be accepted.

83. But there is another weighty consideration. As Lt. Col. Amery, the Colonial Secretary, said on one occasion, what Tropical Agriculture needs to-day is first-class brains. From the standpoint of agriculture, the problem is how to attract the brains to the land. The trouble with agriculture and in fact with all our traditional occupations generally is that they have not reached a stage of development when they become attractive to men of general intellectual ability. This is partly because men of general ability have been constantly drawn away from these

occupations which consequently tend to fall more and more into the hands of the helpless and the incapable. Our scheme may not appeal to brilliant young men who compete for Civil Service Examinations or who possess the means and influence which will in time win for them the few prizes of the professions. But the unemployed whom it will attract will be men of higher mental calibre than those who are engaged in the traditional methods of cultivation at present. Free from the financial and other difficulties that beset the path of the latter and assisted by the expert advice of the Agricultural Department they might put their holdings to the best use possible and demonstrate in the most practical manner that agriculture carried on under improved modern methods is highly remunerative. It may be said that we are unduly optimistic. Perhaps we are. But unless and until some such scheme as we have proposed has actually been tried in the manner we have suggested and has been found to fail, it cannot be maintained that it is impracticable.

84. We admit that we have not given a cut and dry scheme. We have only indicated what we consider the main features. If the proposal is accepted by Government, a detailed scheme will have to be worked out and the blocks of land suitable for the experiment should be selected by the competent authorities in consultation with the non-official organisation which may be entrusted with the task of conducting the experiment. Several more or less detailed schemes have been placed before us by associations and private individuals. We have not thought it necessary, nor do we feel competent, to discuss their relative merits. The scheme submitted to Government by the Managing Council of the Travancore War Service Men's Association is intended in the first instance for ex-service men, but it is not exclusively for their benefit. It keeps in view the problem of diverting the class of unemployed under consideration to agriculture as a profession and provides among other things social and intellectual amenities which are likely to make an appeal to the educated classes. The scheme or schemes of Mr. P. M. Mani, B. E., Engineer and Managing Director of the Tropical Plantations, Ltd., Kottayam, are also worthy of consideration.

They have been conceived on broad lines and with many important aims in view, besides the relief of unemployment. They involve, however, the grant of two or three large blocks of land within the reserved forests. We understand that the Economic Development Board has considered Mr. Mani's proposals and has approved of them, provided suitable lands could be had.

85. Apart from this experiment of an agricultural colony to be conducted on a large scale or a small scale as the lands and personnel available may decide, we would also propose that applications for grant of land and for agricultural loans received from individuals among the educated unemployed should be treated with special consideration and that the rules and regulations in force should be suitably modified to meet their case.

86. Our next recommendation is intended to relieve the distress among V. S. L. C. holders. We propose that they should be preferred for all appointments for *Inferior Posts*, which men of no educational qualifications may at present be appointed. This suggestion is not new. It has been made in the Legislative Council and also by the Inspector of Vernacular Schools who calculates that there are about 20,000 menial posts of various kinds and descriptions including the posts of peons which, if reserved for literates and V. S. L. C. men, will afford considerable relief for this unfortunate section of the educated unemployed. It cannot of course be argued that V. S. L. C. men will in all cases be better at this kind of job than educationally unqualified men. The Conservator of Forests told us that they were failures as forest guards. For recruitment to the Police force, special physical qualifications will be required. It cannot, however, be denied that the services on the whole will gain rather than lose in efficiency by the change, provided that the special requirements of particular departments are respected. We therefore recommend that orders be issued that V. S. L. C. men and even unpassed men should be appointed to such posts wherever possible for the next two or three years, at any rate. This rule may be relaxed if, and when, the reforms in Vernacular education which we shall propose come into effect.

87. With the same view of relieving the distress among V. S. L. C. holders and E. S. L. C. holders we recommend that educational qualifications be prescribed for the registration of *Vakil Gumastas* (clerks) and the document writers in Sub-*and document* Registrars' offices. This proposal is supported by a good number of lawyers who gave evidence before us, by Mr. M. Govindan, District Judge, and by Mr. R. Easwara Pillai, Retired Inspector of Schools, who kindly sent us a valuable memorandum in answer to our questionnaire.

88. It is a matter for consideration whether the rules and methods now in vogue for the recruitment to Government service do not need alteration in view of the existing situation. In our opinion the time has come when the question of recruitment to all grades of Government service by means of competitive examinations should be seriously considered. The present methods of recruitment are directly responsible to a considerable extent for the overcrowding in schools and colleges. They are also partly responsible for the demoralisation of educated youths so-called who, armed with a degree or a School-leaving Certificate hang about idly doing nothing and living on their relatives or friends and hoping that by chance or influence some Government appointment, however humble, may come their way before they reach the age of 25. Elderly people remembering their own college days are apt to speak of the present day eagerness for higher education among the people as a great and glorious thing. Twenty or twentyfive years ago, when numbers were small and only a few well-to-do families sent their children to High Schools and Colleges and western ideas and culture had the fascination of novelty and freshness, there may have been something great and glorious about it. But now, as one writer bluntly puts it, the demand for education is as great and glorious as "the desire for a ticket in the Calcutta sweep-stake". So long as the passing somehow of a University or School-leaving examination continues as the only condition of admission to Government service, the gambling will go on and

it would be extremely difficult, as even our few existing technical and industrial schools find, to divert the flood into healthier channels. If in addition to the school and college courses, clear and definite competitive tests are set up for admission to every grade of Government service, boys and their parents will know where they stand. Failure in the test will make it plain to them that it was useless to wait and that other means of living should be sought. As one witness before the Sadler Commission said, "At present, there seems so much of chance in respect of these appointments that the bare possibility of selection affects a very much larger proportion of the students and for a few longer time than is warranted by any reason. The thought that he has even a very remote chance of a nomination exerts a very powerful influence on the student's career at college not only in the way of distracting him from the true ends of study.....but also in the dissipation of energy involved in running about to secure recommendations or to cultivate patronage."* In every country, it is true, higher education is looked upon to some extent as a training ground for careers. But whatever the causes may be,—we tried to analyse them in the last chapter—nowhere in the world is the outlook so narrow as in our country.

89. A system of competitive examinations has other undoubted advantages from the standpoint of education. It will rescue our educational institutions from the thralldom to which they are now subjected on account of the prevailing notion that educational qualifications are the passports to Government employment. It will relieve them of a crowd of ill-qualified students who have neither the aptitude nor the desire to acquire knowledge. It will raise the standards of teaching and of attainment. It will enable the staffs of colleges and schools to pay some attention to the needs of students of ability who now suffer almost complete neglect under the existing methods of mass production. It was with a view to purify the stream that flows into our schools and colleges that Dewan Bahadur K. Ramunni Menon, the Vice-Chancellor of the Madras University, suggested in the course of his convocation address

* Sadler Report, Volume III, P. 279.

last year that the candidates for the various grades of the Civil service should be selected at the school leaving age by means of competitive examinations and the young men so selected should be sent to the University like the I. C. S. probationers. Mr. Ramunni Menon hoped that by this method the University and its Colleges could get rid of the inferior material and serve only those who were going into Government service or one of the professions. The suggestion is interesting and worthy of consideration, though it is not altogether free from difficulties.

90. The question of competitive examinations has however to be viewed on wider grounds and cannot be decided solely with reference to the unemployment problem or even the educational problem. Undoubtedly the services stand to gain by the change; they will get better recruits. Because of the large number of qualified applicants and the small number of appointments available, some method of selection has become absolutely necessary and competitive examinations afford in many ways the most impartial and impersonal method. Further, it is necessary in the interests of the country that its young men of talent and ability should not be drained away from year to year as they are being drained away now because there are no good prizes in Government service for which they can compete and because of the superior attractions in this respect of the British Indian services. For these and other reasons most of our witnesses were strongly in favour of competitive examinations without any qualification whatever. A few, however, were firmly of opinion that some kind of provision for communal representation should be made even in a generally competitive system of recruitment. Such qualified competitive systems are now at work in some of the British Indian Provinces.

91. We recommend that a Committee should be appointed to consider all aspects of the question and to report on the desirability of introducing competitive examinations for every grade of Government service and of appointing a small Civil Service Commission for the regulation and conduct of such examinations.

92. For clerical and other appointments outside Government service and outside the State, we recommend the establishment of an Employment Bureau. We are aware that

Employment Bureau. it cannot do much. In the Universities of the west, there are such institutions and they

succeed to a remarkable extent in placing their young graduates in suitable employment at home or abroad. For obvious reasons, an Employment Bureau here cannot attain anything like the same measure of success. But we believe it can achieve something. In the course of our tour, we were told by one or two European Planters that they would gladly take men with some knowledge of Botany if they could get them. At Quilon our President met and conferred with Mr. L. A. Lampard who expressed his willingness to take men who have some training in Physics and the theory of engineering as apprentices at Harrison & Crosfield's. At Alwaye, we were told of Mr. Holland's Employment Agency run as an adjunct to the College. We do not know how it is working now but in its first year, when Mr. Holland was there and took an active interest in it, he was able to find suitable employment in the Railway and other services for some of the men going out of the Union Christian College. The Census Report of 1921 stated that only 65 per cent of the skilled labourers in the factories in the State were Travancoreans. The non-Travancorean commercial firms established in Travancore and depending on its resources appoint whom they like as clerks etc., without considering whether they are Travancoreans or not. It ought to be possible for a well-constituted Employment Bureau organised under Government auspices to get into close touch with all kinds of employers of clerical or skilled labour. The European commercial gentlemen would not even take the trouble of replying to our invitation to appear before us and give evidence during the sittings of the Committee at Alleppey. An attempt must be made by Government to awaken the interest of employers in the problems of Travancore and to rouse their sympathy towards the educated unemployed. For this purpose a few employers' representatives should be invited to sit on the managing committee of the Bureau. The Chairman should be the head of one of the major departments of the State. The Director of Public Instruction,

the Principals of Colleges, the Inspector of English schools, and one or two Professors may also be put on the Committee. There would have to be a full-time Secretary.

93. There should be another small Employment Bureau to serve the needs of qualified women. It is well-known that women graduates and E. S. L. C. holders are greatly in demand in British India, in the Native States and in Ceylon. Our qualified women ought to be encouraged to seek service abroad when they cannot get employment at home. We are glad to note that last year two of our Honours graduates accepted service in Ceylon. What is needed is not so much encouragement as detailed and full information regarding vacancies, local conditions etc. An Employment Bureau can collect and supply such information without much difficulty. We are pleased to note that this proposal was approved by Miss. Watts who gave evidence before us and expressed her readiness to run the bureau as the Principal of the College.

94. Before taking up the discussion of general educational reform, we shall deal with and dispose of one or two matters relating to Professional Education. The

Abolition of the Pleadership class. facilities provided in the State for legal education err on the side of excess and have caused the overproduction of lawyers the results of which are deplored by all competent observers. We deprecate the tendency which is unfortunately only too prevalent of looking upon the practice of law simply as a means of livelihood and of resenting any attempt on the part of the State as the representative of the community to restrict the output of lawyers. The supply of lawyers has exceeded the demand of society for their services, and it is the right of the State which creates lawyers, nay it is its duty, to interfere in the interests of society.

95. For this valid reason and also because in the opinion of competent witnesses the standard of general education required at present is too low, we recommend that the pleadership class should be abolished. As we understand that a similar recommendation has gone to Government from the High Court, it is not necessary for us to justify our recommendation at any length.

96. On the other hand, we recommend that more certain and definite facilities than are available now for Medical, Engineering and Advanced Agricultural education should be procured. We understand that it has become almost impossible for even well-qualified Travancoreans to get admission in the Madras Engineering College and in the Coimbatore Agricultural College and that the situation, though not so unsatisfactory, is very uncertain regarding the Madras Medical and Veterinary Colleges. We recommend that Government do start negotiations with the Government of Madras for the reservation of a few seats in those institutions every year for qualified Travancore students on payment, if necessary, of an annual subsidy by Government in return for this privilege. The same recommendation will also apply to the Tata Institute at Bangalore if such reservation could be obtained.

97. The present state of development of industries in the State does not warrant the establishment of technical colleges or institutes for advanced training in industrial subjects. But provision has to be made for the training of a few in such subjects who may like to pursue industrial careers in Travancore or abroad. At present Government are paying a contribution of Rs. 600 to the Victoria Jubilee Technical Institute, Bombay, in return for which three seats are reserved for Travancoreans in that institute. Similar arrangements ought to be made as far as possible with other technical institutions in British India for the admission of Travancoreans.

98. Government may also institute a few scholarships to be held by Travancore students undergoing training in technical institutions in foreign countries. The scholarships must be free from any obligation on the part of the students to serve Government or on the part of Government to entertain them in public service (Vide Industrial Commission Report).

99. We have said enough in the last chapter to show that the problem of unemployment can and should be tackled, partly at any rate, by radical reforms in the educational system. The whole educational problem will presently come under the

Educational Re- form,

investigation of a commission or other suitable agency to be appointed by Government. We shall therefore be very brief in setting forth what we consider to be necessary reforms from our point of view and we shall refrain from lengthy arguments in support of our views. Though some of our suggestions are controversial and some may appear impracticable, we believe we are justified in following this course because we expect that our proposals will be examined from the educational and financial standpoint by the commission above mentioned before action is taken upon them by Government.

100. (1) In the first place, we recommend that standards of promotion, selection and of examination should be kept high and attempts to lower them should be resisted. In particular, we propose that in all schools and colleges beyond the primary stage, a pupil who is detained in the same class for more than 2 years should be sent away and refused admission. Candidates should not be allowed to appear more than twice for the E. S. L. C., V. S. L. C. and Vernacular Higher Examinations. Exemptions from this rule may be allowed in exceptional cases on valid grounds. This proposal, we may add, has the support of the Director of Public Instruction and the Inspector of English Schools.

(2) For the improvement of the quality of education in every respect the most important requisite is the appointment of better-qualified, better-trained and better-paid teachers. But we realise that even a small improvement in this direction will involve a considerable increase in expenditure. We recommend that whatever improvement is financially practicable should be effected without much delay. Facilities should also be provided for heads of schools to visit western countries and study on the spot educational methods successfully worked there.

(3) Primary education, especially in rural areas, should be brought into the closest relation with the needs and realities of rural life. We are however not in favour of any formal teaching of agriculture in primary schools.

(4) English and Vernacular Middle schools in predominantly rural areas should be gradually converted into what are called "Agricultural-bias schools" on the Punjab model. An

officer of the Education Department and an officer of the Agricultural Department should be sent together on deputation to study on the spot the Punjab type of Middle School which is generally spoken of as being very successful, and which is now being adopted in Bengal also. The evidence given before the Royal Agricultural Commission by Mr. J. A. Richey, late Education Commissioner with the Government of India, and Sir John Anderson, Director of Public Instruction, Punjab, leave no room for doubt regarding the success of this type of Middle school. If, as we hope, the report of the officers above mentioned favours the establishment of this type of school, the Agricultural Department should undertake the training of a certain number of teachers for this type of school every year. As trained teachers become available, the conversion of the Middle Schools into Agricultural Bias Schools could be gradually carried out. The main object of this proposal is to meet the charge that is constantly made against our schools that they render the pupils unfit for agricultural pursuits.

(5) We received a good deal of evidence in favour of the amalgamation of English and Vernacular Middle Schools and we were much impressed by the strength and cogency of the arguments advanced in support of the proposal. In view, however, of the foregoing recommendation and because the financial implications have to be carefully examined, we are unable to make a definite recommendation in this matter. We expect that the examination of this proposal will be one of the main tasks of Education Commission.

(6) As regards secondary and collegiate education, the classical exposition of the existing defects and of necessary reforms in the Indian educational system is the report of the Sadler Commission. We suggest that the Education Commission do consider the recommendations of this justly famous report in so far as they are applicable to our conditions. In particular, they should consider to what extent it will be possible to make the vernaculars the media of instruction in the secondary school, while retaining English as a compulsory second language. In our opinion, this change, if practicable, will prove more beneficial not only for our educational institutions but also for our

material advance than any other single reform. Incidentally it will facilitate the process of amalgamation referred to above.

(7) We hope that the Education Commission will consider whether the provisions which at present exist for the teaching of science in schools are adequate. In 1917 the first Travancore University Committee stated in its interim report that they were not satisfactory. We are unable to say whether there has been any improvement during the last ten years. We strongly suspect that science continues to be taught today in our schools according to the Pandit methods of mediaeval India, mainly because facilities for the practical teaching of the subject are not provided. As we attach great importance to the sound teaching of science in giving a prevocational aptitude to the pupil, we desire that the Education Commission should recommend the steps that have to be taken to strengthen the science side in our schools.

(8) We recommend that adult education should be taken more seriously than it is now. A few exiguous night schools and a few starving village libraries are all that we have now. A scheme for organising adult education on up-to-date lines should be prepared and brought into effect gradually as funds permit. More funds should be allotted for the purpose than is the case now.

(9) We are not in favour of a rapid expansion of technical education. We are emphatically of opinion that it will only aggravate the problem of unemployment as industries do not exist to absorb the trained men.

But we think it necessary that a serious attempt should be made to give a vocational bias to pupils in our schools. With this aim in view, we recommend that provision should be made for the teaching of elementary mechanics at least in a few selected schools. They should be provided with small workshops where the pupils would be given practical training in the use of ordinary mechanical tools. Such a course will tend to cure the dislike for manual work and create in the pupils a taste for industrial pursuits.

(10) The Director of Agriculture has recommended the establishment of "continuation schools" for providing vocational as well as general education to the boys who leave school after the fourth class. He states that four such schools have been started by his department for boys of the Vala class and that they have met with a fair amount of success. We are in favour of his proposal but we would suggest that the scope that exists for such schools in the economic conditions of the State and the extent to which they can be made sufficiently attractive to boys belonging to occupational castes who now go to the English or Vernacular Middle Schools should be examined before adopting the recommendation.

(11) The "Educational Colonies scheme" of Capt. Patavel, Principal of the Maharaja of Cossimbazar Polytechnic Institute at Calcutta is now well-known. Capt. Patavel was kind enough to send the Committee copies of his pamphlets and leaflets and of his recent book on Educational Colonies. The scheme is replete with valuable ideas but we are unable to envisage it as a practical going concern. The experiment is sure to be tried in Bengal and if it is found practically successful there, we may also try it. The Education Commission may, it is hoped, wish to examine the scheme.

(12) Finally, we would request the Education Commission to consider the modifications, if any, that may be necessary in the working of the scheme of fee-concessions to backward and depressed classes and the reforms that are necessary in the existing system of female education.

101. The most effective remedy not only for unemployment and poverty but for all our present discontents is the all-round intensive development of the economic resources of the country agricultural, industrial and commercial—on modern lines. But though we are firmly convinced of the truth of this general statement, we feel quite incompetent to deal with such a vast and complicated subject. It would perhaps be better if we did not go beyond saying that everything should be done that can be done, under existing conditions, for economic development not only by the Government but by society, and the

well-to-do classes. But seeing that the subject bears so directly on the problem under investigation, we feel justified, even at the risk of going beyond our province, in making a few definite recommendations. In the first place, though economic development is one of the aims of our Government as of all modern progressive Governments, it ought to become, in the conditions in which we are placed, the foremost aim and not remain as it does now one of the various subsidiary aims of Governmental activity. Our social system is antediluvian; our economic structure is mediaeval; the only organisation constructed on modern lines with which we can face the modern world and through which we can fight the evils of ignorance, poverty, communal distrust and general helplessness is the State. In Travancore the brains of the country, the store of ability available, is also almost entirely drawn away into the service of the State. In America almost-wholly and in England to an increasing extent men of ability and character are drawn away to industry and commerce and finance and the complaint is that the State is not able to command or retain the services of the best men. The reverse is the case with us and the need and the justification are all the greater for the initiation and carrying out by Government of a vigorous economic policy. The principles and methods of Governmental action are laid down in the report of the Indian Industrial Commission and should be followed by our Government in so far as they are applicable to our conditions.

102. The pursuit of a policy of intensive economic development demands in our opinion considerable strengthening of the staffs of the Agricultural, Industrial and Co-operative Departments and generous and unstinted increase of the funds available from year to year for their use. The heads of the Development Departments complain that they can do little more than they have been doing with the staffs and the funds at their disposal and public opinion, if it can be tested by the views of our non-official correspondents, is entirely in favour of larger grants and staffs being sanctioned if better results could be obtained.

103. In the second place we recommend the creation of some effective Governmental machinery for mobilising the resources and energies of the Development Departments for economic development. It is obvious that the Economic Development Board does not and cannot by the very nature of its constitution and powers, serve this purpose. The President and some other members of the Board are quite dissatisfied with it. What, in our opinion, appears necessary is a Standing Committee of the Development Departments (Agriculture, Industry, Forest and Co-operation) presided over, if possible, by the Dewan himself, who will be assisted, if necessary, by the Chief and Financial Secretaries. This may appear a novel suggestion but since we consider economic development to be the foremost aim of a modern progressive Government faced with our conditions, we hold that it should have the first claim on the time and the energy of the head of the administration. We are aware that it is usual even now for conferences of heads of departments being held under the Chairmanship of the Dewan but we need a permanent co-ordinating agency and we need the personality and the driving force of the Dewan to make that agency work to some purpose.

104. We recommend that Government should consider the advisability of inaugurating the movement usually called "Rural Reconstruction" or "Rural uplift." Adult education, male and female, rural sanitation, agricultural co-operation for purchase, production and sale, removal of rural indebtedness, improved methods of cultivation, rural clubs and Libraries, elevation of the depressed classes, establishment of panchayats or (here) revival of Karayogams, in fact every kind of welfare or development work in the rural areas comes under the scheme. It means a well organised and well co-ordinated campaign of all the forces available against poverty, dirt, disease and ignorance in rural areas. Such a campaign deliberately planned and vigorously waged is coming to be recognised as the true salvation for rural India. It will put new life into our decaying villages, check

the tendency of migration to the towns and increase the productivity of the rural population. It is a vast programme requiring the services of energetic and public-spirited leaders and a host of enthusiastic followers. The army of elementary school teachers can and should be trained to play its part in the movement. The co-operative societies will also serve as useful instruments. The officers of Government retiring from service should also be invited to co-operate. And the young men of the educated classes should be enlisted in the service of the great cause. It is not mainly with a view to find immediate employment for the educated unemployed that we have made this recommendation. We are thinking rather of the ultimate effects of such a movement in making village life and agriculture more attractive for our young men than it is at present, by improving the standard of life, the social amenities and the productivity of our rural areas. We recommend in particular the bringing into force of the Village Panchayat Regulation as early as possible.

105. As regards agriculture, a report which may come in time to be considered epoch-making is now being written.

Agricultural Development. When the Report of the Royal Agricultural Commission is published, we recommend that our Government should appoint a committee of officials and non-officials to consider to what extent its recommendations are applicable and can be given effect to in Travancore. In this connection, we wish to suggest that when important commissions or committees, appointed in British India to consider and report on problems similar to those which we have to face, present their reports, it is desirable that our Government should appoint small local committees to consider the applicability of the recommendations to our conditions. We wish this would become an established practice. For instance, several of our witnesses considered the principles and methods of land revenue assessment now in vogue to be unsatisfactory and one of the causes of the decline of agriculture. In our opinion, an expert committee ought to inquire in the light of the report of the Indian Taxation Enquiry Committee whether the existing system in our State is sound

and in accordance with the canons of taxation and in line with the systems of progressive countries.

106. Our correspondents including the Director of Agriculture were unanimously of opinion that the most pressing need of agriculture is some state-organised method for financing the agriculturist. We feel convinced that the matter calls for the earnest and urgent attention of Government. To assist the Government in a practical way in dealing with the matter, one of our colleagues, Mr. I. C. Chacko, Director of Industries, has at our request taken the trouble to prepare a memorandum and a draft bill on the subject of Land Mortgage Banks and we publish these as an appendix to this report. We recommend that, if after competent scrutiny, Government is satisfied with the soundness of Mr. Chacko's proposals, no time should be lost in giving effect to them.

107. We further recommend that the Committee which we have proposed for examining the local applicability of the recommendations of the Royal Commission on Agriculture should also examine and report on the practicability of the following suggestions which have been placed before us by our colleague, Mr. K. P. Nilakanta Pillai.

(1) The granting of agricultural loans should be handed over to the Department of Agriculture. The working of the Agricultural Loans Regulation came up for pointed and often scathing criticism at the hands of witnesses. It appears to be the general opinion that these loans rarely reach the really deserving and that there is needless delay and annoyance on account of the excess of formalities to be gone through.

(2) There should be a separate head of expenditure under irrigation and a special branch of the P. W. D. or the Agricultural department should undertake the whole minor irrigation of the State. The entire expenditure on minor irrigation should be borne by Government.

(3) To facilitate the supply of manure, and the provision of grazing grounds, forest panchayats ought to be created. Forest areas lying near cultivated fields should be put in the hands of these panchayats, which will be entrusted with the

control over grazing, collection of fuel and green leaves for manure and which will also undertake the duties of Forest Conservancy by planting trees and looking after them.

(4) The revival of subsidiary occupations.

(5) Legislation for enforcing cultivation on puduval lands already sold or to be sold in future, which may be left uncultivated.

108. But agricultural development by itself will not meet the situation. We need industrial development to relieve the pressure of the population on the land and

Industrial Survey a desideratum. to open out new avenues of employment for our young men. There is now a babel of tongues on this subject. What in our opinion is needed most at present is not technical education but capitalistic enterprise and organising ability. Men with expert knowledge and wide experience of the establishment and management of industrial undertakings can alone give useful advice to Government and to would-be industrialists in this matter. In our opinion, an industrial survey of the State by an expert or experts of this description is a great desideratum. Such a survey will make it clear whether, and, if so to what extent, and on what lines the industrialisation of Travancore is practicable and Government and the capitalists will then be able to proceed on that basis. The readiness and generosity with which Government has rendered financial assistance to the "Travancore Sugars" is, let us hope, an earnest of a bold forward policy.

109. As for commercial development, we received several interesting suggestions from some of the merchants at Alleppey, notably from Mr. M. L. Janardhanan Pillai.

The Alleppey Commercial School. As most of these suggestions are already before Government in one form or another, we need not mention them here. One or two points about the Alleppey Commercial School may however be touched upon. We were told that the pupils trained in the school would find it easier to get employment if arrangements could be made for their learning the work and picking up experience by working as apprentices in the Alleppey firms even

during the period of their course. Accordingly we recommend that Government should either directly or through the Department of Industries induce the firms at Alleppey to accept this arrangement in return for any small subsidy that may be demanded by them. We also recommend that representatives of employers should be invited to come into closer touch with the school and that their advice and supervision in conducting the school should be more frequently sought than seems to be the case at present.

110. We have no definite information regarding the proportion of Travancoreans employed on the Railway between Shencottah and Trivandrum, but we understand it is deplorably low. If this is a fact, we would request Government to take up the matter with the Railway authorities. It appears to us that a decent proportion, if not the major share, of the clerical and technical appointments on this line should be claimed for qualified Travancoreans.

Other recommendations.
The Railway.

111. As regards the proposed Railway programme, since it is proposed to be a State-managed Railway, no one denies that it will provide employment for a good many Travancoreans as skilled or unskilled workers and in the clerical staff. A majority of our correspondents were in favour of it on the ground that it will open up the country, develop its trade and thus indirectly also provide more employment. A few were, however, opposed to it on other grounds. It will be generally agreed that the matter cannot be decided solely with reference to the aspect of providing employment.

112. From our inquiry it appears that the main causes of unemployment among doctors are (1) the practice of giving a free supply of medicine indiscriminately to rich and poor in all medical institutions maintained by Government. This practice obviously reduces the chances of a private practitioner.

Unemployment among doctors.

(2) The absence of a system of registering medical practitioners, which accounts for the practice or practices carried on in rural areas by numerous unqualified vydians who, as Dr. T. H.

Somervell said, "have really good medicines but who do not know how and when to use them". In the course of his valuable oral evidence Dr. K. Raman Tampi assured us that proposals were being framed for modifying the practice of free supply of medicines, for the registration of medical practitioners and for introducing a system of subsidised rural medical aid. When these proposals come into effect, we have no doubt that the scope for private practitioners both in towns and rural areas will be considerably widened.

113. Professor Radhakrishnan, who is acknowledged to be one of our best living authorities on Hinduism says, "The temples, shrines and sanctuaries with which the whole land is covered may be used not only as places of prayer and altars of worship but as seats of learning and schools of thought, which can undertake the spiritual direction of the Hindus".* In his opinion there has not been in recent times any serious and systematic endeavour to place the whole Hindu population on a higher spiritual plane. Mr. T. Lakshmana Pillai, a true and ardent lover of Hinduism, said in the course of his evidence before us that the priesthood rarely knew the meaning or significance of the things which they did and he deplored their failure to respond to the spiritual needs of a modern educated Hindu. He desired that opportunities should be provided for the service of educated Hindu young men of well trained intellect and high character in our temples and other religious institutions. In modern progressive countries, wherever religion is a living force, the priesthood is recruited, after special training, from the best class of educated youths. Mr. Lakshmana Pillai also made a more definite proposal that the interest accruing from the large surplus accumulated by the Devaswom department should be used by the department in organising courses of popular lectures by educated young Hindus specially trained for the purpose. We hope Government will consider the advisability of accepting these suggestions. We realise, however, that any endeavour to put new life into Hinduism should proceed not from a Government department but from the organised and concerted action of devout Hindus themselves. We were glad to find that the late

* The Hindu View of life—p. 33.

lamented Devaswom Commissioner was in full sympathy with any such spontaneous movement. He told us that he had appointed several V. S. L. C. and E. S. L. C. holders as Santhikars in temples and that he would favourably consider the question of awarding a grant if an academy for training Santhikars was founded under non-official auspices.

114. We are coming to the end of our task. Our last word is to the educated middle classes. One or two of our witnesses saw in the growing disintegration of the caste system the main cause of unemployment. They thought that if only the caste system which involved the principle of enforced heredity of function and the principle of one caste, one occupation, had remained intact, we should never have been troubled by the scare of unemployment. The present conditions are the result of individualism run mad. The caste system, they said, was a communal organisation of households based on the "functional" principle. It was a guild, a trade-union and a club combined.

115. We are not concerned to deny all this. Modern sociologists of high authority have however condemned the caste system as a "segmentary" form of social organisation based on birth and descent and have shown that social evolution in India as in other countries must proceed from the segmentary form to the organic form based on function. Be this as it may, the fact remains that not even the most fervid enthusiast of the caste system has suggested the possibility or even the desirability of its restoration as the economic structure of Indian society. The simple fact of the enormous growth of the population since, say, the days of Akbar would have led to the break-down of the caste system even if no other complications had arisen.*

116. In our opinion, the time has come when the educated middle classes should face this question squarely. Since it is impossible to restore the caste system and since it is bound to die, however slowly, why delay the process by inertia or worse by sentimental opposition? On the contrary, they must actively assist the process of disintegration and accelerate the

* Moreland—"India at the death of Akbar",—estimates the population of India at the time to be roughly 100 millions. p. 22.

pace of modernisation. The tendency to keep our eyes fixed on the past, to adopt without selection and without criticism everything from it only to show how proud we are of our old historical culture, has unfortunately been encouraged by a certain school of politicians. We ought rather to look at modern Japan, Egypt and Turkey and learn to receive and assimilate what we now denounce as western ideas. Economic development ought to be the foremost aim not only of Government but of our educated well-to-do classes. Government cannot do much alone. The people must learn to think on economic lines and to shake off the superstitions and prejudices which stand in the way of material progress. As Mr. Bepin Chandra Pal said during the debate on unemployment in the Indian Legislative Assembly, "there is no remedy unless we change our social system". The question that faces us is whether we are going to accept an economic basis of society or not.

117. The educated middle class of India—the rentiers and the professional classes—have often been called a parasitical class. They produce little ; they consume much. Their share of the national income is far greater than their contribution to it. Even the middle-class agriculturist does not labour. Mr. F. L. Brayne, I. C. S., Deputy Commissioner of Gurgaon, Punjab, giving evidence before the Royal Agricultural Commission, said "just as slavery ruined Rome, so the menial castes have ruined the Gurgaon peasant. The dignity of labour is gone and all drudgery is relegated to the menial castes as well all technical work requiring manual skill The menial castes ought to be steadily drafted off to the canal colonies, given land and set to reinstate themselves in the world. Then and then only will the peasant become a sturdy self-reliant man again." If this is said of the peasant, how much more appropriate it is when applied to the educated middle classes. The backward and depressed classes are waking up, assisted by the righteous policy followed by Government for their protection and elevation. When their full awakening comes, the educated classes will be in danger of being swept away as economically unproductive unless in the meanwhile they learn to revolutionise their outlook, to work harder and to become truly productive.

CHAPTER V.

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS.

1. The scope of the inquiry includes (a) Graduates, (b) Intermediates, and E. S. L. C. holders, (c) those who have passed the Vernacular Higher Examination, (d) V. S. L. C. holders, (e) Lawyers, Doctors, Teachers, Engineers, (f) Technically or commercially qualified persons.

The question whether the V. S. L. C. holders should be included or not is discussed and their inclusion decided upon (Paras 10 to 12).

2. Unemployment among the educated classes does not mean destitution or starvation. It means the failure of numbers of young men and women of various educational qualifications to get the kind of work the earnings of which will fairly correspond to the efforts and sacrifices involved in acquiring these qualifications and to the standard of living customary in the grade of society to which they belong. Unemployment in this sense exists to a considerable extent (Paras 13 and 14).

3. From the data available and the materials collected it is seen that the number seeking employment every year is about 3500 and the number finding employment is about 1360, the number not likely to find employment being 2140 (Paras 15-22).

4. It is estimated that over 220 graduates seek employment every year, while only 100 of them are likely to be absorbed in the Government service or in the private schools (Para 25).

5. The average annual output of E. S. L. C. holders seeking employment is 1760 and the approximate number likely to be employed in Government service and in private schools is about 440 (Para 27).

6. While the average annual output of V. S. L. C. holders is 1012, only about 38 per cent of this number is likely to be absorbed (Para 28).

7. The number of B. L's and pleaders has increased by nearly 50 per cent during the last six years, while the corresponding increase in the number of suits and appeals has been only about 12 per cent, and obviously there is considerable underemployment and consequent lowness of remuneration among the lawyers (Paras 29 and 30).

8. There is little or no unemployment among those trained in the Commercial School at Alleppey. Persons trained in the Mechanical Section of the Sri Mulam Technical School find it extremely difficult to get suitable employments, but the men trained in the Civil Engineering side are easily absorbed in the P. W. D. Not many pupils trained in the Carpentry and Smithery School at Quilon have set up as carpenters (Paras 31 and 32).

9. It is calculated that the average annual output of girls and young women possessing educational qualifications is about 450 and the number likely to be absorbed is about 180. Taking graduates and E. S. L. C. holders alone, the number seeking employment annually is 50 and the number of annual vacancies likely to occur is about 40. The Committee, while it welcomes the announcement of the decision of Government to throw out certain appointments to qualified women, would deprecate any sweeping change of policy in this direction (Paras 35 and 36).

10. The problem of unemployment is an all-India problem and must be traced to general fundamental causes affecting the whole country (Paras 39 and 40).

11. The supply of educationally qualified persons seeking employment has been, in recent years, greatly in excess of the demand for their services (Para 41).

The causes of this maladjustment are:—

- (i) Increase in population (Para 42).
- (ii) Slowness of the official and professional class in adjusting itself to changed conditions (Para 43).
- (iii) The inadequacy of the income derived from land by the landholding and cultivating classes owing to increase in the size of their families, rise in the standard of living and the rise in the cost of living (Para 44).

(iv) The consequent necessity for young men of the landholding classes to leave their homes in search of alternative sources of income (Para 45).

(v) It is also feared that the ordinary forms of agriculture are proving to be unremunerative owing to various adverse circumstances (Para 46).

(vi) Education and especially English Education had, till very recently, a ready vocational value as a passport to Government employment, the professions or clerical service under private agencies. The situation has now changed but the supply has not readily adjusted itself to the demand (Para 47).

(vii) The attractiveness of Government service (Para 47).

(viii) Social and political awakening among educationally backward communities (Para 48).

(ix) Deterioration in educational standards during the last 10 or 15 years is a powerful aggravating cause of the present situation (Para 49).

12. There is need for caution in criticising the educational system (Para 50).

13. It must, however, be admitted that the present system of education has neglected the formation and training of character and that its contribution to economical development has been disappointing (Paras 54 and 55).

14. Under the existing social and economic conditions the demand for the services of educated classes is strictly limited (Paras 56-58).

15. Various considerations point to the conclusion that Travancore is overpopulated under existing economic conditions and that overpopulation is one of the major causes of the problem under investigation (Paras 66-70).

16. Public opinion should be more fully awakened to the fact of overpopulation than it appears to be at present and the economic policy of the State should be shaped in the light of

this outstanding fact. Government should consider the feasibility of an organised scheme of emigration to the high-land regions of the State and explore the facilities for emigration outside the State (Paras 74 and 75).

17. All classes of our society and especially the lower classes should be enabled and educated to attain a higher standard of living (Para 76).

18. The question of unemployment in Travancore is a social and economic problem, not an industrial problem as in western countries (Para 77).

19. The effects of unemployment are serious and cumulative in character (Para 78).

20. Our recommendations are designed to relieve the present distress and to prevent unemployment becoming a matter of serious concern in the future (Para 79).

21. We recommend an experiment in land colonisation with a view to attract unemployed educated youths to the land (Paras 80-84).

22. Special consideration should be shown to applications for land or agricultural loans received from individuals among the educated unemployed (Para 85).

23. Educational qualifications should be prescribed for posts such as constables, mochees, petty excise officers, peons &c., registered vakil gumasthas and document writers, for which no such qualifications are being insisted upon now, and the E. S. L. C. and V. S. L. C. holders should be preferred for such posts, due regard being had for the special requirements, if any, of particular departments (Paras 86 and 87).

24. A committee should be appointed to report on the desirability of introducing competitive examinations for every grade of Government service and of appointing a small Civil Service Commission for the regulation and conduct of such examinations (Paras 88-91).

25. An employment bureau should be established for clerical and other appointments outside Government service and

outside the State and a small bureau to serve the needs of qualified women (Paras 92 and 93).

26. The Committee recommends that the Pleadership class in the Trivandrum Law College be abolished (Para 95).

27. Government is requested to be pleased to arrange for the reservation of a few seats for Travancoreans every year in the Madras Medical, Engineering and Veterinary and Coimbatore Agricultural Colleges and the Tata Institute at Bangalore and pay, if necessary, annual subsidies to those institutions in return for the privilege (Para 96).

28. A few Government scholarships may be instituted to be held by Travancore students undergoing training in technical institutions in foreign countries (Para 98).

29. The following recommendations for educational reform may be placed before the proposed Education Commission for consideration and report before Government takes action on them (Para 99).

(i) No pupil should be given admission to the same class for more than two years and candidates should not be allowed to appear more than twice for the E. S. L. C., V. S. L. C., and Vernacular Higher Examinations (Para 100-Cl. 1).

(ii) Better qualified, better trained and better paid teachers should be appointed in the schools (Para 100-Cl. 2).

(iii) Primary education, especially in rural areas, should be brought into closest touch with the needs and realities of rural life (Para 100-Cl. 3).

(iv) English and Vernacular Middle Schools in predominantly rural areas should be converted into 'Agricultural-bias' schools on the Punjab model if after a study of the working of such schools by two officers of the Education and Agricultural departments, deputed for the purpose, the introduction of such schools here is recommended (Para 100-Cl. 4).

(v) The amalgamation of the English and Vernacular Middle schools (Para 100-Cl. 5).

(vi) The applicability of the recommendations of the Sadler Commission, in particular the possibility of making the vernaculars the media of instruction, while retaining English as a compulsory second language (Para 100-Cl. 6).

(vii) Better provision should be made for the teaching of science in our schools (Para 100-Cl. 7).

(viii) Adult education should be taken more seriously than it is now, more funds being allotted for the purpose (Para 100-Cl. 8).

(ix) With a view to give a vocational bias to pupils in our schools suitable provision should be made for teaching Elementary Mechanics at least in a few selected schools (Para 100-Cl. 9).

(x) The establishment of 'Continuation schools' for providing vocational and general education to boys belonging to occupational castes (Para 100-Cl. 10).

(xi) Consideration of the practicability of introducing Capt. Petavel's Scheme of Educational Colonies (Para 100-Cl. 11).

(xii) Modifications of the scheme of fee concessions to backward and depressed classes. (Para 100-Cl. 12).

(xiii) Reforms in the existing system of female education (Para 100-Cl. 12).

30. An all-round intensive development of the economic resources of the country on modern lines is the best remedy for unemployment, and the Committee desires that that should be the foremost aim and not remain, as at present, one of the various subsidiary aims of governmental activity (Para 101).

31. Increase of staffs and funds for the Development Departments (Para 102).

32. There should be a standing Committee of the Development Departments presided over, if possible, by the Dewan to mobilise the resources and energies of those departments for economic development (Para 103).

33. The Committee recommends that Government consider the advisability of inaugurating the movement usually called "Rural Reconstruction" or "Rural uplift" and in particular the bringing into effect of the Village Panchayat Regulation as early as possible (Para 104).

34. A. When the Report of the Royal Agricultural Commission is published, a Committee should be appointed to consider how far the recommendations contained in it can be given effect to in Travancore (Para 105). The proposed Committee should also examine the practicability of the following suggestions :—

(i) Transfer of the granting of agricultural loans to the Department of Agriculture (Para 107-CI. 1).

(ii) There should be a separate head of expenditure under irrigation and a special branch of the P. W. D. or the Agricultural department should undertake the whole minor irrigation of the State, the entire expenditure being borne by Government (Para 107-CI. 2).

(iii) The creation of Forest Panchayats to facilitate the supply of manure and the provision of grazing grounds (Para 107-CI.3).

(iv) The revival of subsidiary occupations (Para 107-CI. 4).

(v) Legislation for the cultivation of puduval lands, sold or to be sold, which may be left uncultivated (Para 107-CI. 5).

B. An expert committee should be appointed to enquire whether the existing system and methods of land revenue assessment are sound and in line with the systems of progressive countries (Para 105).

C. With a view to meet the most pressing need of agriculture the Committee suggests that the memorandum and draft bill prepared by Mr. I. C. Chacko, Director of Industries, and appended to this report, be examined by Government and, if found satisfactory, given effect to with the least possible delay (Para 106).

35. Government be requested to conduct an industrial survey of the State by an expert or experts (Para 108).

36. The Alleppey firms should be induced to allow the students of the local Commercial School to learn and pick up experience as apprentices during the period of their course and the representatives of employers should be invited to come into closer touch with the school (Para 109).

37. The major share of the clerical and technical appointments on the Trivandrum—Shencottah Railway should be claimed for qualified Travancoreans (Para 110).

38. The Committee hopes that the scope for private medical practitioners will be considerably widened when the proposed schemes for modifying the practice of the free supply of medicine in Government medical institutions, for the registration of medical practitioners and for introducing a system of rural medical aid, come into effect (Para 112).

39. Government be requested to consider the advisability of providing scope for the service of educated Hindu young men of high intellect and character in our temples and other religious institutions (Para 113).

40. Finally, the educated classes should learn to revolutionise their outlook, to work harder and to become truly productive (Paras 116 and 117).

C. V. Chandrasekharan (*President.*)

I. C. Chacko.

M. Subramonia Pillai.

K. P. Nilakanta Pillai.

T. Kumara Pillai. (Subject to a separate note.)*

6th May 1928.

APPENDIX A.

THE UNEMPLOYMENT COMMITTEE.

QUESTIONNAIRE.

1. Is it your opinion that unemployment exists among those who have received education in our schools and colleges?

2. If so, amongst which of the following sections does it exist in an acute form?

(a) Graduates, (b) Intermediates and E. S. L. C. holders, (c) V. S. L. C. holders, (d) "Failed candidates" (*i. e.*) those who were at school but failed to pass any Public Examination?

3. To what extent is there unemployment among persons who have acquired professional qualifications, such as, (a) Lawyers, (b) Teachers, (c) Doctors, and (d) Engineers?

4. Are persons who possess some kind of technical training (industrial, agricultural or commercial) able to secure suitable employment?

5. Is it your opinion that unemployment prevails in a more acute form in some communities than in others?

B

6. Is there, in your opinion, general unemployment in all classes and among all occupations in the State? If so, what are the causes of such unemployment?

7. What bearing, if any, has such general unemployment, if it exists, upon unemployment among the educated classes?

8. A. Is there, in your opinion, a tendency on the part of agriculturists to abandon agriculture as an occupation? If so, what are the causes?

B. In relation to agriculture, are you of opinion that ancillary occupations are decaying? If so, what means would you suggest for their revival?

C

9. Do you hold the view that unemployment is mainly due to the defects in the existing system of education?

10. If so, in what respects and in what grades of education is the existing system defective and in what ways would you seek to remove the defects?

11. (a) With special reference to the size, resources and conditions of Travancore, what are your views of the duties of the State in respect of education (a) Elementary, (b) Secondary (c) University, (d) Professional and Technical?

(b) What means would you suggest to improve the quality of education and to check the excess of the supply of qualified persons over the demand?

(c) In your opinion, should University Examinations and the V. S. L. C. and the E. S. L. C. Examinations be regarded as qualifications for post under Government?

Would you advocate the practice adopted in many other countries of instituting special tests for different kinds of administrative posts under Government?

12. In your opinion, is the cost of education, of Secondary and University grades, high or low at present? Are you in favour of raising the cost?

13. To what extent is unemployment among the educated classes due to causes inherent in them and to social causes, such as caste system, joint family, etc?

14. It is said that boys who have acquired educational qualifications decline to take to the traditional callings of their fathers. If such a tendency exists, what are its causes? Should it be checked, and if so, how?

15. To what extent is disinclination on the part of qualified persons, to seek employment outside the State one of the causes of unemployment?

D

16. The following remedies have been suggested. Have you any remarks to make on them or any other suggestions to offer ?

- (1) Prescribing educational qualifications for Government posts, such as constables, petty excise officers, etc., for which no qualifications are prescribed at present.
- (2) Employment of Information Bureau in colleges and Government offices.
- (3) Vocational training and selection in schools.
- (4) Technical education.
- (5) Diversion of the educated classes to
 - (a) Agriculture.
 - (b) Mechanical occupations.
 - (c) Trade and Commerce.
- (6) Provision of more capital for agricultural development and the best method of securing this.
- (7) Disafforestation as a means of providing agricultural land.
- (8) Irrigation.
- (9) Rural Reconstruction.
- (10) Development of communications.
- (11) The proposed Land Colonisation Scheme.
- (12) The proposed Railway programme.
- (13) Co-operative agriculture.
- (14) Farm colonies.
- (15) Development of
 - (1) Factory Industries and
 - (2) Cottage Industries and Handicrafts, and the best method of securing this.
- (16) Development of Banking in connection with the extension of Agriculture.
- (17) Co-operative production and distribution.
- (18) Development of a Travancore Mercantile Marine.
- (19) Emigration,
 - (a) from the thickly populated to the thinly populated regions of Travancore,
 - (b) outside Travancore.

APPENDIX B.

Particulars of unemployed persons as per forms received.

Communities.	Graduates.	Intermediates.	E. S. L. O's.	V. S. L. O's.	V. H. certificate holders.	Sanskrit.	Other technical tests.	Unpassed.	Total.	Percentage to total.
Brahmins	9	2	47	13	2	27	1	5	106	8.1
Nairs	15	6	78	281	19	12	23	137	561	42.5
Ezhavas	4	..	8	41	7	7	3	26	96	7.3
Vellalas	..	..	15	19	1	..	2	9	48	3.7
Ambalavasis	2	..	2	8	..	..	2	5	19	1.5
Kshatriyas	..	..	3	1	..	..	..	..	4	.3
Chetties	..	..	2	2	..	1	..	2	7	.5
Goldsmiths	..	..	6	3	..	..	2	1	12	.9
Carpenters	..	..	1	6	..	..	2	1	10	.7
Oil-mongers	..	..	..	1	..	..	1	1	3	.2
Kaniyans	..	..	..	2	..	1	..	..	3	.2
Nadars	..	1	..	12	1	..	..	4	18	1.3
Washermen	..	..	..	3	..	..	..	3	6	.4
Barbers	..	..	2	5	..	..	..	3	10	.7
Fandarams	..	..	..	1	..	..	..	5	6	.4
Pattariyas	..	1	3	3	..	..	..	1	8	.6
Yadavas	..	..	1	1	..	..	..	1	3	.2
Valans	..	..	1	1	..	..	..	..	2	.1
Arayans	..	..	..	1	..	..	..	..	1	.07
Kuravas	..	..	1	..	..	..	..	..	1	.07
Maravas	..	..	1	..	..	..	..	..	1	.07
Reddies	..	1	..	..	..	..	..	..	1	.07
Valluvas	..	..	..	1	..	..	..	..	1	.07
Jews	..	..	1	..	..	..	..	..	1	.07
Muhamadans	..	..	3	6	..	..	..	5	14	1.1
Christians	26	8	85	113	8	..	8	122	370	28.2
Total	58	19	260	524	38	48	44	321	1,312	
Percentage to total	4.4	1.4	19.8	39.9	2.9	3.7	3.4	24.5	..	

APPENDIX C.

**A Memorandum on the Financing of the Agricultural
Industry in Egypt, Canada and Australia with
suggestions for organizing a land mortgage
bank in Travancore.**

This memorandum is based upon statutes passed and reports published till the beginning of 1924.

Egypt.

There are two banks in Egypt which finance agriculture, viz., the Agricultural Bank of Egypt established in 1902 and the Land Bank of Egypt established in 1905. The objects of both the banks are the same. But the Agricultural Bank is not authorised to issue any individual loan of a greater amount than £E. 1000 and a loan of a greater amount than £E. 200 issued by this bank must be secured by first mortgage on lands. Apparently there is no such restriction with regard to loans of £E. 200 or less. But the maximum period allowed for the repayment of these smaller loans is 15 months, while the period allowed for the larger loans secured by first mortgage is 20½ years. The Land Bank can grant loans only on mortgages and in the case of this bank there is apparently no statutory limit fixed for the period in which a loan should be repaid. The duration of the Agricultural Bank is fixed at 50 years and that of the Land Bank at 99 years. Both the Banks are empowered by the respective statutes to issue bonds. At the close of the official year 1922-23, the amounts of the loans issued by these two banks stood at LE. 3,464,053 and LE. 3,230,268 respectively.

Canada.

In Ontario, Manitoba, Saskatchewan, Alberta and British Columbia, Acts were passed in 1917 empowering the Provincial Governments to provide money for loans to farmers. The Ontario Act authorizes the Provincial Treasurer to lend money to a township corporation to make loans to farmers, principally for permanent improvements. In Manitoba a Farm Loans Association directed by a board of five members is created

by the Act of 1917 with a capital of one million dollars in shares which can be held only by the Provincial Government and borrowers under the Act. The board may lend money on mortgage to the amount of not more than 50 per cent. of the value of the land mortgaged. The Saskatchewan Farm Loans Board, created by the Act of 1917, consists of a Commissioner and two other members, and may make loans for thirty years of not more than 50 per cent. of the property mortgaged, the interest being fixed by the board. The Alberta Act of 1917 provides for the making of loans on mortgage by a board established for the purpose, money being advanced to the board by the Provincial Treasurer. In British Columbia, a Land Settlement Board was to be formed by the Act of 1917 to replace the former Agricultural Credit Commission and to have powers, among others, to make loans on mortgages for the acquiring and development of land and for the purchase of live stock, machinery, &c.

In order to give a clear idea of these agencies, the constitution and methods of work of the Manitoba Farm Loans Association may be more fully described. The affairs of the Association are managed by a board of management consisting of five members appointed by the Lieutenant-Governor-in-Council. One of the members who is designated Commissioner is the president of the board and performs the duties and exercises the powers imposed upon or delegated to him by the board. Originally the capital stock of the Association was one million dollars divided into two hundred thousand shares. By an amendment to the Act passed in 1921, the share capital of the Association was reduced to five hundred and fifty thousand dollars divided into one hundred and ten thousand shares. These shares can be held only by the borrowers on farm land mortgages or their successors in title and by His Majesty in the right of the Province. The Association is empowered to receive deposits repayable with or without interest from persons or corporations under appropriate rules, regulations, conditions and restrictions approved by the Lieutenant-Governor-in-Council. The board of management may raise capital by the issue of

bonds, stock or other securities with the approval of the Lieutenant Governor-in-Council, but the value of these shall not exceed 90 per cent. of the value of the first mortgage securities held by the Association. The Provincial Government is authorised to guarantee the payment of the principal and interest of the bonds, stock, deposits or other securities of the Association. By this system of the issue of bonds, it is possible for the Association to increase its circulating capital to nearly ten times its original capital.

The Board can make loans for the following purposes:—

- (a) the acquiring of land for agricultural purposes and the satisfaction of encumbrances on land used for such purposes;
- (b) the clearing and draining of land;
- (c) the erection of farm buildings;
- (d) the purchase of live stock and implements; and
- (e) discharging of liabilities incurred for the improvement and development of land used for agricultural purposes, and any purpose calculated to increase land productiveness.

No loan shall exceed 50 per cent. of the value of the land mortgaged as security for it or ten thousand dollars in all. Under the Act, the Board appoints its own valuers to value the lands offered as securities for the loans. The rate of interest charged by the Association on its loans is such as is sufficient to pay the interest on the securities issued by it to provide funds for the loans in addition to one per cent. per annum to provide for the expenses of conducting its business. For example, if the Association has procured capital for loans at 6 per cent. per annum, the interest charged to the borrower will be 7 per cent. per annum.

These are the chief features of the Manitoba Farm Loans Association. The balance sheet of the Association as on the 31st August 1922 will give an idea of the extent of its operations during the first five years of its existence.

Balance sheet as at 31st August 1922.

Assets.		Dollars.
Mortgage Loans	...	7,829,227·93
Agreements Receivable	...	2,161·25
Real Estate	...	11,869·90
Investments	...	331,432·20
Cash on hand	...	311·35
Accounts Receivable	...	856·66
Office Furniture	...	7,531·79
Deferred Charges	...	7,977·44
	Total Assets	8,191,369·22
Liabilities.		
Debentures	...	7,528,639·97
Deposit Certificates	...	13,412·22
Bank over draft	...	17,625·62
Accounts payable	...	20,159·17
Capital stock paid up	...	484,830·00
Profit and Loss Account...	...	126,702·24
	Total Liabilities	8,191,369·22

It will be noticed that the Association was able to make a profit of 126,702·24 dollars after defraying its expenses within the first five years of its existence. The gross profit is derived from the interest of one per cent. of the principal which the Association realises from the borrowers in addition to the interest which it has to pay for its capital. During the first one or two years the Association was working at a loss. But when the volume of business increased the Association was able not only to wipe off all the losses, but to make a substantial profit.

Australia.

Victoria:—Facilities are afforded to agriculturists and industrial institutions by the State Savings Bank of Victoria. The accumulated funds of the savings bank deposits form the capital for the loans made by this bank. In 1923, the State Savings Bank had 526 offices where savings bank business was

transacted and the accumulated funds amounted to £ 50,359,477. The Bank makes strenuous efforts to attract savings bank deposits and to encourage thrift among the people. Savings banks are established even in schools where it is made legal to accept deposits from minor children. The Penny Savings Bank, as this branch of the Savings Bank is known, was operating in 526 schools in 1923 and had 32,100 accounts with £ 30,520 at credit. Another means of cultivating the saving habit employed by the Bank is the supply of Safety Money Boxes at a cost of six pence each to depositors and intending depositors. Money can be put into these boxes, but can be taken out of them only at the Savings Bank Offices. When a box is filled, it is taken to the Bank by the depositor, whose account is then credited with the amount contained in the box.

The accumulated funds of the savings bank deposits so strenuously encouraged by the State Savings Bank are given out as loans on the mortgage of landed property for the following purposes:—

- (a) to purchase land
- (b) to pay Crown rents
- (c) to pay off liabilities
- (d) to purchase stock or plant
- (e) to improve or work the property
- (f) to build or make additions.

Under the Housing Act the Bank also undertakes to build houses on certain terms of repayment of cost for persons whose income does not exceed £ 400 a year and who do not already possess a house.

Western Australia:—The Agricultural Bank of Western Australia is a State institution worked under a special Act, *viz.*, the Agricultural Bank Act of 1906 as amended by subsequent Acts. The funds required for the operations of the Bank are raised by the issue of mortgage bonds or appropriated by Parliament for the purpose. These mortgage bonds are guaranteed by the State. Loans are issued by the Bank on mortgages of land for the following purposes:—

(a) Ring-barking, clearing, fencing, draining or water conservation; or

(b) Discharging any mortgage already existing on any holding; or

(c) The purchase of stock for breeding purposes; or

(d) The purchase of agricultural machinery manufactured in Western Australia.

The maximum period allowed for the repayment of a loan is 30 years. During the first 5 years, a borrower need pay only the interest, which is fixed at 5 per cent per annum. Thereafter the principal and interest are to be repaid in half-yearly instalments.

New South Wales :—In New South Wales, as in Victoria, the functions of Savings Bank and Agricultural Bank are merged in the Commissioners of the Government Savings Bank. Funds for agricultural loans are obtained from deposits on current account, fixed deposits, and the issue of deposit stock, rural bank debentures, and inscribed stock. Loans are made only to persons engaged in primary production or in closely allied pursuits. The loans are of three kinds :—(a) overdrafts on current account; (b) instalment loans, repayable by equal half-yearly instalments of interest and principal extending over thirty-one years; and (c) fixed loans for limited terms. The security required may be land, stock, plant, crops, wool, &c.

Some 136 branches of the bank have been opened in New South Wales usually in conjunction with branches of the Savings Bank. In 1921, the outstanding loans under several heads amounted to about £ 7,000,000.

South Australia :—The State Bank of South Australia offers advances to farmers, producers and others to the extent of 60 per cent of the value of land and improvements and up to 50 per cent of the value of Crown leases. The loans are repayable by uniform instalments of principal and interest in periods ranging from one to forty two years. The Advances for Homes Act 1910–20 authorizes the State Bank to make advances to persons with incomes below £ 450 per annum who are desirous of providing homes for themselves. The maximum amount that can be advanced for this purpose is £ 700. Advances are made to the extent of 80 per cent of the valuation and may be utilized for discharging existing mortgages on property. These

advances are repayable in 20 to 42 years according to the durability of the houses in respect of which they are made. In 1923 the advances made by the State Bank amounted to £ 1,167,000.

Queensland:—A scheme for making advances to settlers was first introduced into Queensland in 1901, when the Agricultural Bank Act was passed, authorizing Government to establish a Bank for the purpose of advancing money to farmers for making improvements on their holdings. This Act was amended by various Acts between 1904 and 1915 and in 1916 it was repealed by the "Queensland Savings Bank Act", by which the duties of the trustees of the Agricultural Bank were transferred to the Commissioner of the Government Savings Bank, who was authorised to raise money for advances by the issue of debentures.

The Government Savings Bank was subsequently merged into the Commonwealth Bank, and the administration of the Advances to Settlers Fund passed to the State Advances Corporation. Under the "Agricultural Bank Act" passed in 1923, the fund is administered by the Department of Agriculture and Stock. This Act provides for State advances to Co-operative Companies and Association as well as to farmers.

Under the State Advances Acts of 1916-20 and the Workers' Homes Act of 1919-22 provision is made for advances to workmen for the erection of dwellings, &c.

The total advances sanctioned for settlers from 1902 to 1923 amounted to £ 4,410,777 and the total loans approved for workers' dwellings from 1910 to 1923 to £ 3,264,619.

Suggestions.

These notes briefly indicate the methods adopted by progressive, yet undeveloped, countries for the development of land. The land mortgage bank had its origin in Germany and from there the idea has spread to all the countries in Europe and the Colonies and to other progressive countries like Japan and Egypt. The land mortgage bank reduces the indebtedness of agriculturists in old countries and helps to develop new countries. Many acres of land lie idle in Travancore for want of capital and a

large proportion of land owners are deeply immersed in debts on which usurious rates of interest have to be paid and from which they are not likely to emerge unaided. It is imperative that Government should come to the aid of land owners and cultivators and for this purpose any of the methods described above may be adopted.

It may now be considered whether the capital required for agricultural finance will be forthcoming in Travancore. The savings bank system was adopted by the Travancore Government in 1083. In the beginning the growth of the closing balance, *i. e.*, the excess of deposits over withdrawals, was slow, but of late the growth has been very rapid. In 1098 the closing balance was about 30 lakhs, but in 1102 it had risen to 60 lakhs. This shows that the people have begun to see the advantages of the savings bank system and even from these small deposits a large capital may be found for rural finance. At the close of 1102 we had only 116 Savings Bank Offices and it is not unreasonable to hope that, if greater facilities are afforded for savings bank deposits, the funds available for rural finance from this source will be greatly increased. The encouragement of savings bank deposits, as is done in some of the Australian States, has a double effect on the country; it promotes thrift and provides capital for production.

The Surplus Investments and Sinking Fund Investments of Government amounted to two and a quarter crores in 1102. These investments consist chiefly of Savings Bank Deposits, Sinking Fund Deposits and the Savings of Government. All this money is now utilized outside the State at small rates of interest, while every pie of it is required for the development of the country. When an Agricultural Bank has been started with this money or a part of it as the nucleus of its capital, its circulating capital can be very much increased by the issue of bonds. There will be thousands of persons who will want to invest their savings safely for short periods and the bonds, which afford this convenience, are sure to bring in in course of time a large amount of capital available for rural finance. The growth of the Savings Bank Balance is a sure indication of the success of such bonds.

The great advantage to the agriculturists of the land mortgage bank lies in the fact that its loans can be repaid by annuities spread over a large number of years. Under the system of amortization or repayment by instalments or annuities the borrower has only to pay at stated intervals sums which are less than the interest on the principal at the usual rates of interest charged by the ordinary money lender and after a certain number of years he will find himself entirely free from the debt. A bank which can depend on the credit of the State for its capital can always get money at low rates of interest. The advantage to the borrower of a long term loan repayable in annual instalments may be demonstrated by an example. Suppose a cultivator has borrowed Rs. 1000 repayable in thirty equal annual instalments of principal and interest at 7 per cent per annum. He will, in this case, have to pay only Rs. 80, 10 As. every year and at the end of thirty years his debt will be fully discharged, whereas, if he borrowed the money from a money lender even at the low rate of interest of 9 per cent. per annum usual in such cases, he would have to pay Rs. 90 every year as interest and still find himself burdened with the principal at the end of the thirty years.

The success of the land mortgage bank depends chiefly on its credit. Although there are a few private land mortgage banks in some countries, the credit of most land banks in the world is guaranteed by Governments, but the State can guarantee the credit of a bank only if its business methods are satisfactory and so takes a large share in its control. In order to maintain its credit, the bank has to carefully value the securities on which loans are made and must be enabled to recover its dues promptly. To ensure the prompt recovery of dues, in some countries the bank is authorised by law to take possession of the mortgaged lands and to recover the dues either from their income or by their sale without recourse to any Court of law, while in other countries, the courts are required to dispose of the suits by the bank in a summary manner within specified periods.

As nothing can give a clearer understanding than a regulation as to how the ideas involved in a land mortgage bank

can be brought into practice, a draft bill setting forth provisions considered to be suitable in Travancore is appended.

DRAFT BILL.

THE TRAVANCORE LAND LOANS REGULATION.

Whereas it is expedient to provide for the financing of agriculture and other industries; It is hereby enacted as follows:—

1. This Regulation shall be called "The Travancore Land Loans Regulation".

2. In this Regulation unless the context otherwise indicates,

(a) the expression "association" means "The Travancore Land Loans Association" created and established by this Regulation;

(b) "board" means "The Travancore Land Loans Board" created and established by this Regulation;

(c) the expression "land" means and includes tenements and hereditaments, corporeal and incorporeal, and all houses and other buildings, also an undivided share in land;

(d) the expression "mortgage" means and includes any charge on land for securing a loan under this Regulation;

(e) the expression "valuator" means any person appointed under this Regulation to value land.

Establishment and Management of the Travancore Land Loans Association.

3. There shall be established in Travancore an Association under the name of "The Travancore Land Loans Association", which shall be administered and managed as in this Regulation provided.

4. The Association shall be a body corporate and shall, under the said name, have perpetual succession and shall have a common seal and be capable of suing and being sued, interpleading and instituting, prosecuting and defending actions in any court of law and, subject to the provisions of this Regulation, of purchasing or otherwise acquiring, holding and

alienating property, moveable or immoveable, and of doing and performing all such acts and things as bodies corporate generally can do and perform.

5. The head office of the association shall be in Trivandrum.

Board of Management.

6. (1) The affairs of the association shall be managed by a board, to be known as "The Travancore Land Loans Board", which shall consist of five members appointed by Our Government.

(2) One of the members of the board, who shall be known as the Commissioner of Travancore Land Loans, shall be appointed by Our Government; two of the members may be nominated by such bodies as may be determined by Our Government.

(3) It shall be the duty of the Board, and it shall have power,

(a) to approve or reject applications for loans;

(b) to issue certificates of ownership of shares in the capital stock of the association;

(c) to issue stock, bonds or other securities upon the security of first mortgages on land, subject to the approval of Our Government;

(d) to do all things which the association in its corporate capacity may do when not forbidden by the by-laws.

(4) The Commissioner shall perform such of the duties and exercise such of the powers of the board as may be imposed upon or delegated to him from time to time by the board.

7. No member of the Legislative Council or officer or employee of the civil service of Travancore shall be a member of the board.

8. The board, for and on behalf of the association, may adopt a common seal, with power to alter and modify the same at its will and pleasure.

9. The Commissioner shall be the chief executive officer of the board and shall preside at all meetings thereof, and hold office during the pleasure of Our Government.

10. As security for the faithful performance and discharge of the duties of his office, and for the proper accounting of all moneys and valuable securities that may come to his hands, the Commissioner shall deposit with Our Government such amount as Our Government may determine or such other security for a like amount as Our Government may approve of.

11. In the event of the absence, for any cause, of the Commissioner, the board shall choose one of their number, who, during the absence of such commissioner, shall act as commissioner and preside at all meetings of the board.

12. Our Government shall designate the period during which each member of the board except the Commissioner shall serve as a member thereof. Such periods need not be the same in all cases, but may be varied as shall be deemed advisable.

13. At the end of the period of service of any member of the board by effluxion of time, Our Government may either reappoint such member or appoint another person to succeed him.

14. Any member of the board may be removed from his office by Our Government for misbehaviour, incompetency, irregular attendance at or continued absence from board meetings, or for other good and sufficient cause, in which event Our Government may appoint another person to take the place of the member so removed for the remainder of the period for which he was appointed.

15. In the case of the death or resignation of any member of the board, other than the Commissioner, the like authority which selected such member may select another person to fill the vacancy thus created for the remainder of the period for which such deceased member, or member who has resigned, was appointed to serve.

16. The board shall hold regular meetings at least every month and the Commissioner, or any two members of the board, may call a special meeting thereof at any time by giving at least a week's notice in writing to each member specifying the purpose for which the meeting is called.

17. No business shall be transacted at any meeting of the board unless three members thereof are present and all acts, matters or things authorised or required to be done by the board shall be decided by resolution of a majority at any meeting at which a quorum is present; provided that when any three members of the board are present, no mortgage loan under this Regulation shall be authorised or made, except upon a unanimous resolution.

18. The Commissioner, or acting Commissioner, at any meeting of the board shall, in addition to his deliberative vote as a member of the board, have a casting vote.

19. No person shall be appointed or continue to hold office as a member of the board who is or becomes an officer or director of any institution, association or partnership engaged, directly or indirectly, in the business of making land mortgage loans.

20. (1) The Commissioner shall receive such monthly salary as may be determined by Our Government. Every other member of the board shall be paid a fee of ten rupees for each day, or portion of a day, in which he is engaged upon the business of the board, provided that no member, other than the Commissioner, shall be paid for his services more than 750 rupees in any one year.

(2) Every such member, in addition to the aforesaid fees, and the Commissioner, in addition to his salary, shall be paid his reasonable expenses incurred for travelling and sustenance while engaged in the business of the board.

21. The board shall, subject to the approval of our Government, be authorised and empowered to engage a secretary and such other employees as it may deem necessary to properly conduct and carry on the business of the board. All salaries to be paid to such employees shall be fixed and determined by Our Government.

22. The salaries, allowances and expenses above provided for together with all other proper expenditure incurred by the board, shall be paid out of the funds of the association.

23. The funds necessary for carrying out the purposes of the association and otherwise administering the provisions of this Regulation shall consist of such moneys as may be raised under this Regulation, and such other moneys as may from time to time be granted by Our Government.

24. All deeds and other instruments of whatever nature and kind shall be deemed to be fully executed by and on behalf of the association and the board if the corporate seal of the association is attached thereto or impressed thereon and they are signed by the Commissioner or acting Commissioner underneath the name of the association and countersigned by the secretary of the board.

Capital Stock of the Association.

25. The capital stock of the association shall be twenty lakhs of rupees, divided into four hundred thousand shares of five rupees each, which said shares shall be and are hereby vested in the purchasers thereof, subject to the provisions of this Regulation.

26. No person, except borrowers on land mortgages under the provisions of this Regulation, and their heirs, executors, administrators and assigns and Our Government, shall be shareholders in the association, or be allotted any of the shares thereof and all stock so held and allotted shall share in all dividend distributions without preference.

27. Stock held by any shareholder shall not be transferred or hypothecated, and the certificates issued therefor shall so state; the intention being that the capital stock of the association shall always be vested only in the borrowers or their personal representatives and Our Government; provided that in case the borrower shall, with the consent and approval of the board, sell the mortgaged property, the stock held by the borrower shall be transferred to and held by the purchaser.

28. Our Government may subscribe and pay for not more than 50 per cent of the capital stock of the association as fixed by this Regulation, and may advance to the association a sum equal to the remainder of the whole paid up capital for the

purposes of the association; for which purpose the whole total sum of twenty lakhs of rupees is hereby specially appropriated and authorised by Us.

29. Any person desiring to borrow money on a land mortgage from the association shall, before his application may be considered, subscribe for shares of the capital stock of the association to an amount equal to 5 per cent. of the face value of the desired loan, such subscription to be paid in cash upon the granting of the loan or deducted out of the amount thereof.

30. (1) If the application for loan is granted, the applicant shall, upon payment therefor, become the owner of one share of the capital stock of the association for each one hundred rupees of the amount of his loan, or any fractional part thereof.

(2) The said share shall be paid off at par and retired out of the funds of the association upon full payment of the said loan, and until such loan is paid off shall be held by the association as collateral security for the payment of the said loan, but the borrower shall be paid any dividends accruing or payable on said share while it is outstanding.

Land Mortgage Loans and Provisions relating thereto.

31. All loans made under the provisions of this Regulation by the association shall be secured by duly registered first mortgages on lands situated within Travancore.

32. All mortgages securing loans made under the provisions of this Regulation shall contain such covenants, provisos and conditions, to be observed and fulfilled on the part of the borrower, as shall be approved by Our Government, and as far as possible shall be uniform in form and substance.

33. Notwithstanding any law or usage to the contrary, all mortgages taken by the association and other documents of every description and kind, including all notices to mortgagors, or to persons holding land under or through such mortgagors, may be prepared by the Commissioner, or any person in his office by and with his authority, and for such purpose the Commissioner, or other person so authorised, may perform all the functions of a conveyancer.

34. Every such mortgage shall contain a specific agreement or undertaking on the part of the mortgagor providing for the repayment of the loan with interest on an amortization plan by means of equal annual instalments sufficient to cover the principal money advanced and the stipulated rate of interest thereon and to extinguish the debt at the end of the period agreed upon between the board and the borrower, which shall not exceed forty years.

But nothing in this Section shall prevent a borrower from paying a larger amount than the stipulated annuity on the stipulated date for the payment of annuity so that the debt may be extinguished in a shorter period than the stipulated period.

35. The rate of interest to be charged by the association on its loans shall be such as will be sufficient to pay the interest on the securities issued under this Regulation to provide funds for making such loans, in addition to one per cent. per annum to provide for the expense of conducting its business.

36. No loans shall be made under the provisions of this Regulation except for the following purposes :

- (a) the acquiring of land for agricultural purposes and the satisfaction of encumbrances on land used for such purposes ;
- (b) the clearing and draining of land ;
- (c) the erection of farm buildings and dwelling houses ;
- (d) the purchase of live stock and implements ;
- (e) the discharging of liabilities incurred for the improvement and development of land used for agricultural purposes and any purpose calculated to increase land productiveness ; and
- (f) the meeting of expenses of cultivation.

37. No such loan shall exceed fifty per cent. of the fair estimated value of the land mortgaged, together with the value of the improvements upon the land to be effected out of the proceeds of such loan ; and in arriving at said value, the value of the land for agricultural purposes, and the earning power thereof shall be the principal factors for the appraisal purposes.

38. No such loan shall be made to any person not at the time actually engaged or intending to be engaged on the land

mortgaged, nor to any person whose experience and ability to cultivate the land the board may have reasonable grounds to question.

39. No loan shall be made to any one person of a sum greater than thirty thousand rupees.

40. No loan shall be made to any person except

(a) upon his written application in the prescribed form, and

(b) upon a resolution of a duly constituted meeting of the board at which the question of making the advance is considered, and

(c) until the mortgage which is proposed to be given to secure the advance has been duly executed and registered as required by law, and the title of the mortgagor to the land mortgaged is ascertained to be clear and sufficient in all respects.

41. (1) Whenever the value of any building attached to the land is a part of the security for the land mortgage loan, the loan shall be further secured by a deposit with the Commissioner of a policy or policies of insurance against loss by fire of such buildings to the extent of at least fifty per cent. of the appraised value thereof.

(2) In the event of any premium or premiums of insurance or renewal premiums for such insurance upon the said buildings not being promptly paid when due by the borrower, the same may be paid by the board and shall become part of the mortgage debt and bear interest at the same rate as stipulated for in the mortgage.

(3) Every such insurance policy shall be made payable to the association as its interest may appear, with the option to the board of applying all sums received thereunder towards the re-erection of the buildings destroyed.

(4) Every such insurance policy shall be that of some insurance company approved by the board.

42. No loan shall be made by the board upon any land which is encumbered by any mortgage or charge, unless the loan

or part of the loan is made for the purpose of discharging any such mortgage or charge.

43. (1) When, from enquiries made in such manner as may be prescribed by Our Government, the board is of opinion that the applicant for the loan has a clear title to the property offered as security for the loan, the Commissioner shall publish a notification in Our Government Gazette giving the full name and address of the applicant and the particulars of the property and calling upon persons who claim to have any right in the property to communicate the fact to him within fifteen days next after the date of publication of the notification.

(2) If no person has claimed any right in the property within these fifteen days, the property shall be deemed to be free from all claims other than those mentioned in the title deed of the property and the documents relating to it registered within the last twelve years and no court shall enforce any other claim as having priority over the claims of the association.

(3) If any person claims any right in the property within these fifteen days, the applicant for loan may institute a suit in a competent court of law to have the claim set aside and, until the claim has been set aside or until all the claimants agree to mortgage the property for the loan, the application for the loan shall be held in abeyance.

(4) Any person frivolously presenting a claim with intent to prevent or delay the granting of the loan shall be punished with rigorous imprisonment which may extend to one month or with fine which may extend to rupees five hundred or with both.

44. The board shall, from time to time, obtain from its proper officer or officers information or reports as to the state and condition of the improvements for the purpose of which loans have been made, and generally as to the state and condition of the land on the security of which such loans have been made.

45. If any loan has been approved by the board and the applicant fails, within one month after notification to him of the approval of the board, to execute any documents necessary to

complete the security, the board may withdraw its approval of the loan, and all expenses incurred by the board shall be payable by the applicant to the board on demand, and, if not so paid, shall be recoverable from the applicant as if they were arrears of public revenue.

46. Advances may be made on loan to borrowers by instalments under such regulations and restrictions as may be prescribed by the board.

47. If at any time, in the opinion of the board, any money advanced under this Regulation has not been or is not being applied for the purpose for which it was advanced, or is not being carefully and economically expended, the board may refuse to make any further advance and call in the whole amount already advanced and all interest thereon and declare the same to be immediately due and payable, whereupon the borrower shall at once repay the same, with interest at the rate set forth in the mortgage, and in default of payment the board shall have the like remedies for recovery of the same as if the time for repayment thereof had fully arrived.

48. Certificates of the registration of all mortgages made and registered under the authority of this Regulation, signed by the Commissioner, shall be forwarded to and filed by Our Government.

Land Valuators.

49. (1) The board shall, from time to time, appoint a fit and proper person or a reasonable number of such persons, to inspect and value land for the purposes of this Regulation, and may, in its discretion, remove [the person or persons so appointed.

(2) It shall be the duty of every such inspector from time to time and at all times to do, perform and execute the duties required of him by this Regulation or that may be specified by any rules or regulations adopted by the board in that behalf.

*Disposition of Payments by Borrowers on
Mortgage Loans.*

50. When payments are made by borrowers on loans made under this Regulation, they shall be disposed of in the following manner :—

(a) That portion of each payment which consists of interest shall be credited to the revenue fund of the association and form a part of its cash assets out of which to pay interest on the bonds and securities issued by the association ;

(b) The balance shall be credited to reserve fund account, out of which the expense of conducting the business of the association shall first be paid before any profits are distributed as dividends on the shares ;

(c) That portion of each payment which consists of principal shall be transferred to and kept in a sinking fund account, to provide for payment when due of the principal of the bonds and securities issued by the association, which account shall be entirely separate and distinct from all other accounts and funds of the association.

The Association may receive deposits.

51. (1) The association, with the approval of the board to be duly recorded in its minutes, and upon the adoption of appropriate rules, conditions and restrictions by Our Government, shall be authorised and empowered to receive deposits of money repayable with or without interest from persons or corporations, and to be a depository for any State or Municipal funds.

(2) Our Government shall also determine the nature of the securities in which and to what extent such moneys may be invested by the board.

Sinking Fund Investments.

52. (1) All moneys required by this Regulation to be kept in a separate sinking fund account may, from time to time, be invested by the board under the direction of Our Government in outstanding interest bearing stocks, bonds, debentures or

other securities of the Government of India, the State of Travancore, or any Province or Native State in India or securities guaranteed by the Government of Travancore or any such securities issued by any municipalities in Travancore, and not otherwise, except under very exceptional circumstances, and then only by and with the approval of Our Government, who shall determine the nature of such additional securities.

(2) All moneys received by the board as interest derived from such investments shall be credited to and paid into the sinking fund account to which the same relates, and shall not be otherwise disposed of.

Procuring of Capital by the Board.

53. (1) Our Government may authorise and empower the board, for and on behalf of the association, to raise from time to time by the issue and sale or hypothecation of bonds, stock or other securities in form approved of by Our Government, such sum or sums as may be required for the purposes of this Regulation, but not exceeding at any one time the amount of the first mortgage securities held and tendered by the association as collateral security for such issue, or in the whole a sum greater than three crores of rupees.

(2) Upon any such authority being given by Our Government full and absolute power shall be vested in the board, for and on behalf of the association, to make and issue such bonds, stocks or other securities.

(3) Such bonds, stocks or other securities, in the form to be approved by Our Government or by their direction, shall be issued by the board in the name of the association for such amounts, bearing such date or dates, payable at such time or times, bearing interest at the rate not exceeding six per cent. per annum, payable half-yearly, and redeemable at such times and in such manner as the board may, with the approval of Our Government, determine.

(4) Such bonds, stock or other securities shall be signed for and on behalf of the association by the Commissioner and by the secretary of the board, and the corporate seal of the association shall be attached or impressed thereon.

(5) It shall be a sufficient execution of all interest coupons attached to the bonds, stocks or other securities if there is stamped upon them the lithographed signature of the Commissioner only.

54. Our Government is hereby authorised, on such terms and conditions not inconsistent with the provisions of this Regulation as may be agreed upon with the association, to guarantee the payment of the principal and interest of the bonds, stocks, deposits or other securities of the association to the extent agreed upon with the association from time to time.

55. The guarantee in such case shall be signed by Our Dewan, or such other officer as may be designated by Our Government, and upon being so signed Our Government shall become liable for the payment of principal and interest of the securities guaranteed, according to the tenor thereof, and Our Government is hereby authorised to make arrangements for supplying the money necessary to fulfil the requirements of the guarantee and to advance the amount necessary for that purpose out of the general revenues of the State and in the hands of any purchaser, pledgee or other person acquiring any of such securities the guarantee so signed shall be conclusive evidence that the requirements of this Regulation with respect to guaranteed securities have been complied with.

56. Such guarantee shall be in the following form, to be printed in some appropriate place on each of such bonds, stock or other securities :

The payment of the within, according to the tenor thereof together with the interest thereon as represented by the attached coupons, is hereby guaranteed by the Government of Travancore.

Date.

Designation.

And shall be signed by Our Dewan, or such other officer as may be designated by Our Government, and the seal of Our Government attached or impressed thereon.

57. Such bonds, stock or other securities, to the extent of the amount thereof, when so executed as aforesaid, together with the interest coupon attached thereto, shall after the same

have been sold or hypothecated be a first charge upon all the assets and revenues of every nature and kind of the association, and they shall also, to the extent of the amount of any default by the association at any time in the payment of any such bonds, stock or securities, or, interest coupons, be a charge upon the revenues of the State of Travancore, and to all intents and purposes shall constitute a like liability as if such bonds, stock or other securities and interest coupons were bonds, stock or other securities and interest coupons issued by Our Government.

58. All bonds, stock or other securities issued under the authority of this Regulation shall, until sold or disposed of, be deposited with and remain in the custody of Our Government and Our Government may make provisions for the sale or other disposal thereof at such prices as they may deem satisfactory, and may also appoint agents to negotiate such sales on behalf of the association under such management or arrangements as to commissions on such sales as they may see fit.

59. In the alternative, Our Government, at any time prior or subsequent to the issuing and sale of any of the bonds, stock or securities authorised to be issued and sold by the board under the authority of this Regulation, may issue and sell, pledge or hypothecate, bonds, stock or other securities of Our Government or pledge the credit of Our Government with any bank or banks for the purpose of raising money, to the extent of not more than thirty lakhs of rupees at one time, for the purpose of lending or advancing the same to the association to enable the board to make or increase the making of mortgage loans under the provisions of this Regulation.

60. All advances made under the authority of the last preceding section, together with interest thereon at the rate agreed upon, shall be repaid to Our Government from and out of the proceeds of the sale of any such bonds, stock or other securities issued by the board.

61. It is hereby provided that in the event of Our Government being called upon at any time to pay, and paying, any sum or sums of money under its said guarantee, Our Government, to the extent of such payment, shall have as often as the same may

occur a first lien upon all the assets of the association, whether in the possession of Our Government or not, to secure the repayment of the same.

62. All interest coupons attached to bonds, stock or other securities issued under this Regulation and also all such bonds, stock or other securities, after being paid off and discharged, shall be returned to the Commissioner of the board and, when received by him, may be burnt or otherwise destroyed in the presence of the Chief Secretary to Government or any other officer designated for the purpose by Our Government, and he shall certify the fact of such destruction to Our Government.

63. Upon proof being made on oath or statutory declaration to the satisfaction of Our Dewan that any bond, stock or other securities issued under the provisions of this Regulation, the number and sum thereof being specified, has been lost or accidentally burnt or otherwise destroyed before the same has been paid, Our Dewan may cause a new bond, stock or other security to be prepared bearing the same number, date, currency, principal sum and coupons for interest as the bond, stock or other securities so lost or destroyed to be delivered to the person who was the holder of it upon his giving satisfactory security to Our Dewan to indemnify the association and Our Government against any double payment if the missing bond, stock or other security should thereafter be presented for payment.

64. All moneys received by the association, or any of its officers on behalf of the association, shall be deposited in such bank or banks as Our Government may determine and shall be paid out under rules to be framed by the board by cheques, signed by the Commissioner and the secretary of the board.

65. All bonds, stock or other securities issued by the board under the provisions of this Regulation shall, notwithstanding any provision or lack of provision in any other regulation, be a lawful investment for all trust funds and may be accepted as security for all public deposits.

66. Except to pay advances of the kind mentioned in section 59 of this Regulation, no moneys realised from the sale of bonds, stock or other securities shall be used by the board for any other purpose than making mortgage loans under this Regulation,

Exemption from Taxation in certain cases.

67. All funds of the association held in trust or otherwise, also its capital stock, mortgage investments and all bonds, stock or other securities issued pursuant to this Regulation, and the proceeds of any or all such bonds, stock or other securities shall be for ever free from all forms of Government, Municipal or other kind or kinds of taxation.

Recovery of the Loans.

68. (1) If at any time any payment of principal or interest due from a borrower under the provisions of this Regulation or any part thereof is unpaid for thirty days next after the time appointed for the payment thereof, then, although no legal demand has been made for the payment thereof, the Commissioner or any person appointed by him for the purpose may institute a suit in the High Court for the possession of the land or lands mortgaged by the borrower and, notwithstanding any provision or lack of provision in any other Regulation, it may be heard by a single Judge of the High Court, who, if he is satisfied from the books and records of the board, the evidence of which shall be conclusive, that the payment is due, shall give a decree granting possession of the mortgaged land or lands to the Commissioner.

(2) A suit under this section shall not be pending before the High Court for more than fifteen days next after the date of institution of the suit.

69. After having obtained a decree for possession in the aforesaid manner, the Commissioner may either by himself or through his agent take possession of the mortgaged land or lands and may either take the produce thereof or lease out the land or lands and from the proceeds derived from the produce or the lease realise the amount due to the association with all costs.

Provided that, when the whole of the amount due with cost has been thus realised, the Commissioner shall deliver back the land or lands to the borrower and render him an account of the income derived therefrom while in his possession.

70. (1) If the board is of opinion that any amount due from a borrower cannot be realised in a reasonable time in the manner provided for in sections 68 and 69, then, although no legal demand has been made for the amount, the Commissioner or any person appointed by him for the purpose may institute a suit in the High Court for the expropriation of the borrower from the land or lands mortgaged and, notwithstanding any provision or lack of provision in any other regulation, it may be heard by a single Judge of the High Court, who, if he is satisfied from the books and records of the board, the evidence of which shall be conclusive, that the payment is due, shall give a decree transferring the ownership and possession of the land or lands to the Commissioner.

(2) No suit under this Section shall be pending before the High Court for more than thirty days next after the date of its institution.

71. (1) When the Commissioner has obtained a decree for ownership and possession in the aforesaid manner, he may sell the whole or any part of the land or lands either by private sale or by public tender or auction and transfer or convey the land or lands to the purchaser and give a good and valid title therefor.

(2) The Commissioner shall apply the proceeds derived from such sale in payment of all moneys due to the association from the borrower including costs and pay the balance if any to the borrower.

(3) The portion of the land or lands not sold as provided in clause (1) of this Section shall be transferred to the borrower.

72. All suits instituted by the Commissioner under this Regulation shall be exempt from court fees and all documents executed for the purpose of this Regulation shall be exempt from stamp duty and registration fees.

73. (1) In the discharge of the duties provided in sections 69 and 71, the Commissioner or his agent shall be deemed to be a public servant within the meaning of sections 176 to 179 both inclusive of the Travancore Penal Code.

(2) For the purpose of registration of documents, the Commissioner shall be deemed to be a public functionary within the meaning of section 82 of the Travancore Registration Regulation.

(3) All the members of the board and all its employees shall be public servants within the meaning of sections 153 to 162 both inclusive of the Travancore Penal Code.

Organisation Expenses.

74. The sum of thirty thousand rupees is hereby appropriated and authorised to be paid out of the revenues of the State to the said board to be expended under the direction of the said board for the purposes set forth in this Regulation and for general organisation expenses in connection with the several matters referred to in this Regulation and the board shall render an account of all such expenses to Our Government whenever called upon by them to do so.

The Regulation may be supplemented by rules.

75. (1) Our Government shall have power from time to time to make, amend, vary, repeal and remake rules not inconsistent with this Regulation governing :

- (a) the meetings and proceedings of the board ;
- (b) the respective duties of the staff and of other persons employed by the board ;
- (c) the mode in which applications for loans are to be made and the forms thereof ;
- (d) the forms of mortgages to be taken by the board, including all provisions to be inserted therein ;
- (e) the fees and expenses payable by borrowers under the provisions of this Regulation ;
- (f) the conditions that may be imposed in regard to loans ;
- (g) the consideration and granting of application for loans ;
- (h) the valuation to be made in relation to applications for loans ;

(i) the records, books and accounts to be kept by the board and the auditing of its accounts;

(j) the receipt and payment of moneys under this Regulation and the safe custody of securities;

(k) the purposes other than those set out in this Regulation for which loans may be made; and

(l) the management, investment and reinvestment of sinking fund moneys and the application of the same in payment of bonds, stock or other securities issued by the board.

(2) Our Government may also from time to time make rules, not inconsistent with the provisions of this Regulation, respecting any matter or thing herein contained or as to which, in their opinion, no provisions or insufficient provisions have been made with the view of assuring the complete accomplishment of the objects sought to be attained by this Regulation and procuring the most practical results therefrom.

76. All such rules shall be published in *Our Government Gazette* and, when so published, shall have the same effect as if they were enacted by this Regulation.

A NOTE ON
AMORTIZATION AND BONDS.

Amortization.

Amortization is the system of repayment of loans by instalments. The gradual extinction of a loan may be effected by the debtor paying a portion of the principal and the interest on the outstanding balance at intervals. True amortization is the system under which a debtor is required to pay a fixed amount at regular intervals such as a year or a half year, this amount being determined by the amount of the principal, the rate of interest charged and the number of years at the end of which the loan is to be extinguished. This system is not unknown in Travancore. The agricultural and industrial loans now granted by Government are repayable according to this plan.

The advantage of amortization to the debtor is that he has to pay every year only a small fraction of the principal in addition to the interest thereon and can extinguish the debt by these small payments in a certain number of years. While the debtor is relieved of the burden of paying the whole debt in one lump, the creditor loses nothing by this system. But a private creditor, with his limited span of life and his inability to invest productively small fractions of his capital annually returned by the debtor, will not be in a position to accept part-payments of a debt due to him. The position of a properly constituted bank is different, its life is long and its resources are many; and a large number of small-part payments of principal made by its debtors make a substantial sum for productive investments.

We may obtain a clear idea of the principle of amortization by considering a few problems in interest and annuities. The annuity to be paid for the extinction of a loan in a given number of years is given by the equation

$$A = \frac{P \frac{r}{100} \left(1 + \frac{r}{100}\right)^n}{\left(1 + \frac{r}{100}\right)^n - 1}$$

where

A = the annuity

P = the principal

r = the rate of interest

and

n = the number of years.

If we take P equal to 100, we shall get the annuities as percentages of the principal. Let us take the duration of a loan equal to 30 years, which will be a sufficiently long period for a debtor to pay off his debt by amortization without feeling too heavy a burden, so that $n=30$ in the above equation. The rate of interest charged by a land mortgage bank in Travancore cannot be less than 5 per cent. nor should it exceed 7 per cent. Within these limits of interest and with the aforesaid values of P and n , we shall get the following annuities:—

When	$r=5$ per cent,	$A=6.552$
„	$r=6$ per cent,	$A=7.265$
„	$r=7$ per cent,	$A=8.059$

When the rate of interest charged by the bank is 7 per cent. the annuity to be paid by a borrower is only 8.059 per cent. of the principal, *i. e.*, 1.059 per cent. of the principal more than the interest on the principal. When no interest is charged for the loan, the annuity will be $3\frac{1}{3}$ per cent. of the principal. This is a hypothetical case and gives the lower limit of the annuity. It will be seen that in this case the extinction of the loan is proportional to the number of years that have elapsed since its commencement. But when the rate of interest rises, the portion of the principal extinguished in any time since the commencement is less than that at a lower rate of interest, although at the end of the prescribed period of 30 years the principal will be completely extinguished in every case. It will also be noticed that, as the rate of interest rises, the rate of extinction is slower in the earlier part of the period and faster towards its end. Thus, when the rate of interest is 15 per cent. (an unconscionable rate taken for vividly illustrating the point), it takes about 25 years to extinguish the first half of the principal and the remaining half is extinguished in the last five years.

Bonds or Debentures.

A land mortgage bank which is not authorised to issue bonds or debentures to provide itself with capital cannot work satisfactorily and the reasons for it may be found by a study of the rate of extinction of long term loans by amortization. Suppose a bank starts its business with a capital of 10

lakhs of rupees and lends out all this money during the first year at 7 per cent. interest, the loans being amortizable by annuities in 30 years. Even if all the annuities are promptly paid by the borrowers, the portion of the capital that will be returned during the second year will amount to only Rs. 10,590. During the second year the bank will have to confine its operations to this amount which is not enough to satisfy any substantial needs of the agriculturists. Even this small sum will come in only in dribbles and the bank may be able to make use of it only towards the end of the second year. The state of affairs will be practically the same until towards the close of the 30 years. But all the 10 lakhs of rupees lent out by the bank is secured by sound mortgages of landed property and is sure to be realised in about 30 years and anybody may safely lend money to the bank to the extent of 10 lakhs on the security of these mortgages. The bank then issues bonds or debentures to the extent of the mortgages it holds and people who want to safely invest their savings may buy these. These instruments being negotiable, any person who wants cash at any time for the bonds he holds may sell them to any other person. In the case of a bank which has established its reputation, these bonds may not require any guarantee. But in the case of a new bank a would-be bond-holder would require an assurance that the bank's business methods were sound and that it would be able to meet its liabilities. It is here that the Government has to step in and help the bank. Government is given ample powers to control the management of the bank and is in a position to know from first-hand information whether it is in a sound financial position. On having satisfied itself that the bank can safely issue bonds on the security of its mortgages, Government gives its guarantee unconditionally binding itself to pay the principal and interest of the bonds. An investor may buy these guaranteed bonds without any anxiety as to the solvency of the bank. The surplus and sinking fund moneys at the disposal of Government may themselves be invested in these bonds at possibly a better rate of interest than they are now fetching and this will be the means of making use of these moneys for the development of the country.

APPENDIX D.

Private firms that were requested to furnish information re: scope of employment of educated persons.

Firms that replied to the enquiry		Firms that did not reply.	
No.	Name of Firm.	No.	Name of Firm.
1	The Imperial Bank of India, Alleppey.	1	The Imperial Bank of India, Trivandrum.
2	The Nedungadi Bank (Alleppey and Trivandrum Branches).	2	The Travancore National Bank, Thiruvalla,
3	The Travancore Union Bank, Thiruvalla.	3	The Travancore Bank, Punaloor.
4	The Banking Co., Changanacherry.	4	The Mercantile Bank, Kozhencherry.
5	The Travancore Commercial Bank, Kottayam.	5	The Poothicote Industrial Bank, Thiruvalla.
6	The Central Travancore Industrial Bank, Thumpamon.	6	The Industrial Bank, Ranni.
7	The Travancore Oriental Bank, Mallapally.	7	The Alleppey Bank, Alleppey.
8	The Travancore People's Bank, Thalavady.	8	The Malayala Union Bank, Changanacherry.
9	The Quilon Bank, Quilon.	9	The Travancore Association Bank, Parur.
10	The Central Travancore Bank, Kalliopara.	10	The High Range Industrial Bank, Ponkunnam.
11	The Kerala Bank, Mavelikara.	11	The Travancore Native Bank, Thiruvalla.
12	The Travancore Standard Bank, Chengannur.	12	Banking and Industrials, Kollakadavu.
13	The Keraleeya Banking Co., Thiruvalla.	13	South Malabar Industrial Bank, Kaviyoor.
14	The State Aided Bank, Alleppey.	14	The Travancore Agricultural Bank, Veeyapuram.
15	The Kottayam Bank, Kottayam.	15	Vennikulam Bank, Vennikulam.
16	The Sri Vallabhavilasom Bank, Thiruvalla.	16	The Citizen's Bank, Kozhencherry.

APPENDIX D.—(Contd.)

Private firms that were requested to furnish information re: scope of employment of educated persons.

Firms that replied to the enquiry.		Firms that did not reply.	
No.	Name of Firm.	No.	Name of Firm.
17	The Permanent Fund, Trivandrum.	17	The Athirampuzha People's Bank.
18	The Malabar Commercial Corporation, Trivandrum.	18	The Travancore Eastern Bank, Karanagapally.
19	The Central Travancore Lakshmi Vilas Industrials, Mavelikara.	19	The Thiruvallah Bank, Thiruvalla.
20	The Motor Transport and Aerial Transport Co., Kottayam.	20	The Central Travancore Union Bank, Mavelikara.
21	The Central Travancore Corporation, Keerikad.	21	The Malabar Fisheries and Industrials, Alleppey.
22	The Malayalam Commercial Co., Kottayam.	22	The Malayala Manorama Co., Kottayam.
23	The Sri Bam Tile Works, Quilon.	23	The National Printing & Trading Co., Trivandrum.
24	The Kottayam Tile Works, Kottayam.	24	The Travancore Engineering Co., Alleppey.
25	The Medicines Industrial Co., Thiruvalla.	25	The Mechanical Industrials, Pallam.
26	The Meenakshi Paper Mills, Punalur.	26	The South Indian Engineering Co., Nagercoil.
27	The Malabar Agricultural Co., Kottayam.	27	Messrs. Thomas Stephen & Co., Quilon.
28	The Bison Valley Tea Estate, Quilon.	28	The Ramamangalam Tile Works.
29	The Rockwood Estate, Kottayam.	29	The Chengannur Tile Works.
30	The Malankara Rubber and Produce Co., Kottayam.	30	The Travancore Industrial Brotherhood, Prakulam.
31	The Vanchinad Rubber and Produce Co., Ohanganacherry.	31	The Veeyapuram Industrial Co.
32	The West Coast Industrial Co., Thiruvalla.	32	The Travancore Produce and Industrials, Alleppey.

APPENDIX D.—(Contd.)

Private firms that were requested to furnish information re: scope of employment of educated persons.

Firms that replied to the enquiry.		Firms that did not reply.	
No.	Name of Firm.	No.	Name of Firm.
33	The Chempakanad Rubber Co., Alleppey.	33	The Travancore Cattle Rearing Co., Kothamangalam.
34	The Oriental Rubber Co., Alleppey.	34	The Industrial Development Co., Quilon.
35	The Pathanapuram Rubber and Bye Products Co.	35	The Travancore Artisan's Corporation, Kottar.
36	The Highland Produce Co., Cochin.	36	The Industrial Union, Quilon.
37	The Tropical Plantations, Kottayam.	37	The Travancore Timber-Trust, Kottayam.
38	The Travancore Sugars, Thuckalay.	38	Twylford & Ashley Estates, Kottayam.
39	The B. I. S. N. Co. (Madura Co.) Alleppey.	39	Malabar Coffee Co., Alleppey.
40	The A. S. I. Co., Alleppey.	40	Mar Thoma Rubber Co., Alleppey.
41	Messrs. Goodacre & Sons, Alleppey.	41	The Kuttanad Rubber Co., Alleppey.
42	The Aspinwall Co., (Colachel & Alleppey).	42	The Malabar Corporation Rubber Co., Alleppey.
43	The Travancore Tea Estates, Vandiperiyar.	43	The Central Industrial Corporation, Adoor.
44	K. D. H. P. Co., Devicolam (Anglo-American Tea Trading Co.)	44	The Travancore Plantations & Industrials, Quilon.
45	The Peermade Tea Co., Peermade.	45	The Malankara Industrial & Mercantile Co., Thiruvalla.
46	The Cavunal Rubber & Tea Estates, Ranni.	46	The North Travancore Agricultural Co., Kothamangalam.
47	The Travancore Minerals Co., Eraniel.	47	Malankara Co., Ithikara, Quilon.
48	Messrs. Hopkin & Williams, Eraniel.	48	The Sri Rajagopala Cardamom Plantations, Samburvadakarai.

APPENDIX D.—(Concl'd.)

Private firms that were requested to furnish information re : scope of employment of educated persons.

Firms that replied to the enquiry.		Firms that did not reply.	
No.	Name of Firm.	No.	Name of firm.
49	Messrs. Harrisons & Crosfield, Quilon.	49	The South Indian Planting & Industrials, Murukady.
		50	The General Traffic Co., Thamarakulam.
		51	The Oriental Government Security Assurance Co., Trivandrum.
		52	The National Insurance Co., Trivandrum.
		53	The National Indian Life Insurance Co., Trivandrum.
		54	The Asiatic Petroleum Co., Trivandrum.
		55	The Bombay Co., Alleppey.
		56	The Pioneer Alkali Works, Trivandrum.
		57	The South Indian Match Factory, Theumala.
		58	The Banni Rubber Co., Chengannur.
		59	The Stagbrook Rubber & Tea Estates, Peermade.
		60	The Mooply Valley Rubber Co., Chengannur.
		61	The Malayalam Plantations, Quilon.
		62	The Travancore Rubber Plantations, Mundakayam.
		63	The Pariyar Rubber Co., Periyar.
		64	The Thodupuzha Rubber Co.
		65	The East Indian Distilleries & Sugar Factories, Nagercoil.

APPENDIX E.

*A. List of persons who replied to the questionnaire
or sent memoranda.*

(* Indicates those who also gave oral evidence.)

1. T. P. Cheriyan, Esq., B. A., L. T., Teacher,
English School, Vaikom.
2. M. R. Ry., K. P. Ukkandan Unni Nair, Avl., M. A.,
L. T., Training College, Trivandrum.
3. „ K. R. R. Sastry, Avl., M. A.,
Madras.
4. The Manager, B. I. S. N. Co., Alleppey.
5. E. Cheriyan, Esq., Landlord, Kovoov, Thiruvalla.
6. Wm. Mackenzie, Esq., Manager, Talliar Estate.
7. M. R. Ry., M. R. Madhava Warier, B. A., Ll. B.,
Quilon.
8. Miss. P. Brookes Smith, Balikamatom, Thiruvalla.
9. T. M. Muggerridge, Esq., Professor, Union Christian
College, Alwaye.
10. R. D. Anstead, Esq., M. A., C. I. E., Director of
Agriculture, Madras.
11. E. C. Cameron, Esq., Mahendragiri Estate,
Nagercoil.
12. M. R. Ry., M. Ramachandra Rao, Avl., B., A.,
President, Municipal Council, Trivan-
dram.
13. „ M. R. Govinda Pillai, Avl., L. M. S.
(Homeo.) Quilon.
14. „ G. Rama Menon, Avl., M. A., B. L.,
M. L. C., Puthupally.*
15. „ N. Subramonia Iyer, Avl., B. A., M. Sc.,
Monkompu.
16. T. P. M. Alexander, Esq., Punalur,
17. M. R. Ry., A. Narayana Iyer, Avl., B. A., L. T.,
Retired Inspector of English Schools.
18. Eapen, Esq., Headmaster, V. M. School, Kozhen-
cherry.
19. The Tahsildar, Muvattupuzha.
20. M. R. Ry., P. Parameswaran Pillai Avl., S. M. P.
A. Member, Pathanapuram.
21. L. A. Lampard, Esq., Manager, Harrisons and
Crosfield, Quilon.

22. M. R. Ry., P. G. Sahasranama Iyer, Avl., M. A.,
Professor, Arts College.
23. „ Ramasubba Sastri, Avl., B. A., B. L.,
Judge, Alleppey.
24. D. Jivanayagom, Esq., M. A., L. T., Lecturer,
Training College.
25. M. S. Calderwood, Esq., Mundakayam Estate.*
26. M. R. Ry., K. Subramonia Iyer, Avl., B. A., L. T.,
Teacher in charge, English School,
Parur.
27. „ D. Parameswararu Avl., Landlord,
Karuvatta.
28. M. R. Ry., N. Raman Pillai, Avl., Landlord,
Thiruvalla.
29. Paul Daniel, Esq., M. A., L. T., M. L. C.,
Nagercoil.*
30. M. R. Ry., N. Thanu Pillai, Avl., Landlord,
Vilavancode.
31. P. M. Mani Esq., B. E., Tropical Plantations,
Kottayam.*
32. K. K. Kuruvilla, Esq., B. A., L. T., Headmaster,
M. T. Seminary, Kottayam.*
33. M. R. Ry., K. Venkateswara Sarma, Avl., Teacher,
English School, Kottarakara.
34. „ P. G. Viswanatha Iyer, Avl., Assistant
Inspector of Schools, Mavelikara.
35. „ N. Padmanabha Pillai, Avl., Landlord,
Kothapurom.
36. „ R. Anantha Rao, Avl., B. A., B. L.,
Retired Head Sirkar Vakil. *
37. „ S. M. Sulaiman, Esq., B. A., Inspector
of Muhamadan Schools.
38. Capt. J. W. Petavel, Principal, Maharaja of Cosim-
bazaar Polytechnic Institute, Calcutta.
39. Mathen Mathai, Esq., Landlord, Thiruvalla.
40. M. R. Ry., S. Muthuswami Karayalar, Avl.,
Mitadar, Shencottah.
41. M. R. Ry., P. Velu Pillai, Avl., B. A., B. L.,
Tahsildar, Kottayam.
42. Parayil V. A. Tharakan, Esq., Landlord, Thykattu-
sery.
43. M. R. Ry., E. Padmanabha Pillai, Avl., Retired
Tahsildar, Chavara.
44. „ K. Aiyappan Pillai, Avl., Landlord,
West Kallada.

45. M. R. Ry., A. E. Narayana Kurup, Avl., Proprietor, the Malayalee, Quilon.
46. F. D. Hallam, Esq., Harrisons and Crosfield, Quilon.*
47. M. R. Ry., R. S. Nadar, Avl., S. M. P. A., Member, Kottaram.
48. „ A. Sankara Pillai, Avl., M. A., Teacher-in-charge, English School, Mavelikara.
49. „ N. K. B. Kurup, Avl., Economic, Botanist, Nagercoil.
50. The Principal, Agricultural College, Coimbatore.
51. The Assistant Inspector of Schools, Haripad.
52. M. R. Ry., Eravi Unni Ravi, Avl., Landlord, Vaikom.
53. „ V. Vasudevan Nambiathiri, Avl., Landlord, Haripad.
54. „ Neelakanta Kurup, Avl., Landlord, Thumpayil.
55. „ C. Kerala Varma, Avl., M. L. C., Koilthampuran, Kilimanur.*
56. P. G. Jacob, Esq., B. A., B. Com., Headmaster, School of Commerce, Alleppey.*
57. M. R. Ry., P. Narayana Iyer, Avl., B. A., L. T., Headmaster, English School, Kottarakara.
58. „ S. Subramonia Sastri, Avl., M. A., Retired Professor of Philosophy.
59. M. R. Ry. M. Rama Varma Raja, Avl., President, Municipal Council, Mavelikara*.
60. The Assistant Inspectress of Schools, Kottayam.
61. M. R. Ry., Kerala Varma, Avl., Senior Koilthampuran, Gramom.
62. „ K. S. Padmanabha Iyer, Avl., M. A., L. T., Science College, Trivandrum.
63. „ R. Dharmaraja Iyer, Avl., Vice-President, Municipal Council, Nagercoil.*
64. „ S. Sivaramalingom Pillai, Avl., S. M. P. A. Member, Agastiswarm.
65. „ N. Subramonia Iyer, Avl., M. A., Retired Dewan Peishkar, Trivandrum.*
66. „ K. Parameswara Kurup, Avl., Landlord, Mararikulom.
67. „ S. Vydianatha Iyer, Avl., B. A., B. L., Vakil, Alleppey.
68. „ S. Krishna Iyer, Avl., B. A., B. L., Vakil, Kottayam.

69. A. M. Muthunayagom Pillai, Esq., B. A., B. L.,
Retired High Court Judge.
70. M. R. Ry., S. Ramanatha Iyer, Avl., M. A., L. T.,
Headmaster, Model School.
71. „ S. Arumugom Pillai, Landlord, Udumban-
chulai.
72. „ A Narayanan Nair, Avl., M. A., B. L.,
Superintendent, Museum.
73. „ K. R. Krishna Iyer, Avl., M. A., Science
College, Trivandrum.*
74. Rao Sahib O. M. Cheriyan, Avl., B. A., L. T.,
Inspector of Vernacular Schools.
75. M. P. Poonen, Esq., Contractor, Thodupuzha.
76. M. R. Ry., R. Easwara Pillai, Avl., B. A., Retired
Inspector of Schools, Parur.
77. Miss. D. H. Watts, B. A., Lady Principal, Women's
College.*
78. The Teacher in charge, English High School, Shertalai.
79. The Tahsildar, Shertalai.
80. The Tahsildar, Ambalapuzha.
81. The Tahsildar, Parur.
82. M. R. Ry., S. T. Veeraraghayachari, Avl., B. A.,
M. L., Retired High Court Judge.
83. „ P. A. Sankaranarayana Iyer, Avl., M. A.,
L. T., Training College.
84. The Tahsildar, Karthigapally.
85. M. R. Ry., R. Bhagavathiperumal Chettiar, Avl.
S. M. P. A. Member, Kottar.
86. „ P. N. Krishna Pillai, Avl., B. A., B. L.,
Secretary to Government.
87. The Assistant Inspectress of Schools, Trivandrum.
88. M. R. Ry., N. Parameswaran Pillai, Avl., Landlord,
Krishnapuram.
89. Rev. Fr. Patrick, St. Joseph's High School, Trivan-
drum.
90. M. R. Ry., T. M. Chidambarathanu Pillai, Avl.,
Thovala.
91. J. J. Nidiry, Esq., B. A., B. L., Vakil, Kottayam.*
92. W. T. Anderson, Esq., Alleppey.
93. M. R. Ry., T. Lakshmanan Pillai, Avl., B. A.,
Retired Treasury Officer, Trivandrum.*
94. Pothen, Esq., B. A., Superintendent, Central Jail,
Trivandrum.
95. P. John John, Esq., Malankara Buildings, Kottayam.*

96. S. A. Asariah, Esq., B. A., B. L., Munsiff, Neyyattinkara.
97. M. R. Ry., L. R. Raja Raja Varma, Avl., Changanacherry.*
98. W. R. Stainforth, Esq., Pathanapuram Estate.
99. S. A. Ahiah, Headmaster, Convent School, Nagercoil.
100. M. R. Ry., S. Subbarama Iyer, Avl., M. A. Dip. Econ., Madras Christian College.
101. „ S. Parameswara Iyer, Avl., M. A., B. L., M. R. A. S., Dewan Peishkar, Trivandrum.
102. D. Hatch, Esq., Trivandrum.
103. P. J. Varghese, Esq., B. A., B. L., Retired High Court Judge.*
104. C. P. Thomas, Esq., B. A., L. T., M. L. C., Kottayam,
105. M. R. Ry., R. Dhanukoti Pillai, Avl., B. A. Hons. (Oxon.), Conservator of Forests.*
106. H. E. Parratt, Esq., A. M., I. M. E., Executive Engineer.*
107. J. J. Chandy, Esq., Sanitary Commissioner.
108. Dr. K. Padmanabha Panikar, President, Municipal Council, Alleppey.*
109. M. R. Ry., V. R. Sankaranarayana Pillai, Avl., B. A., B. L., Tahsildar, Thovala.
110. C. K. Mathen, Esq., B. A., B. L., Dewan Peishkar, Quilon.
111. M. R. Ry., P. G. Sadasivan, Avl., M. A., L. T., Training College, Trivandrum.
112. „ Govinda Puduval, Avl., B. A., First Tahsildar, Trivandrum.
113. „ T. C. Kesava Pillai, Avl., President Municipal Council, Kuzhithurai.
114. The President, Municipal Council, Colachel.
115. The Tahsildar, Vilavancode.
116. M. R. Ry., P. V. Seshu Iyer, Avl., B. A., Retired Principal, Kumbhakonam College.
117. Rev. A. Moffat, Union Christian College, Alwaye.
118. The Tahsildar, Devicolam.
119. M. R. Ry., O. S. Ramaswami Iyer, Avl., B. A., B. C. E., Maramath Engineer.
120. The Tahsildar, Peermade.
121. L. A. Netto, Esq., Button Factory, Valiathuray.
122. The President, Municipal Council, Parur.
123. Rao Bahadur J. Kurien, Esq., B. A., B. C. E., Retired Executive Engineer*.

124. M. R. Ry., M. E. Naidu, Avl., L., R. C. P. & S.,
Kottar.
125. „ K. Sankara Menon, Avl., M. A. L. T.,
Director of Ayurveda.
126. „ N. P. Narielwalla, Esq., Merchant,
Alleppey.*
127. The Headmaster, English School, Muvattupuzha.
128. M. R. Ry. M. Udaya Varma Raja, Avl., B. A.,
Senior Raja, Mavelikara.
129. „ C. Sankara Menon, Avl., B. A., B. L.,
Vakil, Quilon,*
130. „ A. Sathiavageswara Iyer, Avl., B. A.,
B. L., B. E., Vakil, Nagercil.*
131. „ A. Narayana Pillai, Avl. B. A., B. L.,
High Court Vakil, Trivandrum.*
132. „ R. Vydialingom Pillai, Avl., B. A., B. L.,
Registrar of Co-operative Societies.*
133. Miss E. C. Carrapiett, M. A., L. T., Inspectress of
Girls' Schools.
134. J. Stephenson, Esq., B. Sc., A. R. C. Sc., Director
of Public Instruction.*
135. M. R. Ry. N. Kunjan Pillai, Avl., M. A., B. Sc.,
Ph. D., Director of Agriculture and
Fisheries.*
136. Dr. T. H. Somervell, Neyyoor.*
137. P. J. Kurien, Esq., Plant Pathologist, Kottayam.
138. The Excise Inspector, Piravom.
139. G. Marini, Esq., Railway Engineer, Travancore.*

B. *List of persons who gave oral evidence only.*

1. S. N. Ure, Esq., S. M. P. A., Member, Vellanady
Esate.
2. Dominic Tommen Esq., Ratnagiri Estate, Kanjira-
pally.
3. P. T. Tomas, Esq., Palampadam, Kottayam.
4. M. R. Ry. M. N. Narayana Menon, Avl., Pre-
sident Co-operative Union, Kottayam.
5. V. J. Joseph Esq., B. A., B. L., Vakil, Kottayam.
6. M. R. Ry., V. Arunachalam Aiyer, Avl., B. A.,
B. C. E., Executive Engineer,
Kottayam.
7. A. M. Varkey, Esq., M. A., Principal, Union
Christain College, Alwaye.
8. Khan Sahib M. K. Khadir Pillai, Merchant,
Alwaye.

9. M. R. Ry., K. Govinda Pillai, Avl., B. Sc., Executive Engineer, Alwaye.
10. " A. G. Menon, Avl., B. A., Vakil, Parur.
11. P. S. Muhamad, Esq., Vice-President, Municipal Council, Alleppey.
12. M. Naorojee, Esq., Merchant, Alleppey.
13. M. R. Ry., M. L. Janardhana Pillai, Avl., Merchant, Alleppey.
14. C. P. Mathen, Esq., Manager, Quilon Bank.
15. M. R. Ry., S. Kumara Pillai, Avl., Retired Superintendent of Police, Nagercoil.
16. " M. Sivathanu Pillai, Avl., M. L. C., Vakil, Nagercoil.
17. J. H. A. Weth, Esq., Travancore Sugars, Thuckalai.
18. M. R. Ry., K. Velayudhan Pillai, Avl., S. M. P. A., Member, Neyyoor-
19. " P. S. Maruthanayagom Pillai, Avl., President, Panchayat Court, Padmanabhapuram.
20. " M. Govindan, Avl., B. A., B. L., Judge, Nagercoil.
21. " U. Ramakrishna Kukillaya, Avl., B. A., L. T., Inspector of English Schools.
22. " P. K. Narayana Pillai, Avl. B. A., B. L., M. L. C., High Court Vakil.
23. The Editor, Trivandrum Express.
24. E. Masilamoni, Esq., B. A., B. Sc., Soap Works, Trivandrum.
25. M. R. Ry., T. K. Velu Pillai, Avl., B. A., B. L., High Court Vakil.
26. " A. K. Pillai, Avl., B. A., M. L. C., Trivandrum.
27. " Dr. K. Raman Thampi, Avl., B. A., M. D., Trivandrum.
28. " K. P. P. Menon, Avl., D. I. C., A. M. I. M. E., Industrial Engineer.
29. " Rao Bahadur R. Krishna Pillai, Avl., B. A., B. L., Devaswom Commissioner.
30. " P. S. Narasimha Iyer, Avl., The Paper Mills, Punalur.
31. " V. Subba Iyer, Avl., B. A., B. L., Deputy President, Legislative Council.

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MEMORANDUM

SUBMITTED TO

THE INDIAN STATUTORY
COMMISSION

ON

REFORMS

IN THE

NORTH WEST FRONTIER PROVINCE

BASED ON THE

RESOLUTION

PASSED AT A SPECIAL MEETING

OF THE

PROVINCIAL HINDU CONFERENCE

at Peshawar, on 27th March 1928.

BY

Rai Bahadur THAKUR DATTA DHAWAN,
Retired District Judge; Managing Director, Frontier Bank,
Limited; President of the Bhratri Sabha, of the Vedic
B. College Council, & of the Arya Vidya Sabha,
Dera Ismail Khan; also of the Gurukul
Society, Gujranwala & of the
Arya Megh Uddhar Sabha,
Sialkote.

NOVEMBER 1928.

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PREFACE.

When a Sub-Committee of the Indian Statutory Commission was last at Peshawar, the Hindu Delegates, who had been called from the different districts of the North-West Frontier Province, held a meeting of the Provincial Hindu Conference on 27th March 1928, to consider the question of the so-called Reforms and of Election in Local Bodies. The proceedings are reproduced in Appendix No. I. The Resolution, embodying their considered views, which was adopted unanimously after prolonged discussion and mature deliberation, and which was communicated to the Commissioners by a Deputation of 21 of their leading men, has formed the basis of this Memorandum; it was as follows:—

“(a) The Reforms Scheme in its entirety or otherwise will neither be workable nor beneficial in the N. W. F. Province owing to the peculiar conditions geographical, financial and political obtaining in this Province, and that it is sure to be detrimental to good Government and highly prejudicial to all-India interests;

“(b) the introduction of Election in the Local Bodies is not desirable in the interests of public tranquility and communal harmony.”

Soon after, a party of members of the Legislative Assembly visited the Province as guests of Government. In a week's time they motored to the headquarters of four districts and to Razmak across the border. In a special interview which one of them, Mr. Srinavas Iyenger, M. L. A. gave to a correspondent at Delhi, and which was published in the *Tribune* (the oldest and most influential Indian-edited Daily in the Punjab) of 10th April 1928, he is reported to have said that his conversations and observations had led him “to think that almost all Musalmans and a majority of Hindus were clearly for full responsible Government or Swaraj in the Province”. The writer sent a letter of protest (Chapter 1) against this view, with a copy of the proceedings. A correspondent, belonging to the legal profession, took exception to the representative character of the Conference, which he stigmatised as a meeting “of title-holders, Honorary Magistrates, etc;” and hence two letters (Chapters 2 and 3) were sent as regards its constitution. He wanted also to know “the geographical, financial and political” peculiarities which differentiated the Frontier from other provinces. The series of letters (now chapters) which followed were written in answer.

The writer had, on return from Peshawar, purposed to submit a Memorandum to the Indian Statutory Commission. As the letters contained the views, which he wanted to put forward, he has thought it best to present them in a pamphlet form. The intervals of time, sometimes weeks which elapsed before the Editor could find room for them, necessitated considerable repetitions, which would otherwise have been avoided. Moreover, the language in which his ideas have been expressed, is too diffuse, more suited for the general readers of the daily Press than for a concise statement meant for the highly trained Members of the Royal Commission. There is no time left to recast the whole, and he, therefore, hopes that these defects will be overlooked, and that the facts and reasons adduced by him will receive due consideration.

The writer would have preferred, if this Memorandum could be submitted under the *nom de plume* of Satyarthi, which he adopted in his contributions to the Press, but he fears, such a course will not be acceptable. In view of the momentous problems discussed therein, his individuality is of little consequence, but egotistic though it may appear, it is due to the exalted personages for whom it is intended, that he should acquaint them with his antecedents and experiences, to show that he is not a theorist or prejudiced communalist. A similar personal Note was prefixed to the Memorandum, which he submitted to the Frontier Enquiry Committee of 1922, and about which Sir Denys Bray the President, when he appeared before him as a witness, was pleased to say :—

“You have presented to us a very elaborate and well thought out Memorandum and we are deeply grateful to you..... We would have been still more grateful if we had your Memorandum a little earlier. I would then have got it printed up which would have served very useful purpose for discussion.”

T. D.

NOTE. The Resolution has formed the basis, but the Provincial Hindu Conference is in no way responsible for the Memorandum, or for the views expressed therein.

T. D.

PERSONAL.

Born at Dera Ismail Khan in 1854, I am a native of the North-West Frontier Province. Entered Government ministerial service in April 1873, was for years Personel Assistant to Colonel Macaulay, Deputy Commissioner, and was with him when the town of Tank was raided and burnt by the Mahsuds in 1879. When the Judicial Re-organisation Scheme was introduced in the Punjab in 1884, was appointed Clerk of Court and Head Transaltor to the Divisional Court, Derajat. After passing with credit the Departmental Law Examination in Civil, Criminal, Revenue and Treasury, was appointed in May 1892 to the Provincial Civil Service as Extra Assistant Comuissioner, and was posted to Dera Ismail Khan, as Treasury Officer and ex-officio Secretary Municipal Committee. Was transferred to Dera Ghazi Khan and Sialkote, and thence to the Delhi Division, where I was for several years at Karnal, Hissar, Delhi and Gurgaon. Was Sub-Divisional Officer at Kaithal (Karnal district), and on special duties (1) for trying gangs of Sansi criminal tribes, (2) on Famine Relief, and (3) on Census operations of 1901.

When the N. W. Frontier Province was formed in November 1901, was selected for the post of Registrar to the Judicial Commissioner. After three or four years in that office, was sent to Hazara as District Judge, the highest post then open to an Indian here; was thence transferred as District Judge of Bannu cum-Dera Ismail Khan; as District Judge of Hazara and Bannu was Vice-president in charge of District Boards and Municipalities.

In June 1909 retired on pension, after having "creditably" (as the Judicial Commissioner remarked) served Government for 36 years, without a single day of absence on sick leave. I then went to Lahore and joined in the social reform and religious activities of the Arya Smaj, as its President. In February 1917, when the Great War was at its worst for the Allies, and there was paucity of competent officers, Sir George Roos-Keppel, Chief Commissioner, appealed to me to assist the administration of my native district, and I accordingly took up, at Dera Ismail Khan, the work of Honorary Sub-Judge and Additional District Magistrate. Devoted much of my time to these honorary duties for six years, till May 1923. During these years was in Magisterial charge of the largest Thana (Police circle) and had to dispose of

many big civil suits as also cases under the Frontier Crimes Regulations. The Deputy Commissioners highly approved of my honest and laborious work, and the Judicial Commissioners specially noticed it in their Annual Reports, Civil and Criminal. When I asked to be relieved of my honorary duties Sir John Maffey, Chief Commissioner wrote to me :—

“But I can not let pass the occasion of your retirement without expressing to you my heartiest thanks, both in my personal and in my official capacity, for the arduous and self-sacrificing work which you have carried on for so many years. You have worked in an honorary capacity harder than any stipendiary Magistrates, and the Government and the people of D. I. Khan district have been fortunate in being able to receive the fruits of your ripe experience and accurate legal knowledge for so long, after you ceased to be on the active list, and in asking you to accept my thanks, I would ask you to accept also my best wishes for your health and happiness in your retirement.”

Was honoured by Government with the title of “*Rai Bahadur*”, and was granted Special Sanad, by order of His Excellency the Viceroy, for doing good work in connection with the Second War Loan.

Am Managing Director of the Frontier Bank Limited; President—Founder of the Bhratri Sabha, which since forty years is conducting the Victoria Bhratri High School, open to all communities, having on its rolls over 800 students; am President of the Council of the Vedic Bhratri College, which was started mainly through my efforts in May 1921. In it both Hindu and Muslim students are being educated. Am President of the Arya Vidya Sabha (Education Society) which maintains the Arya Girls School, with its four Branches, and over 700 pupils. Am President of the Gurukula Society, Gujranwala, which maintains an unaided Residential High School, as also of the Arya Megh *Uddhar* (Uplift) Society Sialkote, which has purified some 80,000 Megh untouchables, and has been granted by Government for their benefit 52 squares of Canal Colony land.

Am author of two book-lets TRUTH & another on PUBLIC SPIRIT, as also of an Urdu book on Vedic Mission.

This brief sketch will show that during the past 54 years, I have been in touch with various officials and Departments, as also with public philanthropic activities, and that I have thus had ample opportunities of mixing with all sorts of people on the Frontier and elsewhere, and of becoming acquainted with their ways, feelings and thoughts.

THAKUR DATTA.

PART I.

Hindus and the Reforms.

CHAPTER 1.

Preliminary.

An M. L. A. on Swaraja in Frontier Province.

In the special interview published in the *Tribune* of April 10, which Mr. Srinivasa Iyenger gave to your correspondent at Delhi, he is reported to have said that his conversations and observations led him "to think that almost all Mussalmans and a majority of Hindus were clearly for full responsible Government or Swaraj in the Province". We know Mr. Iyenger is Deputy Leader of the Congress Party in the Assembly, and was President of the Indian National Congress. He is naturally wedded to its views and policy, but we never thought that this eminent leader was capable of making such a sweeping assertion after a flying visit of less than a week to the Frontier. It may be that some of the Pathans and their followers, led by Sahibzada Sir Abdul Qayum, who was all through with the Party and who acted as their guide, philosopher and friend, did clamour for the introduction of Reforms, but so far as we are aware, not one of them expressed his desire for full-fledged "responsible government or Swaraj". None of them, including their leader, has in the Assembly or outside it, demanded that law and order or other reserved subjects should be made over to them. Many leading Muslims, including the Nawab of Dera, who has published a pamphlet, which has been widely circulated, are sincerely of opinion that it will be a great mistake to weaken the hands of the executive officers by the introduction of the present Reforms scheme.

Frontier Hindus and Reforms.

For Mr. Iyenger to say that "the majority of the Hindus were clearly for full responsible government" in the Province is nothing but a travesty of their real views. I send you the proceedings of the Provincial Hindu Conference attended by most of the Hindu leaders from the five districts which was held at Peshawar on the 28th March 1928, and shall be obliged if you will kindly publish the same *in extenso* giving the names and addresses of the Hindu gentlemen who were present, so that the public may judge and see what the Frontier Hindus desire. The resolutions passed thereat are an authoritative expression of their views; they were laid before the Simon Commission by a deputation of 21 Hindu leaders on its behalf. *

The address presented to the Assembly members, including Mr. Srinivasa Iyenger, by the Hindu Sabha, Bannu, on the night of April 1st in a meeting in the Sanatan Dharm School, where hundreds of Hindus were present, emphatically protested against the introduction of the so-called Reforms. There may be a few Hindus, specially those who were unfortunately sent to jail in the non-co-operation days, who still hold the Congress views, but the vast majority of the Hindu intelligentsia is strongly opposed to the Muslim demand. Not one of the Hindu representatives of the Frontier districts, who appeared before the Commission at Peshawar expressed himself, so far as is known, in favour of the Reform Scheme.

The weighty reasons for the Hindu opposition to it and the unanswerable objections against its introduction in a deficit miniature Province, contiguous to Afghanistan and to the unruly hill tribes prone to commit raids, dacoities and kidnapping of Hindus, may not commend themselves to those pacifists, who not conversant with Pathan mentality and ways, live at a safe distance, and who in order to placate the Muslims are ready to sacrifice the interests of the Hindu minorities in Sindh, Frontier Province and elsewhere; but honesty demands that there ought to be no mistake in the public mind as to the latter's views and attitude.

*Appendix I—Proceedings of the Provincial Hindu Conference.

Appendix II—Resolutions passed by the various Hindu Sabhas of the Province in 1926.

CHAPTER 2.

The Provincial Hindu Conference.

A legal gentleman, whose letter in favour of the introduction of the Reforms in the Frontier Province appeared in your issue of 18th April, has in the *Tribune* of 27th idem done me the honour of criticising my communication on the subject which was published in the paper of the 20th. If my friend does not know it, I may inform him that the Provincial Hindu Conference was not a haphazard meeting. A circular letter had been issued from Peshawar to the various Hindu Sabbas of the Province and to prominent citizens of Peshawar. The members from outstations were delegates of the bodies concerned. They met on the date and at the time in the notice and discussed the subject for which they had been called. Our critic appears to be an advocate of representative institutions; will he still maintain that the whole Hindu public of the Province should have been invited to take part in the discussions or to confirm the resolutions? He has thoughtlessly perhaps tried to minimise the value of the authoritative pronouncement of the Conference by dubbing it a meeting of title-holders, honorary magistrates, etc. Does he want the Hindu "microscopic" minority, seeing that the dominant community which numbers 94 per cent is co-operating and securing preferential treatment on the Frontier, to give up titles and to non-co-operate with the British Administration? If the provincial gathering was dominated by snobs, how does he explain the fact that some prominent members of his own so-called independent profession took active part in its deliberations? I have yet to learn that every Indian, who accepts these honours, becomes a traitor to his country or to his community. If a title, is according to him, an anathema, will he not reconsider his position, when he sees that Nawab Sir Abdul Qayum, who is the prime mover, and the high placed gentleman who has been the soul of the propaganda in favour of Reforms, and many of their Muslim followers are title-holders, Jagirdars and recipients of Government favours? Have these gentlemen in regard to their political or communal activities been ever disowned by their community as toadies, and is our critic prepared to stigmatise them as such?

Its Members.

Our critic does not perhaps know that several of the Hindu title-holders, whose influence he wants thus to belittle, have public services to their credit, which stamp them as real benefactors and well wishers of their community. Let me give him a few instances. R. S. Jesa Ram Bhatia, who was also an Honorary Magistrate, has built a Girls' School in his own mohalla at a cost of Rs. 20,000 and made it over to Arya Vidya Sabha (Education Society) together with a Cash endowment of Rs. 5,100 for its permanence; he also pays a monthly grant towards its expenses. He is the founder of a Pathshala, built at a cost of Rs. 20,000 where Sanskrit and Hindi are taught, and he has been paying since many years out of his own resources, Rs. 250 to Rs. 300 a month for its maintenance. He paid Rs. 5,000 towards the Endowment Fund of the Vedic Bhratri College, Rs. 2,000 towards the X-ray's wing of the local charitable dispensary, and many other benefactions. R. S. Ruchi Ram Khattar, who is the founder and chief partner in the Electric Co., paid towards charities over one lakh of rupees, of which Rs. 7000 were given to the V. B. College. A third is President of the Bhratri Sabha, which has since 40 years been conducting a High School with 800 students, of the V. B. College Council, of the Arya Vidya Sabha, which has under its control a big Girls' School with four branches and 700 pupils, of the Arya Megh Uddhar Sabha, Sialkot and of the Gurukula Society, Gnjaranwala. A fourth has to his credit public services which will do honour to any Hindu; he was for years Manager of V. B. High School, President of the Arya Samaj and of the Arya Vidya Sabha. Are not R. B. Karam Chand, O.B.E. and R. S. Mehar Chand Khanna, B. A. the most prominent members of the Hindu Community, at Peshawar who have rendered invaluable services to the Hindu cause, when calamities fell upon the Hindus in the city, and transborder Hindu exiles thronged therein, and in many other ways.

Its Constitution.

But what are the facts in regard to the constitution of the Provincial Hindu Conference? Of the 53 gentlemen who were in the meeting, three fourths were not title-holders and not half a dozen were Honorary Magistrates. It had among its members (1) twelve Municipal Commissioners; (2) four Presidents of the Hindu Sabhas at Peshawar, D. I, Khan, Kohat and Nowshera;

(3) five Presidents of the Singh Sabhas, of the Hindu Seva Sangh, of the Arya Samaj and Sanatan Dharm Sabhas; (4) nine Vice-Presidents from Peshawar, Bannu and D. I. Khan; (5) five Secretaries of the Hindu Sabhas; (6) five Secretaries of the Arya Samajes and Sanatan Dharm Sabhas; and (7) ten Graduates and advocates. Will he not see that this formidable list can not be disposed of by indicting them as time-servers? Such an attempt is most unfair. Most of these gentlemen had for years been working unselfishly for the local Hindu Sabhas, or had been engaged in other activities for the good of the community; they had in consideration of their services been elected to important positions therein? The policy which the resolutions embody may or may not meet the approval of certain go-aheads among the Hindus, but it ought to be considered on its merits.

CHAPTER 3.

A Corporate Body.

My last letter was taken up in showing that my critic's reference to the personnel of the Provincial Hindu Conference as "a meeting of titleholders, Honorary Magistrates, etc." was unfair and in bad taste, in view of the fact that the gentlemen who attended it, and whose names and addresses were duly published, included some of the most public-spirited, influential and thoughtful Hindus on the Frontier. I will now deal with the other observations which he has made in disparagement of the authoritative character of the resolutions passed thereat. His "assertion that no opinion can be considered the opinion of the Hindu community unless it has first been confirmed by a meeting of the Hindus", betrays a lamentable ignorance of the principles which guide all organised work. Where a society is desirous of corporate activity, it must have a definite purpose for which it is constituted; a declaration of the would-be members that they are in agreement therewith; an enlistment and some rules of procedure. Does he not know that the Hindu Sabha, to which the delegates belonged, has for one of its objects the ventilation of the collective opinion of the community or of its intelligentsia? Is he not aware that before any one can be registered as its member, he must subscribe to a solemn declaration, prescribed by the All-India Hindu Mahasabha, and also pay a small annual subscription? Enlistment being the soul of all organisation, the pronouncement of the corporate body or its Executive Committee, or of a Conference in which its delegates take part, must carry far greater weight than the dictum of any individual, or for the matter of that the prepared resolutions of a promiscuous (misnamed public) meeting called together to hear clap-trap speeches. Further on he says that I was wrong in considering "the opinion of the said Conference as conclusive on the point". Finality is not given to man, more specially in political views which change with the progress of events. What I did assert and do maintain is, that it is an authoritative pronouncement of the views of the community expressed through its accredited agents. The fact that it was laid before the Simon Commission as such, by a Deputation of twenty-one prominent Hindus from the different districts, must lend considerable support to my contention.

Meetings at D. I. Khan and Peshawar.

In regard to my reference to the printed address in opposition to the Reforms, presented to the M. L. As. at Bannu, he asks me if I am unaware of the meetings and addresses at D. I. Khan and Peshawar in which reforms were asked for. It is a pity that our people do not verify facts before making assertions. I was present at the D. I. Khan meeting. It was addressed in a few words by Pandit Moti Lal Nehru, Dr. Moonjee and Sir Abdul Qayum, and the theme of their short speeches was to exhort Hindus and Muslims to live in peace and amity. There was no reference in them to the reforms, no resolutions were passed, nor was any address presented. I do not know what took place at Peshawar, but I am aware that there and at Kohat the political atmosphere is dominated by the Khilafatists and their volunteers. Some of the leading Hindus, when expostulated, did actually confess that they dared not go against the wishes of the dominant community from fear of violence. But this apart, will he enlighten us whether the Peshawar meeting was a public meeting, attended by both the communities or was it composed solely of Hindus? By whom was it addressed and whether any resolutions were passed? Who drafted and presented the address to the M. L. As.? As regards the address at Kohat the less said about it the better. The Hindus there have been ruined by the terrible tragedy and are cowed down. If a Hindu gentleman joined in reading it, we need not be surprised. His statement before the Commission, if ever published, will show what his real sentiments are. I am divulging no secret when I say that he was perhaps the strongest opponent of the so-called Reforms.

The Resolutions and Constitutional Advance?

The writer wants me to tell him, "what was the actual number of members present when the resolution was adopted at the adjourned meeting and whether it was adopted by a majority of votes or unanimously". I do not know if the Secretary kept a record of the members present at the adjourned meeting, but I can positively inform him that it consisted of all shades of views, to which expression was given in the after-noon meeting that lasted five hours, that the resolutions passed, were drafted by

those who advocated compromise, and that they were passed un-
animously. He speaks of "the question of constitutional
advance." One of the speakers at the meeting used the same ex-
pression parrot-like, but when pressed to explain or define the
term, he resumed his seat. I hope our friend will enlighten the
public as to the "constitution" to which he refers and what he
meant by an "advance"? Does he consider as the Magna Charta
of British India, the Queen's Proclamation, which was explained
away by Lord Curzon, as being the act of Sovereign and not a
Legislative measure, or the Government of India Act of 1919
which may be rescinded by Parliament tomorrow; and is he certain
that the widening of the franchise or the substitution of a Pathan,
for British bureaucracy, will bring in the millenium and drive
away poverty, ignorance and disease from the province?

He wants me to throw some light on "the geographical,
financial and political conditions," which differentiate the Frontier
from the other Provinces. This I will try to do in my next.

PART II.

GEOGRAPHICAL.

CHAPTER 4.

N. W. Frontier Province.

Its Area and Population.

Before considering "the geographical, financial and political" peculiarities, which differentiate the N. W. Frontier Province from other parts of India, I shall try to remove one misconception, which has arisen through the use of the term "Province" as applied to certain tracts. Indians, and specially the Hindus, are fond of generalisation; they are prone to become slaves to words without realising the true significance of the expressions which fascinate them. A Province in British India, every educated person ought to remember, is a political division under a separate Local Government or Administration, the head of which may be either a Governor or a Chief Commissioner. Its constitution does not rest on the natural divisions of the country, nor on ethnic or linguistic affinities. There are, in all fifteen Provinces, including such small units as Ajmeer-Marwara, Andamans and Nicobar Islands, Coorg and Delhi. The areas in square miles range from 593 in Delhi to 2,83,707 in Burma; while the population ranges from 1,63,338 souls in Coorg to 4,66,95,536 in Bengal. The Frontier Province consists of Districts, Agencies and Administered territories, the last contain the Sheranis, the Bhattanis, the Mohmands and other trans-border tribes under the control of the Deputy Commissioners; they do not form parts of the settled Districts. No one has proposed that these or the Political Agencies are to be subject to the so-called Reforms. The Districts have an area of 13,419 square miles and a population of 22,51,340 souls. If we compare these figures with those, taken from the Census Report of 1921, of the nine big Provinces in which the Reforms Scheme has been introduced, we will find that Assam, the smallest, is four times bigger in area, and three and a half times larger in population than the Frontier Province. Bengal is nearly six times larger in area and twenty times in population; while Burma which has six times the population has eighteen times its area. There is thus no comparison whether in area or population of the

Frontier Province with those of the nine Provinces. The Punjab is seven times larger in area and has nearly ten times our population; any of its five divisions may actually be larger than the settled Districts of the N. W. Frontier Province. London city contains three times as many people. The population of Mymensingh District in Bengal is forty-eight lakhs or more than double of our Province.

A Miniature Province.

The confusion in thought of those, who are advocating Reforms in Muslim Provinces, is clear from the fact, that they have even clamoured for their introduction in British Baluchistan, which is peopled by Baluch clans living under their own *Tumandars*, Chiefs, whom they venerate and regard as demi-gods. The Districts and Administered Territories of Baluchistan have a population of only 4,20,648 souls or less than that of a single district! If we are to proceed at this pace, the time may not be distant, when Coorg (South of Mysor) which has an area of 1,582 square miles and population of only 1,63,838 souls will demand a Legislative Council and its paraphernalia because it is also a Province. The N. W. Frontier Province has been well described by a thoughtful high Indian Officer as a Miniature Province, cut off from the Punjab in 1901 for political considerations. According to him and many others, the establishment of a Legislative Council and the employment of Ministers and Executive Councilors in such a small tract will not only be an anachronism, but an embarrassment unless the Rawalpindi and Multan Divisions are according to him joined to it, and the old Punjab of six Divisions is divided into two parts, the Western, overwhelmingly Muslim, and the Eastern and Central, with Hindu and Sikh majorities; each left to work out its destiny in its own way. I do not think that such a proposal will be acceptable to the Muslims, or that the partition on these lines is within the range of practical politics. We need not therefore indulge in day dreams and must take things as they are.

CHAPTER 5.

Its Geographical Position.

In the last chapter I tried to show by quoting facts and figures, that the N. W. Frontier Province is, in area and population, a miniature administration, offering no comparison with the bigger provinces in which the Reform scheme had been introduced. One of the considerations that led the Provincial Hindu Conference, which met at Peshawar on 27th March, 1928, to oppose any administrative changes in it was its geographical position.

As my critic wants me to "throw some light" on this aspect of the question, I will try to cull from publications which are accessible to every one, a few peculiarities of its situation, which distinguish it from other parts. The land frontier of the Indian Empire, we must remember, is very lengthy; it extends for nearly 6000 miles. From a remote corner of Baluchistan, where the borders of India and Persia meet, the line traversing north, east and south-east reaches the confines of southern Burma, where for a considerable distance it marches with French Indo-China and Siam. On the north the majestic snowclad Himalayas stand as a protective high wall, which no hostile army has ever dared to cross. North-east the boundary runs for a thousand miles with China, but as it is far removed from the Central Government at Peking, there has never been any serious trouble necessitating war-like preparations; the Burma Military Police has been well able to keep back or repel the incursions of occasional gangs of marauders. The other adjoining self-governing countries—Siam to the South-east, Nepal and Tibet to the north—are not strong enough to court a conflict: they are content if left alone and allowed to remain free; Persia to the south-west, which is separated from us by a vast desert, is so hemmed in and possesses such limited undeveloped resources, that it can with difficulty keep up its semblance of independence, and that too chiefly through the jealousies of its powerful rival neighbours.

Gateways of India.

Thus the real frontier of India, presenting formidable problems of defence and attended with international complications, is the North-West. The Gateways of India have, in the past, lain

in this wild tract Through the Khyber, the Tochi and the Gumal Passes (leaving alone the Bolan accessible *via* Herat and Kandhar) have descended in by-gone ages successive hordes of free-booters and invaders whether Persian, Greek, Scythian, Mongolian or Mohammedan. As means of transport on land and through the air improve, making communications easy and cheap, and as military science progresses, rendering the weapons of destruction more perfect, the relations between India and Afghanistan, and countries beyond, must assume an international and grave importance. But we need not at present consider this wider and more momentous question of statecraft. Let us first confine our attention to the unadministered hilly region which forms part of the Frontier Province. From Baluchistan, running northwards for hundreds of miles, the Durand line demarcates the boundary between Afghanistan and the Belt of tribal Territory which, since 1894 has been included within the borders of India. The relations with these warlike and well-armed people, who occupy the stretch of difficult mountainous country between the Durand Line and the four trans-Indus settled Districts, present perhaps the most difficult problem which the Frontier administration, or for the matter of that any Government, have had to tackle with.

Transborder Tribes: their armament.

“All along the administrative border and thrust forward into the hills here and there, as in Malakand and in the Khyber, Kurram and Tochi valleys, and along the Zhob road which runs through the Sherani country south of Wáziristan, are military Cantonments, or posts held by Regulars, Militia, Frontier Constabulary, Scouts and Khasadars, whilst at the north and south respectively of the line stand the two great bastions, Peshawar and Quetta. The transborder tribes are linked to each other from north to south, and military operations against any one of them are apt to produce sympathetic effect among the others. These tribes are among the hardest fighters in the whole world, and only picked and highly trained troops can compete with them on equal terms in their own hills. They are believed to number nearly three millions, of whom at least half are males, and of the latter close on three-quarters of a million are regarded as adults and fighting men. Their armament has vastly increased within the last few years, and as long ago as 1920 there were believed to be 1,40,000 modern rifles in tribal Territory (India in 1926-27

p. p. 242). In Waziristan, on the borders of the Bannu and Dera Ismail Khan Districts, the Mahsuds can effectively arm 12,000 fighting men and the Waziris can similarly arm another 10,000. This is *par excellence* the plague-spot of the frontier, from which have issued innumerable bands of raiders and dacoits armed to the teeth, who have been a terror to the peaceful inhabitants of the plains. No less than seventeen military expeditions were undertaken by the British Government against the Mahsuds since 1852, the last of which provided the most desperate and costly fighting. With the construction of roads through the hills, joining Tank and Bannu with Razmak, the establishment of a big Cantonment at the latter place, and of military posts, etc., elsewhere as also by the lavish expenditure of millions of rupees as a result of the Forward Policy, things have since a couple of years vastly improved, but there is no guarantee; the political control of these unruly and intractable tribes requires tactful handling by wide-awake strong executive officers. The administration of the frontier must ever remain a charge of considerable anxiety and difficulty.

The political bearing which this question of contiguity to the settled Districts has on the Reform will be discussed as we proceed.

CHAPTER. 6.

The Districts and Tracts.

In the last chapter were noted briefly the geographical peculiarities of the Frontier Province; mention was made that it consists of three distinct regions: (1) the five settled Districts; (2) the transborder tracts inhabited by Sheranis, Bhattannis, Mohamands and others under the control of the Deputy Commissioners; and (3) the Tribal Territories, in charge of Political Agents. The proximity of the Districts and the tracts to each other, and the close interrelations of the various tribes within and beyond our border, as also in Afghanistan, create a complex political situation met with no where else, whether in India or any other country. These factors raise momentous questions of grave concern, which must be taken into account and seriously weighed when devising constitutional changes into their administration.

A Plausible plea.

Before proceeding with these considerations, I shall try to dispose of a plausible argument, which is put forward by the advocates of Reforms in support of their contention. They allege, and are apt contend with some vehemence, that as Law and Justice and Finance will still remain Reserved Subjects under the Executive Government, no harm can ensue if the Development departments such as Education, Medical and Sanitation, Agriculture, Industries and Local self-government are placed in charge of one or more Ministers. This, however, is not the whole truth. Let us remember that the dyarchical form of rule, introduced under the Government of India Act, contemplates the appointment of Executive Councillors too, as also the creation of a Legislative Council, with an unofficial majority, possessing power to enact laws, and having the rights of interpellation and of passing the Budget demands. Outcries in the National Press and Platform apart, can any reasonable person, who has carefully studied the position, hold in all sincerity that the authority of the Chief Commissioner and of his subordinates will not be diminished

and seriously weakened by the changes proposed? If no transfer of power or patronage will result as a consequence, where is the need of this persistent agitation for their introduction? We must not also forget that the present Reforms are looked upon as a stage in transition towards the goal of autonomy, and that Sir Abdul Qayum, the protagonist of this agitation, plainly said in the Legislative Assembly that though their working elsewhere had done little good, he was anxious to get them because there was no other course open, and he wanted to bring his own Province into line with others, so as to fit it eventually for self-rule. Will not the same reasons, which are now put forward, be set up with greater force for an advance towards Responsible Government if larger powers are entrusted to the other Legislatures?

Why not separate the two parts ?

Where is the harm, it may be asked, if the Settled Districts become partially or wholly autonomous, and the Tribal Territories continue under the political control of the Agent to the Governor-General? Why not separate the two charges and relieve the Chief Commissioner of his administrative powers in the settled Districts?

Whatever may be the present views of the dominant community about such a proposal, the question was carefully examined in 1922 by the Frontier Enquiry Committee, in connection with the agitation for re-amalgamation of these Districts with the Punjab. I will, in this letter, quote from their Report only the finding of the majority, which it may be noted included such prominent Muslim leaders as the Hon'ble Sayad Raza Ali, Member of the Council of State, K. B. Chaudhri Shahab-ud-Din M. L. A. who is now President of the Punjab Legislative Council and K. B. Abdul Rahim Khan Kundi, M. L. A., Bar-at Law. They said:

“For mark how the separability of trans-frontier control from frontier district administration has been brought forward under review at the many stages in this ancient controversy, and how it would have availed both disputants to prove it possible. From the time of Lord Lytton when all trans-frontier affairs were conducted from within the districts, to the time of Lord Curzon, when the five trans-frontier Agencies were in being, not

a single authority, however much disposed to the bolstering up his own particular contention, was able to advance the argument of the separability of tracts from districts. It was the trans-frontier, and not the districts, that the Government of India sought to secure. It was the districts, and not the trans-frontier control, that the Punjab Government sought to retain. Both could have got what they wanted, had they been able to prove the separability of districts and tracts. Both were forced to admit that districts and tracts were two inseparable parts of one organic and indivisible whole." (p. p. 8.)

The reasons which led the Committee to this conclusion, and which still hold good, as also the views of experienced persons, including that of Sir Abdul Qayum, are given in the next chapter.

CHAPTER 7.

Its Two Parts Inseparable.

In the last chapter, I called pointed attention to a distinctive peculiarity of the Frontier Province, due to its geographical position. Unlike other Provinces it consists, as at present constituted, of two distinct parts: (1) the administered districts and (2) the unadministered tracts whether under the control of Deputy Commissioners or in charge of Political Agents. Those who are agitating for administrative changes in it do not advocate the introduction of the so-called reforms into the latter portion, which in area and population is the larger of the two. They would divide the Province into two separate charges, place the settled districts under a responsible government, of which the present Reforms they regard as a stepping stone, and allow the unadministered tracts to continue under the political charge of the Agent to the Governor-General. Is such an arrangement feasible and will it work satisfactorily?

The ultimate object.

Before proceeding further with the discussion, let us go back to the real question. What has been the ultimate object of the Frontier policy which the British Government has since 1852 pursued whether by punitive expeditions, by blockades, by organising reprisal parties, by the demarcation of a boundary line through an Anglo-Afghan Commission, by the construction at immense cost to Indian revenues of roads and of posts in tribal areas, by the employment of semi-military corps of levies, militia and scouts, by the military occupation of a few strategical positions, or by the payment of huge sums in allowances as Khassadars, etc., to the various trans-border tribes? The British got this knotty problem in legacy from the Sikhs, who had conquered the trans-Indus districts of Peshawar, Kohat, Bannu and Dera Ismail Khan, and as an Imperial race they tried its solution by every device which their

political sagacity and experience could suggest; they could not desert the districts to their fate without loss of prestige, nor could they shut their eyes to the dangers which loomed so large owing to the advance of Russia in Central Asia, though at one time, it is true, Lord Lawrence and his party seriously proposed that the Indus should form the western boundary of the Indian Empire. Why was the Frontier Province constituted as a separate unit in 1901? No one who is conversant with the past history of our relations with the Tribes, will have the hardihood to affirm that there was any idea of aggression into the adjoining inhospitable and barren hills! Why then this vast expenditure of money and sacrifice of thousands of valuable lives? The answer to this question is not far to seek. The sole aim of all these endeavours, on the part of the Indian Government, has been to control these wild Tribes, so as to ensure security of life and property of its subjects in the settled Districts, and more especially of the Hindus who were ruthlessly looted, murdered, kidnapped from roads and villages, and held to ransom. Will this primary object be better served if a Pathan regime is set up in the districts and the executive authority is weakened? Let there be no misgiving.

Duality of Government.

If the re-amalgamation of the settled districts with the Punjab was strenuously opposed in 1922, by the Frontier officials and most of the Muslim leaders, who appeared as witnesses, on the ground that the districts and Tracts could not be placed under separate administrations, will it now be politic or conducive to smooth working, if two independent and occasionally antagonistic authorities are set up in the same Province? Will this duality of government be helpful towards the security of life and property, which must remain the main concern on the Frontier?

Why Inseparable?

The reasons, which led the majority of the Frontier Enquiry Committee to an adverse finding as to the inseparability of the districts from the Tracts, may be stated briefly, so that the public may judge how far they were justified in their conclusions. They quote Sir Mackworth Young, Lieut.-Governor, who in opposing the dismemberment of the Punjab and in trying to maintain the *status quo ante* wrote:

"The duty of maintaining friendly relations with, and control over, the Frontier Tribes is inseparable from that of managing the tracts within the British border. The grounds for this statement are, so well put by Mr. Merk (then Commissioner Peshawar Division) that I reproduce his words:

"Thousands of our subjects are constantly visiting independent tribal territory, many thousands of the hillmen regularly migrate to our districts; whole clans live for half the year on this and for the other half of the year on that side of border; where the residents within or without the frontier are not men of the same clan or of the same tribe, they are connected by the intimate ties of common race, of marriage, neighbourhood and of an association, territorial and social, which has endured for many generations. In short there is no impossible gap or gulf difficult to cross between British and independent (tribal) territory; the frontier is in reality an arbitrary line drawn through the limits of a more or less homogeneous population. That being so it will be readily understood, what infinity of questions of dispute and disagreements of business arise from the daily intercourse of these people. This business must be settled promptly and with justice, or the peace of the border is endangered; it is business which is quite distinct from the Imperial questions in which British and independent interests as such, are arrayed against each other, and upon the successful administration of the daily business of the frontier it chiefly depends whether under ordinary circumstances the border is heard of or not."

There was another proposal favoured by the minority that trans-frontier tracts under the control of the Deputy Commissioners should go with the districts to the Punjab Government. In opposing his scheme the majority which besides the three Muslim leaders already named, included Sir H. N. Bolton, the present Chief Commissioner and Sir Dennys Bray, the Foreign Secretary to the Government of India, wrote:

"There is yet another Frontier axiom to be stated: the inseparability of the various parts of the Pathan trans-frontier. If this has bulked less largely in frontier controversies it is not because it has less validity than the inseparability of the trans and cis-frontier, but simply because it has never been seriously questioned by any body. It is transparently obvious to every frontier officer and to every reader of frontier history. To the former it is brought home by the day's routine. The latter needs no further proof than the events of 1897 when the whole transfrontier was ablaze from Wano to Buner, or the third Afghan War which set the whole frontier agog from Wano beyond the Pathan community into Chitral. That Mahsud links up with the Waziri, the Waziri with Zaimusht, Zaimusht with

Orakzai, Orakzai with Afridi, Afridi with the Mohmand, Mohmand with tribes of Bajour, Bajour with Dir, Dir with Swat, Swat with Buner, Buner with Indus Valley and the Indus Valley with the black Mountain—all this is so obvious to the frontier officer, that he does not pause in his advocacy of this or that solution of the frontier problem to enlarge upon it."

In the next chapter will be given the views of experts and other authorities on this most important question of Frontier administration.

CHAPTER 8.

Experts on Inseparability.

It is a good sign that the discussion on Frontier Reforms is being followed with keen interest, more specially in the province itself, and different persons are putting forth their views as to the feasibility or otherwise of their introduction. A gentleman who signs himself "a Kohati" has contributed a letter, which is published in the issue of 29th May. In it he admits "that the question is very intricate and requires delicate handling." The solution suggested is that "either the Agencies and administered districts be brought under the rule of law or given up which is improbable." This shows what hazy notions even those persons, who live on the frontier, have of what is going on in the unadministered tracts; they have perhaps no idea of the huge expenses, which are proving a burden even on the vast resources of the Central Government, and which no provincial Government could bear.

Lawless Tracts.

Most of them have probably never crossed the boundary line of the districts; few of them care to keep in touch with problems which confront the Political Agents. Let me say for the writer's information that except in the Malakand Agency, where the lower Swat is under British administration, and chiefs in alliance rule in Chithral, Dir and Bajaur, and except in Kurram, where tribal administration has developed on the tribal lines, British control in the remaining tribal territories of Tirah, Waziristan and the rest does not extend beyond the immediate vicinity of roads and military posts. In this vast block, as observed by the Frontier Enquiry Committee, "tribal law---or we should call lawlessness---was and is the only law, and its ultimate sanction is the rifle in the hand of the individual tribesman." Blood-feuds between villages and families are prevalent; violent crime is kept in check only through fear of retaliation. At places where Military Cantonments or posts have been established, pickets are posted on adjacent hills to warn off the unwary; no British subject is allowed to go beyond. Night protection is provided by barbed wires and armed patrols. The tribes are for all internal purposes their own masters. Neither Police, nor

Courts exist, and Political Officers have no business to take cognisance of murders or other serious offences among the tribesmen. The Forward Policy in Waziristan, which was adopted a couple of years back, is deeply resented by the Pathan agitators. It has so far been successful that it has given the districts of Bannu and D. I. Khan, specially its Hindu residents, security against raids and dacoities. It has not in any way interfered with the freedom of the tribes.

Views of High Officers.

To resume the argument. The inseparability of the districts from the tracts, as also the unwisdom of placing the two component parts under separate authorities, was the pivot of reasoning which the majority of the Frontier Enquiry Committee, including the three Muslim members, employed against the re-amalgamation of the settled districts with the Punjab. Howsoever one may differ from the conclusion, there can be little doubt that the finding was based on the views of the experts, and on the evidence of the prominent Muslim witnesses. As few persons take the trouble of going through these committee reports which are as a rule so cumbrous and uninteresting. I shall make a few extracts :

(1) Lord Lytton, who first proposed the creation of a Frontier Chief Commissionership, said :—

“Mixed up as are the tribes within and beyond our borders he (the Chief Commissioner) must evidently have charge of the immediate Frontier districts as well as of all our transfrontier relations. I confidently affirm the inseparable connection of portions of British territory with trans-frontier tracts and the necessity of entrusting the control of both to the same local officer.”

(2) Sir Alfred Lyall, Lieutenant-Governor, said :

“It is an established principle from Peshawar to Karachi that the frontier can only be managed properly if both sides of it are in the hands of the British authority”.

(3) Lord Lansdowne, the Viceroy, wrote :—

“All the circumstances seem to point to the creation of a single frontier charge entrusted to the management of a single officer under the immediate direction of the Government of India”.

(4) Lord Elgin, the Governor-General, gave it as his opinion :

“The Commissioner and the Government of India cannot deal thoroughly and exclusively with external relations with the tribes without some administrative work within our borders.”

(5) Lord Curzon in proposing the creation of this Province said :

“The impossibility of severing the external relations of the tribes from their internal administration, and of separating hill politics from plain politics.”

(6) Sir John Maffey, who was the Chief Commissioner, declared :

“I do not think there is any body who has any real experience, official or non-official, who would think it feasible to separate these two component elements.”

(7) Mr. P. I. Pison, I. C. S., Judicial Commissioner, who passed his whole service on the Frontier, said :

“To have one authority administrating the five districts of British India and an independent authority controlling the trans-border tracts would be disaster of the first magnitude.”

(8) Sir John Maynard, Financial Commissioner Punjab, said :

“It is quite impossible to separate the administration of the settled British Districts from the management of the tribes. The two must go together.”

Muslim gentry on Inseparability.

The same view was expressed and strongly supported in their evidence by Khan Bahadur Haji Ghulam Haiderkhan; the Hon'ble Major Mohd. Akbar Khan, C. I. E., Nawab of Hoti; K. B. Mian Musharaff Shah; Mr. Ali Haider Shah and others of Peshawar; by Pir Iman Shah; Khan Baz Muhammad Khan; K. B. Nauroz Khan and others of Kohat; by K. B. Sher Ali Khan and others of Bannu; by Maulvi Nur Baksh B. A., LL. B.; Nawab Allahdad Khan Alizai; Major Nawab Ahmad Nawaz Khan Saddozi, K. B. Miharban Khan

and others of Dera Ismail Khan ; as also by Wali Mohd. Khan and others of Hazara. Nawab Sir Abdul Quyyum, the protagonist of the present agitation, deposed that "separation is neither advisable nor practicable," while Wazirzada Muhammad Akram Khan said ; "Our interests are so common that we can never be separated."

Finding of the Committee.

Whereupon the Committee remarked :

"Indeed the more intimate a witness's knowledge of the problem and the closer his every day association with the actual borders, the nearer his approximation to the reasoned conclusion of the expert that the separation of districts and tracts is impracticable."

The smallness in area and population of the Frontier Province, its geographical position, and the inseparability of the districts and tracts are potent factors requiring serious consideration before any administrative changes are introduced. Another cogent reason against the Reforms scheme is the political danger, at times of stress, if an autonomous Pathanistan is created in close proximity to Afghanistan.

CHAPTER 9.

The Pathan Population.

I have drawn attention in previous chapters to certain special features of the Frontier Province ; these in brief are : (1) that it is contiguous to Afghanistan from whence and from the countries of Central Asia, its people are prone to receive great shocks ; (2) that into it open the Passes through which hostile armies of invaders have, in the past, in conjunction with the hill tribes, invaded India ; (3) that it is too small in area and population for the paraphernalia of a Legislative Council and Ministers ; and (4) that it is composed of two inseparable parts---the Settled Districts and the unadministered Tracts---which cannot, as proposed, be placed under different systems of administration. But the more cogent reason, which renders it unsuitable for the introduction of the Reforms Scheme, is the character of its population to which I shall presently refer.

Speculative as the Hindu mind is, hasty generalisation is its bane. He is prone to jump at conclusions on inefficient and ill-digested data ; he will not take the trouble of working out details, and arriving at a solution after studying the special bearings of a problem. The use of similes for proving a theory is his besetting sin. Having been a subject race for generations, this defect, in his mental outfit, comes out prominently when considering political questions. Our leaders and writers in the press are apt to make assumptions ; they think that as political cleavages in other parts of India are the outcome of communal divergences, the same causes must be in operation on the Frontier also. Hindu-Muslim differences do exist here, but they have not the same significance as elsewhere. The reason for this is that the Hindus, specially in villages, being a microscopic minority, have always been subservient ; they have neither the grit, nor the organisation, necessary for self-assertion. No Hindu procession with music will attempt to pass near a mosque, if that course is objected to by Muslims. The Hindus dare not give expression to their feelings of repulsion when beef is openly sold in the Bazar or near their quarters, or when cows are slaughtered in private houses or near the roads. They do not celebrate any festivals, erect temples or engage in religious services which may give offence to the dominant community. Hence as a rule such occasions can not give rise to quarrels or riots.

The Pathan (*Pashtun* or *Pakhtun* whose mother-tongue is *Pashtun*) is the predominant and the most influential section of the Frontier population---more specially in Peshawar, Kohat and Bannu and exclusively so in Tribal Territory. He is ubiquitous in the administration. He monopolises the civil and political services ; he is the dominant factor in the Police. The Constabulary, Militia and the Scouts, several thousands strong are manned by him. He is supreme in the Education and other Departments. The Pathan as Nawab, Jagirdar, Arbab, as title holder, Municipal Commissioner or Member of the District Board has the greatest influence with high officers. In his eyes the non-Pathans numbering 46 per cent of the population, whether Hindus or Muslims, have an inferior status ; they are regarded by him as interlopers. As a landlord, he treats his tenants, cultivators and *Kamins* as worse than serfs.

The Pathan possesses certain traits of character which distinguish him from every other race or tribe. When stirred up to religious frenzy by his Mulla, the Pathan, with some honourable exceptions, will stop at nothing. He has on several occasions been ready to engage in *Ghaza* or holy war against the infidel Government ; he is known to come out of the hills as a *ghazi* or fanatic to murder any *farangi* or European who first meets him. Not long ago he was the author of the terrible Kohat tragedy and only recently drove out from their hearths and homes all the Sikh and Hindu families who had for generations been leading peaceful lives in his midst as dependents. He has no scruples in organising gangs of raiders to loot and murder Hindus whom he regards as *Kafirs* or infidels. He is vindictive to a degree ; his blood-feuds occupy his thoughts day and night and there is no escape from his vengeance.

Some persons may consider the above description as imaginary. Let me give here the views of authoritative gentlemen, who have been in sympathy with his aspirations. Sir John Maffey the Chief Commissioner, in his written statement which he supplied in 1922 to the Frontier Enquiry Committee said :—

This Province cushioned between the Indian Continent and the troublous regions of Central Asia, registers the varying shocks of the outer world. The Pathan population have ties of custom and kinship with the tribal Afghan Border land, which render them prone at all

times to lawlessness, quick to violence, apt to seek vengeance for themselves rather than submit to an alien form of justice. Their proximity to the Border renders it necessary to permit a wide distribution of arms for purposes of defence while at the same time it affords an easy refuge for the criminal who desires to escape from our penal laws. The old instinct to murder one's enemy has quickened and the means of doing it have increased. The result is plainly reflected in the Criminal Statistics. The Frontier may be regarded as in a state of siege. Popular Government, even to the extent to which it has developed in other parts of India, I consider unsuited to the peculiar needs of the borderland. With the expansion of the Pan-Islamic and of Bolshevik influences, the menace of the Frontier for India as a whole has become greater. Take for instance the Khilafat agitation... these border tribes are very fanatical in their religious susceptibilities.

Maulvi Nur Bakhsh B. A., LL. B., a gentleman learned in the law, describing the cis-border Pathans, observed :—

“Their family quarrels and blood-fends are the things that mostly attract their attention and engross their time, and all of them are equally fanatical, equally excitable and turbulent. Though divided into different tribes and clans, they belong to the same original stocks; as regards their distinguishing characteristics there is little distinction between Pathans in the plains and their brethren of the hills except that the former have under the civilising influences of the British administration, given up the habits of dacoity and free looting, more owing to want of access to arms than to anything else. The Pathans who mostly inhabit the Province, are not like an Indian race. Like their well known Powindahs, there are still many mountaineer tribes who flood the Province during the six cold months. But for the British, many of these would have preferred to take forcible possession of the fertile plain country and make it their permanent home. In spite of the comforts of the plains, the Pathan has a deep natural love working in the inner depths of the heart towards the romantic hills which remind him of the golden past when he was full master of his own will. The Pathan considers himself more to belong to the hills than to India. He has more sympathy with his kith and kin in the transborder than with the rest of India.”

More in my next.

Part III Political

CHAPTER 10.

Muslim Gentry's Opposition

The description of Pathan characteristics, to which attention was called in my last chapter, apply chiefly to the Pashto-speaking variety living in the Peshawar, Kohat and Bannu districts, where they form the majority, and with still greater force to the trans-frontier tribes, who occupy the hilly tracts beyond the border. There is, however another variety settled in Dera Ismail Khan town and other places—the Saddozais, the Alizais, the Khajakzais, the Khakwanis, the Kattikhels and others—to whom the following remarks in the Punjab Administration Report for 1911—12 p. 69 about the Cis-Indus Pathans would more appropriately apply:

Indianised Pathans.

“The Pathan tribal system subsists with any force only west of the Indus and to the east of it the Pathan is well nigh as tractable as the Baloch or the Rajput. The Pathans are found in all the districts and minor States of the Punjab and where not actually temporary immigrants, employed in horse-dealing, labour or trade; they claim to be descendents of families that have reached their present abodes in the train of conquering invaders. Large numbers are found in Delhi and Lahore Districts but in all these cases the Pathans are hardly to be distinguished in character or customs from the Muhammadan peasantry among whom they now dwell.”

The clans referred to above, have, with the changes of their mother-tongue to Hindko or Punjabi, become Indianised; they have lost their predatory and vindictive habits. They migrated from Kabul side several generations back; they retain their racial pride and do not as a rule mix by intermarriage with other tribes. Their leaders are ever in the front owing to their eminent services to the Government and to the public in times of stress and difficulty. They naturally possess a wider political outlook.

Nawab of Dera on Reformes.

The assertion has often been made and accepted without demur by Congress leaders that the whole of the Muslim gentry

and intelligentsia in the Frontier Province is eager for the introduction of the Reforms. But such is not the case. The premier nobleman of the Province, who admittedly holds the highest place among its gentry, is Nawab Major Ahmad Nawaz Khan Saddozai, belonging to the family which ruled in Dera Ismail Khan in the pre-annexation days. He is a well-educated gentleman, who has been to England, and who is well known for his great tact and keen intelligence. He has recently circulated a pamphlet opposing the introduction of the Reforms; he compiled it in 1927 before the Simon Commission was appointed. He prefaces it by saying that the "Reforms ought to bring more tranquility and prosperity to these districts, if not, they should at least maintain the present peaceful conditions, and must not cause any unrest, disturbance and riot, as unluckily Montford Reforms are said to have caused all such things in Lahore, Multan and other parts of India" Like a practical politician he does not go to the States in Europe or America for his comparisons, or for his reasons against the Reforms. He limits his observations to the Punjab, the nearest Province to ours, and thus "shows briefly the vast difference between the two provinces, *viz*":

Punjab and the Frontier Province.

1. "The N. W. F. Province is a buffer province on the Frontier of an independent kingdom, *viz*, Afghanistan, but Punjab is not.

2. "N. W. F. Province is governed and controlled according to the Imperial and Foreign Policy of the India Office and the Government of India, while the Punjab is ruled in accordance with the public internal policy.

3. "The N. W. F. Province has nearly all external dangers, complicacies and troubles which in all the countries of the world the buffer and the Frontier Provinces have, but the Punjab has none of these.

4. "The N. W. F. Province is a Gunpowder province, but the Punjab is not.

5. "The N. W. F. Province is the land gateway of India, but the Punjab is not.

6. "The N. W. F. Province is a military province and bulwork of the Indian Empire, but the Punjab is not so.

7. "The N. W. F. Province has Gunmaking Factories, but the Punjab has none at all.

8. "The Frontier man is naturally warlike and quarrelsome, but the Punjabi is nearly an agriculturist or a trader, and sometimes an agitator too.

9. "The N. W. F. Province is surrounded by numerous tribes well-armed, and the Punjab is populated by tribes civilized and unarmed.

10. "There are no such Ruling Princes in the N. W. F. Province whose Imperial Service Troops may keep the people under control in time of need and troubles.

11. "The Local Administration of the N. W. F. Province is very often in need of keeping many things secret and confidential, on account of the nature of the work and the policy, and therefore can not disclose them to the Provincial Council and elected Ministers.

12. "In the N. W. F. Province if the people misuse or abuse any power it affects the official machinery speedily because the Province is so small as one Division in the Punjab."

The above may not be as concise and pithy as a person well-versed in the King's English would put it, but it exhibits the views of a Pathan Rais who is not blinded by "fine speeches, fanciful ideas and priestly theories." He is opposed to transferring "the administrative, legislative, political and military power and control" from the present hands to an untried and inefficient machinery. Though he disagrees with Sir Abdul Qayum and his party, he is a pacca Muslim and makes no secret of his ill-will against the "Arya Samaj," which he gratuitously alleges "is dreaming and devising for the re-establishment of the Hindu Raj in India slowly but steadily", and has a further fling that "many members of this party are narrow minded, prejudiced and bigoted."

Nawab Habibulla Khan Alizai on Reforms.

There is another nobleman with the hereditary title of Nawab and a perpetual Jagir, by virtue of being a grandson and third in succession to Nawab Sir Ghulam Hussan Khan, K.C.S.I., Indian Commandant No 15 Multan Lancers. British Governor of Kandhar, A. D. C. to the Prince of Wales and to His Majesty. He is Nawab Habibulla Khan Alizai, son of Colonel Nawab Sir Hafiz Mohammad Abdullah Khan Alizai, K.C.I.E., A.D.C. to His Majesty. He is a well educated gentleman who was for 17 years in the Provincial Civil Service in the Punjab and N.W.F. Province, both in the Judicial and Political lines. He has submitted a Memorandum to the Simon Commission from which I shall call a few paragraphs to show what his views are:—

“The whole province is no bigger than a Division in the Punjab. The five Settled Districts contain about 7 per cent Hindus and Sikhs and 93 per cent, Muhammadans, 32 per cent of whom reside at the headquarters of a District, Tahsil or Thana and 68 per cent, in the mofassil.

“Out of a total of 32 per cent residing at the headquarters, the Hindus constitute about one-third, and they are all in general quite against the introduction of Reforms in this Province. The rest residing in the mofussil are blissfully ignorant of even “the name of Reforms”.

The aristocratic class, two years back, was without exception totally against the introduction of Reforms in this province. But during the last two years a few, constituting hardly 10 per cent of their class, have been led to declare themselves in favour of the Reforms, with an eye to securing the fat-salaried posts of Ministers, of Executive members, or at least becoming members of the Legislative Council to earn gilt-edged allowances and getting an opportunity to vent their long harboured enmities.

“The Hindus who form 7 per cent of the population in this province, almost wholly control the export and import trade of the province, and generally run the shopkeeping at all headquarters and mofussil towns and villages. Reforms in their entirety will mean a death-knell to this peace-loving and very useful

section of the population; for under the peculiar circumstances of the province it will certainly be made too hot for them to stay. They will be compelled to leave the province to seek peace and safety else where.

“The N. W. F. Province occupies a most important position on account of being next to the Afghanistan border. Its five Agencies inhabited by independent tribes recognising no laws and regulations add immensely to the above complications. Then again we must consider the fact that there are to be found in the five Agencies no less than about sixty thousand rifles which can be used in modern warfare. It is no light affair to play the game of Reforms in such a place as the N. W. Frontier.

“Full-fledged or partial Reforms that are being asked for in this Province are demand of a few interested persons...these are the persons who are exciting and inciting the people, otherwise the people on the Frontier do not worry themselves with the vapouring of the politics....

“The relations of the Agencies can in no case be separated from the adjoining districts. This province should, therefore, continue under a separate Administration.”

I must apologise for making these lengthy extracts, but the point is so important and it is so frequently lost sight of, that there was no other way of demonstrating that the Muslim gentry as a whole is not with the party which is agitating for the Reforms.

CHAPTER 11.

Non-Pathans & Reforms.

In my last chapter I gave a few extracts from the two pamphlets written by two premier noblemen of the Frontier Province against the introduction of the Reforms scheme. K. S. Sardar Asad Jan Khan, Chief of the Gandapurs, a powerful tribe on the Kulachi border, and many other prominent members of the fraternity in the five districts hold still stronger views, but I need not refer to them. My object was to demonstrate that even the Pathan gentry have divergent views and that it is not correct to assert that the Muslims as a whole are eager for the administrative changes demanded. If there are some educated Hindus who would welcome these, there are many more Muslims who not only look askance at them, but are strenuously opposing them. The question should, therefore, be discussed on its merits; it must not create communal heat.

Non-Pathan tribes.

This consideration evidently led the Provincial Hindu Conference, which met at Peshawar on the 27th March 1928, to avoid all reference to its communal aspect. They took a wider outlook in framing their resolution. They realised that it would not be the Hindus alone who would suffer if the Province becomes autonomous, and thus a Pashtun-Pathan regime is established. They say that the interests of the non-Pathan Muslims who form nearly 46 per cent of the population but who are disunited and weak, will equally be jeopardised whether those belong to the agricultural tribes such as the Awans (2,53,472 souls), the Jats (98, 413), the Saiyads (90,065), the Gujars (85,590), the Tanaolis (69,560), the Swatis (56,904), the Baloches (26,854), the Dhuuds (27,472), the Kureshis (26,739), the Rajputs (19057), etc; or to the Menial group such as the *Jalahas* (35,189), the *Tarkhans* (33,715), the *Lohars* (28,834), the *Mochis* (28612), the *Nais* (27,335) or the *Telis* (11,446), etc. Will some advocate of proportionate representation in clerical services enlighten the public how many of the posts in the Provincial and Political cadre, or in the higher ranks of the Police and the Constabulary are held by persons belonging to these tribes, etc, which form over 50 percent of the Muslim population in the Frontier

Province; as also the shares in titles, Jagirs and other honours in the gift of the Administration which have fallen to their lot. If a Member of the Legislative Assembly will put a question to the Foreign Secretary and obtain a return giving the above information he will be doing a good turn to and conferring a favour on these down-trodden people. It will then become clear how the dominant and pushful community, who occupy the highest offices and exercise the greatest influence in these matters, has monopolised the services to the exclusion of the less bigoted but more reasonable and peace-loving sections of their co-religionists.

Hindus Chief Sufferers.

The Hindus have in one respect been the chief sufferers, as religious fanaticism of the ignorant masses can easily be excited against them by the Mullas. The agitator, moreover, made them the chief butt of their nefarious propaganda, representing them as exploiters and leeches. The Hindus have thus had good experience during the past quarter of a century of the beneficial effects of Pashtun dominance in the administration; they are convinced that with the weakening of British authority on the Frontier, crime will increase and the safety of life and property, their chief concern, will be endangered. Bigotry and intolerance, of which the calamitous effects are being already felt by the Hindus, owing to the mistaken and suicidal policy of the Frontier Administration in enlisting mainly from this class in its Provincial, Political and Police Services, will become still more rampant and aggressive. Such has been the force of bigotry in certain Pathan villages, which need not be named that no one would cultivate Hindu lands, tend their cattle, make purchases from their shops, give them on payment a lift in the tongas, or allow their folks to resort to fields for calls of nature. The terrible Kohat tragedy, the fires in Dera Ismail Khan and incendiarism elsewhere on the Frontier were due, the Hindus firmly believe, to the incitement of certain Pathan officials, who not content with the monopoly in the administration, want to drive away the Hindus from *their* Province. In the words of Nawab Habibullah Khan Alizai, "Reforms in their entirety will mean a death-knell to this peace-loving and very useful section of the population; for under the peculiar circumstances of the province it will certainly be made too hot for them to stay; they will be compelled to leave the province to seek peace and safety elsewhere".

Their migration to Towns.

How injuriously the Hindus in villages have been affected by the wave of fanaticism due to the above causes and the insecurity consequent thereon, is evident from the fact brought out in the Census Report, that during the decade 1911 to 1921 while their rural population has decreased by ten thousand, from 68083 to 58042, the urban population owing to their influx into towns has increased by 35 percent. In one of the Criminal Reports a District Magistrate blamed the Hindus for setting a bad example by ransoming their kidnapped relatives, upon which the Sessions Judge commented as follows :—

“The unfortunate people have no choice in the matter. They get little or no assistance from their Mohammadan villagers. Indeed many of them no doubt share in the ransom,” and the Judicial Commissioner remarked:

“In consequence of the insecurity of life and property many Hindus have removed with their valuables for refuge to the towns of Bannu and Lakki”.

Their Plight.

It must, therefore, be remembered that the opposition to the Reforms on the part of the Hindus has little to do with a smaller or larger representation in the Local Council: this question has no practical importance or value for them. Whatever the Electorate, joint or separate, however liberal the concessions, they can not possess a potent voice in the Council Chamber, nor will they ever be in a position to oppose successfully any law or tax which may be prejudicial to the best interests of the community. No reference as to the usefulness or success of the Reforms in other parts of India was made in their Resolution, nor to communal riots and dissensions which might have arisen through their working. It merely declared that the Scheme would “neither be workable nor beneficial in the N. W. F. Province owing to the peculiar conditions, geographical financial and political” obtaining therein, and further that “it is sure to be detrimental to good Government and highly prejudicial to all India interests.

As the Hindu politicians professing the Congress creed are prepared to sacrifice the interests of their co-religionists and other weaker communities in the Frontier Province at the altar of the all-India interests, so that they may thereby secure the concurrence of the Muslim League to a joint electorate, I will next discuss how injuriously these will be affected by the Reforms.

CHAPTER 12.

The Muslim Tactics.

In the course of the present discussion, it may interest readers to know that in February 1926, when the resolution, moved by a Muslim member from Madras in favour of the Reforms in the Frontier Province, was to come up for discussion in the Legislative Assembly, a deputation of respectable Hindus from Dera Ismail Khan, Kohat and Peshawar proceeded to Delhi to represent their case. A meeting of the Hindu members of the Assembly was called and held in the rooms of that enlightened patriot, Mr. Rangachariar, who as a member of the Frontier Enquiry Committee had studied the problem and got an insight into its complications. The Deputationists explained the situation and gave satisfactory answers to questions. There was general sympathy with the pitiable condition and impending fate of the Hindus, but no assurances of support were forthcoming. The Hindu as head of the Swarajists was approached; he listened to our representation but seemed helpless; a few Muslim members professed adherence to his Party; he could do nothing which might alienate their allegiance. He had proposed to oppose the resolution by an amendment that, as the present Reforms had done no good elsewhere, they should not be introduced in the Frontier Province, but the Muslims would not agree to his doing so, and the course which he had contemplated was abandoned. Other amendments were suggested and taken down, but none was moved. Another leader was very anxious to do something for the Hindus, but was helpless. When the debate came on Pandit Madan Mohan Malaviya was the only leader who made a forcible speech against the resolution, and he was complimented for it by Sir Denny's Bray, the Foreign Secretary. However when the time for voting came next month in March 1926, the Swarajists absented themselves, and the resolution was carried without a division. The interests of the Frontier Hindus were thus sacrificed, because Hindu members in the Assembly, swayed by the *Swarajya* cry, desired to retain Muslim co-operation. Two years have since then passed, but have the Swarajists succeeded in winning over the Muslims to the national stand-point?

The Muslim Demands.

The Statutory Commission has still further widened the gulf. Now the settled belief, ingrained in the minds of our Hindu politi-

cians, is that as a means of attaining national solidarity, joint electorates must be secured at any cost; hence their anxiety to placate the Muslims. The latter, quick to perceive the position, have come to believe that they can dictate their terms. Mr. Jinnah and his confreres demanded that the Hindus should agree to the introduction of the Reforms in (1) the Frontier Province and (2) Baluchistan, that (3) Sindh should be constituted a new Province and separated from Bombay, and that they should be assured of majorities, in proportion to their population in (4) the Punjab and in Bengal. When these negotiations were going on, the Hindus in the Provinces affected got frightened and they protested against the sacrifice of their interests—nay of their very existence in certain tracts---at the altar of the so-called Hindu-Muslim unity. The Muslims in the meanwhile divided into two camps, and the more popular faction, under Sir Mohd. Shafi put forward the following demands :

Nawab Sir Zulfikar Ali.

(1) Separate representation in the various Legislative Councils and Local Bodies on the basis of population;

(2) A system of separate electorates.

(3) Separation of Sindh from the Bombay Presidency;

(4) Grant of Reforms to the N. W. Frontier Province and Baluchistan;

(5) Adequate Muslim share in the Services."

The above is taken verbatim from the address of Nawab Sir Zulfikar Ali Khan M. L. A., President of the Reception Committee of the All-India Muslim League, which held its session in Lahore on the 30th December 1927. He affirmed that "communal representation in Legislative Councils and local bodies on the basis of the population is a political axiom which under no circumstances can the Muslims even consent to discuss," and that "the Hindu attempt to deprive the minorities of the right of separate representation connotes a mentality, which is the outcome of their deep laid plan of destroying Muslim individuality." Speaking of the proceedings of the Muslim League at Simla, presided over by Mr. Jinnah, the Nawab said :

It was fortunate circumstance that on account of the autumn Session of the Central Legislature, the Muslim representatives of all Provinces were present in Simla and they all attended this meeting. From the speeches made by these prominent Muslims it was clear to all present that the overwhelming majority of the representatives of Indian Provinces strongly desired the system of separate electorates for their community. The artful oratory of Mr. Jinnah and others failed to induce the people to accept the principle of joint electorates."

Sir Muhammed Shafi.

Sir Mohd. Shafi, as President of the League, examined at length in his address the three principal grounds urged against separate electorates, viz, (1) that they "are opposed to the basic principles of democracy," (2) that they "are unprecedented in Western democratic constitutions," and (3) that they "being the real cause of the present Hindu-Muslim troubles, constitute a grave menace to the Indian Nationalism." He found that these reasons were untenable and fallacious. Taking his stand on the principle that "circumstances alter cases," he arrived at the following conclusion :

Personally I am sincerely convinced that in the existing political conditions in this country joint electorates, whether with or without reserved seats, would be certain to furnish a periodically recurring cause of friction between the two communities, and would in consequence, be in the highest degree injurious to Indian Nationalism, I close my remarks on the subject of separate Muslim electorates with the observation that agitation recently put up against them is, in fact, artificial, the reasons cited against their maintenance, as an integral part of the Indian constitution, are entirely fallacious, and on the other hand, their continued retention is, in the existing conditions, absolutely essential in order to secure real representatives, of all the elements in our heterogeneous population on our nationality which must be the cherished object of all sincere well-wishers of the country."

Hindu Politicians.

It is thus clear that the Muslim intelligentsia, as a whole, is not prepared to agree to the principle of joint electorates even if all the five demands of Mr. Jinnah's party are conceded. A considerable body under influential leaders, specially in the Punjab, is vehemently opposed to it. Why should then our Hindu leaders support an agitation for Reforms or insist on the administrative changes proposed which are opposed by the vast majority of their co-religionists in the

Frontier Province ? Why should Hindu solidarity be in this way endangered ? Will the Sindh Hindus ever consent to their separation from Bombay ? Is Hindu Punjab or Hindu Bengal willing to agree to absolute majorities for the Muslims in their Legislative Councils ? So long as the present Muslim mentality lasts, the prospects of an Indian nationality must unfortunately remain gloomy. Is it not the duty of the Hindus to look facts in the face, and refuse to pursue the will-o-the-wisp of all India interests by making over the Hindus of the five Provinces to the mercy of Muslim Majorities ?

CHAPTER 13.

Hindu Delusions.

Some educated Hindus appear to be under the delusion that as soon as the Frontier Province becomes autonomous, and the *Pashtun* Pathans are invested with full powers in the Legislative Council and Executive Government, they will become mollified and assume a more tolerant and just attitude towards others. They argue that, as in certain States in Europe and America, in modern times, the warring elements of Christianity and members of different ethnic groups have commingled as political units, the Hindus and Muslims will be welded into a single nation. If different provinces get representative institutions. They will not mark the differences, nor will they see that the experiences of peoples in countries, where religious beliefs have considerably weakened through the progress of enlightenment, the march of material civilization, and the spread of free-thought, have little value when we have to forecast what will be the fate of the Hindu minorities if the Muslims, with an overwhelming majority returned on the communal basis, become dominant. Are we to disregard the lessons of history? Let us take a few instances, not of ancient times, but of comparatively recent occurrences, in the West.

Lessons of History.

How did the Poles fare when their country was partitioned and held under subjection by the Germans and Russians? Why did they continue to cry for emancipation? Were the Finns satisfied with the Slav rule, though they had their own parliament? What of the Hungarians under the Austrian dominance, though they had their own Legislative Council and ministers? Why did not these coalesce? Did the French Catholics and the German Protestants become reconciled to each other when Alsace and Lorraine became part of the German Empire in 1871? Has the restitution of these provinces to France, after the Great War, turned them into friends? Many centuries have not passed when thousands of the Puritan Pilgrims had to leave their hearth and home in England because of religious persecution. How is it that Ireland has been divided into two States? Why did the Protestants of the North rise in rebellion when it was seriously proposed that the whole island should be constituted into a single

Republic, though the necessary safeguards were provided against the domination of the Catholics? Why did they resist this attempt and refuse to be part and parcel of the Irish Free State?

Islamic Persecution.

Has the past history of Islamic conquests a better record to show? What of the migration in times gone by of the Parsi Zoroastrians from their homes in Iran, or of the wholesale conversion of the inhabitants of Syria, Mesopotamia, Persia, Afghanistan, Egypt, Soudan, Tunis, Algeria and other lands? What of the persecutions and atrocities committed on the Bulgarians, the Greeks and the other Christians by the Turks, which brought on the Russo-Turkish War of 1877? What of the recent forcible expulsion of the Armenians, bag and baggage, from the fertile plains of Anatolia on the pretext of exchange? No good multiplying instances, or citing instances of bigotry, intolerance and tyranny under the Muslim rule in India.

Renaissance of Islam.

Do our Hindu politicians sincerely believe that the Muslims will bid adieu to their deep-rooted conviction, that Islam is destined to become a universal or world-religion with an Islamic commonwealth of nations? What of their religious beliefs and traditions, or of the Semitic culture to which they are wedded? Are not these in sentiment and doctrine so divergent from, if not antagonistic to, those which had their origin in India? Superficial writers in the Hindu press, with a view to taunting their Muslim contemporaries rather than enlightening the public, are jubilant when they learn that Mustafa Kamal Pasha and his co-workers have dethroned the Sultan and abolished the Khilafat; or when they hear that the authority of Qazis and Mullas has been curtailed, that the properties and grants enjoyed by the Religious Orders have been confiscated and resumed, that the *pardah* and polygamy have been forbidden, that the Civil Code has taken the places of the obsolete Mohammadan Treatises, and that the head-dress of men has been changed. They begin wrongly to think that the power of Islam is declining. Will they not see that the strength and the solidarity of the Muslim States, whether in Turkey, Egypt, Persia or Afghanistan has greatly increased? The signs of rejuvenation of Islam are unhappily taken by these writers to be symptoms of its decadence. The impact of Western Imperialism is driving the Muslim States to consolidate and to

show a united front. The Renaissance of Islam, by doing away with sectarian differences due to priestly domination, which divided the various peoples, is sure to bring about an aggressive policy which will prove most dangerous to non-Muslim communities. Such are the hopes and ambitions of thoughtful Muslims and they are not far from wrong.

Muslim Solidarity

Under the caption of "The United States of Muslim Asia," Sirdar Iqbal Shah, the well-known writer and author of "Afghanistan and Afghans," has contributed to an English periodical, the *Foreign Affairs* an able article, reprinted in the *Tribune* of July 25th, 1928, in which he has shown that the monumental changes which are occurring in the tempers and policies of the Muslim peoples in the various countries, bespeak solidarity of Islam and consolidation of "the giant structure erected by the Prophet of Mecca". He says:

"Essentially the solidarity of Islam is not shaken. All that has happened is that the domination of the clergy is receiving a legitimate set back and Europeans, having got used to seeing Muslims in the grip of the priests, seem amazed at the turn Muslim Asia has taken; whereas the truth is that the Muslims are now more than at any time in the past, striving to achieve the real purpose of Islam, which is the union of all Islamic countries into one federation of nations."

Is it, then, possible that the Muslims will ever, except in so far as to further their designs of Islamic predominance, become Indian patriots, if they obtain supreme powers in the administration and legislation of the five provinces?

What is Happening in India

Leaving aside other countries and other times, let us look round and see what is taking place before our eyes in India. Do we not know what is happening under the regime of H. E. H. the Nizam in Hyderabad Deccan, where the Muslims are only 10 percent of the population, and the Hindus, who form the overwhelming majority, are gagged and rigorously excluded from the higher services? Are not the revenues in that domain spent for Islamic propaganda? What of the Usmania University which has been established with Urdu, a foreign tongue to the

Hindus there, as the medium of instruction? How are the Hindus being treated in Bahawalpur and Bhopal, where re-conversion to Hinduism is an offence under the Penal Code? Can any one point to a single Hindu State where, in retaliation or otherwise, injustice has been done to the Muslims or where they are thus banned? Do not the Rajas and Maharajas vie with one another and take pride in assisting in the erection of mosques and in joining Muslim festivals? What has been the fate of the Swarajist propaganda among Bengal Muslims who were assured of all sorts of concession? What has been the experience of the Hindus in the Punjab Council, and the Lahore Municipal Committee? What of the Moneylenders' Bill brought in by a non-official Muslim?

Look at what is taking place in the Frontier Province, where the Pathans have got the upper hand in its services. What of the Khilafat propaganda which is still rife there? Was it not seriously proposed and a resolution carried in one of its meetings that cases should be decided according to the *shariat* or Islamic Law? What of the 60 or 70 posters put up by a secret Muslim society in one night in the principal streets of Dera Ismail Khan, offering three alternatives to the Hindus, viz: (1) either they should embrace Islam, or (2) give their girls in marriage to Mohammadans, or (3) leave *their* province? What of the 50 or 60 fires in Hindu houses, following the programme laid down in the posters, as also of incendiarism in Nawansher and elsewhere? What of the boycott movement in the Pathan villages, which has forced the Hindus to leave their lands and houses where they resided for generations? How was it that 600 Sikh and Hindu families were driven out of their homes by the self-governing Pathans in the tribal territory? What of the Hijrat Movement, which under the inspiration of fanatical Mullas and of Khilafatists, assumed such tremendous proportions in the two provinces of Sind and the Frontier, where Islam is the predominant creed? What of the Kohat tragedy?

Hindus' Blind Faith.

With these and many other instances of intolerance & fanaticism before their eyes, what shall we say of some educated Hindus, who think they will better the political status of their community on the Frontier by advocating Muslim self-rule? Instead of pressing

the authorities to expedite the reign of peace and order among the savage border tribes, to stop raids, to prevent mutual bloodshed and warfare among them, to open up the wild hills to the civilising influence of trade and industry, and thus weld those tracts as an integral part of the composite Frontier Province, they are anxious to confide the honour of their women, the protection of their property, the security of their life and the freedom of their religious observances, in the settled districts, to the fiat of Pathan Superintendents and Inspector-General of Police and to the rule of Pathan Deputy Commissioners! They are willing to make over the control of the Departments of Education, of Justice, of Finance, etc, to Pathan Ministers and to Pathan Executive Councillors!! They would also be glad if the passing of laws, regulations and budgets be transferred from the Legislative Assembly to the Muslim majorities in the Local Council!!! Has the dictum of Sir Mohammed Shafi, president of the All-India Muslim League of Lahore, no force, that "circumstances alter cases"? Even Nawab Sir Zulfikar Ali Khan, when pressing the claims of the Pathans to Reforms, in his address observed:

"I cannot however, deny one thing, and that is the careful study of local conditions. There are currents and cross-currents in that part of the country which obtrude themselves on our attention. I would, therefore, be diffident in taking up doctrinaire in this matter. I would strongly advocate some measure of Reforms for these people suitable to local conditions."

I will try next to show how the all-India interests will be injuriously affected if the Frontier Province becomes autonomous.

CHAPTER 14.

Muslim Tactics-Pathan pre-British Rule.

The separation, not division, of the Muslim Leaguers into two camps is evidence of their political sagacity. The one, Nationalist, under Mr. Jinnah, is prepared to agree to a joint electorate, with reserved seats, of course, if the right of their community to become predominant in five of the Provinces is conceded and secured. The other, Loyalist, under Sir Muhammad Shafi, though wedded to separate electorates in Councils and local bodies, demands reforms and majorities in them and a lion's share of the services. The one is for boycotting the Simon Commission: the other is for co-operating with it. This strategical move reminds me of what was witnessed in pre-annexation days.

A Chapter from History.

Born and nurtured under the aegis of Pax Britannica, our educated Hindu young men have no conception of what the condition of Frontier districts was in days preceding it. I was born a few years later and have thus no personal experience; but I used to hear a good deal of those days from my parents. My mother was a girl when the old town of Dera was washed away by the mighty Indus in 1823-24, but my father was twenty-two years older. He used to tell us that the district of Dera Ismail Khan, which then comprised also the Bhakkar and Leiah tahsils, was divided into a number of principalities, ruled by Pathan chiefs or Khans. Nawab Hafiz Ahmed Khan Saddozai, having lost the whole of his cis-Indus territory, along with his capital Mankera, took up his headquarters at Dera Ismail Khan. He died in 1850 and was succeeded by his son Sher Mohammad Khan, the great-grandfather of the present Nawab of Dera, Major Ahmed Nawaz Khan. Tank, 42 miles to the north-west, was ruled by Sarwar Khan Kattikhel; Kulachi, 29 miles to the west, had its Gandapur Chief; Marwat, on the road to Bannu, owed allegiance to no one; Bhakkar, 18 miles on the left bank of the river, had its own Khan; beyond that was the cis-Indus territory of Diwan Sanwan Mal, the wise and able Governor of Multan, who ruled justly and was 'far famed for the excellence of his revenue administration and for his general encouragement of agriculture.' The trans-Indus tract was the scene of constant war-

fare; friction arose or an ambitious Khan, having a larger retinue or better arms than his rival, thought he was strong enough to annex the latter's territory. The Khans were thus perpetually fighting with each other. Life and property were insecure; trade between different parts was almost non-existent; roads were unsafe even for caravans. There was a common saying still current, though it has lost its force, that "*wanj-n Bannu wal avertan mannun*" (go to Bannu; if you return, we will consider you existent). The Hindus were despised and ill-treated. They were given the contemptible appellation of *Kirars*. They were not allowed to put on turbans; and had to wear small caps. For a least disrespectable word to a Pathan, they were exposed to indignities and beaten when not hauled up before a Kazi. The use of the word *rassa* (rope) by them was tabooed, because its first two letters occurred in the word *rasul*, Prophet, and they had to use a new word *tragri* for it. Poor petty shopkeepers led a miserable life. The Hindu who was worth Rs. 100 was considered to be a wealthy man liable to *chatti*, forcible exactions.

What the Gazeteer says.

A few extracts from the Gazeteer will illustrate the above :

"About 1823 A. D. the Nawab (Hafiz Ahmad Khan) sent a strong force under his Wazir, Sharin Khan, against Sarwar Khan of Tank. The Tank troops were 4,000 in number, but mostly consisted of Wazir mercenaries, who fled at the beginning of the action, leaving the guns exposed, which were captured. Allabdad Khan, the son of the Tank Nawab, distinguished himself by his gallantry on this occasion, but was wounded and had to fly. Sharin Khan did not follow up his success. He was said to have received a lakh of rupees from Sarwar Khan, as a bribe to conclude peace. He accordingly returned and Sarwar Khan remained independent as before" (p 39).

Nawab Hafiz Ahmad Khan died in 1825, and was succeeded by his son Sher Mohammad Khan, then about 32 years of age.

"He was a man of no administrative ability, and fonder of shows and sports than of work. The rule of Sher Mohammad Khan lasted from 1825 to 1836. The state of the country was during this period most unsatisfactory. The Nawab was perpetually engaged in war with Sarwar Khan of Tank, and with the Pawiindah and other clans. His revenues were eaten up by a swarm of rapacious and lawless soldiery and he had further to meet the extortionate demands of the Sikhs. The cultivating and trading classes were in consequence ground down to the ground with ever increasing exaction." (p. 39).

The Sikhs, in accordance with the wish of the Nawab, annexed his territory in 1836, and the Government was entrusted to Diwan Lakhi Mal who was the Governor till his death in 1843; when he was succeeded by his son Diwan Daulat Rai, father of the present Rai Bahadur Diwan Jagan Nath, supported by the Sirdars of the Multani Pathans.

"About 1845 A. D. Malik Fateh Khan Tiwana was in possession of the Government of Dera, Dewan Daulat Rai had been ousted, and the Multani Sirdars were inclined to come to terms. It was at this time that Malik Fateh Khan made his treacherous attack on Sirdars and killed Painsa Khan and Ashiq Mohammad Khan and seized others of their following, including Sahibzada Khan of Tank and imprisoned them in the Fort of Akalgarh near Dera. The Malik also made an attack on the residence of Nawab Sher Mohammad Khan, but on the latter paying a ransom of Rs. 12,000, he was allowed to retire to Bhakkar." (p. 40).

Meanwhile Diwan Daulat Rai, who was joined by the Nawab and by the whole following of the murdered Chiefs, marched with a large force against Malik Fateh Khan, who was defeated at the battle of Babar, some 30 miles below Dera.

"In the battle that ensued they fled almost at once. Hasan Khan, the Khosar Chief, and others of their leading men, were slain and the Malik had to beat a hasty retreat to Dera. After massacring the prisoners, whom he had left in the Fort, he fled from the district, and has no further part in its history. He was killed during the second Sikh War, in a vain attempt to defend the Banna Fort against the revolted Sikh soldiery." (p. 40).

What were the people to do under such circumstances, when the partisans of the defeated Khan had to fly for their lives and their houses and property became the lawful prizes for loot? They had recourse to a skilful device: every family divided itself into two parties, each professing allegiance to one of the combatants and fighting under his banner. Though openly denouncing one another, they did not cease to regard each other as brothers; they would often meet clandestinely and had their meals and counsels together. Whichever side was routed, the family and its property were safe; the members belonging to the victorious Chief could rightly claim that they were his adherents.

Muslims in the Legislative Assembly.

The Muslims in the Legislative Assembly are pursuing similar tactics. There is the main *bloc*, organised by that astute politician, Sir Abdul Qayum, which professes to be loyalist, and sides as a rule with the Government, right or wrong, whenever the Swarajists and others are arrayed against it. The leader of the House is ever in need of their votes, and being thus under obligation to them, dare not do or say anything which may alienate their support. There are, again, the Muslim Nationalists, who are sub-divided into two sections. A few of them declare their adherence to the Swarajist party and its programme, and are thus able to exercise great influence on the leader and his followers. The other, under Mr. Jinnah, has an undisputed authority with the Independents. Both wings, however, join and show a united front, irrespective of party, when a question comes up involving the interests of their community. Through these dexterous methods the Muslims, though they are in a minority, have become the dominant section in the Legislative Assembly.

Frontier Resolution.

In proof of this fact one may refer to the course taken by the debate and voting on the resolution for the introduction of Reforms in the Frontier Province. It is an open secret that the Government, which has a large following of nominated and official members, were, for reasons of State, opposed to the measure; their spokesman, Sir Alexander Muddiman disowned Sir Dennys Bray, the Foreign Secretary, who as a signatory to the Frontier Enquiry Committee Report, stood up to support it. The Swarajists, who had declared against dyarchy, could not on principle recommend its extension to another Province. The large number of Hindu members knew that their co-religionists in the Province, who would suffer great hardships under Pathan rule, were against the Reforms. Yet the object of the Muslims was gained and the manoeuvre succeeded. The Swarajists absented themselves, the Government which found itself in a minority became neutral, and the resolution was carried without a division. When will the Hindus learn practical politics ?

CHAPTER 15.

Pathan Loyalty to India: a Visionary Hope.

Perhaps the most harmful delusion in the minds of some of our educated Hindus is the belief, that if the right of self-determination is conceded to the Pashtun Pathans, and the Frontier Province becomes autonomous, its inhabitants will "in the event of a serious attack on India" offer themselves "for sacrifice" in defence of the Empire. What a pity that they are prone to go to ancient Greece or to the States of modern Europe for an analogy? Have such instances any relevancy? Is there any basis for the assumption that the Pashtun will fight against his kith and kin in repelling an Afghan invasion, or in a war with Afghanistan if she is allied with Russia, or if an Islamic Commonwealth declares a holy war? Statesmen, administrators and soldiers of eminence and authority, indeed every Officer who has had experience of the North-West Frontier, has warned us against our placing our trust in the Pathans as a class when it is a question of fighting for us against their adjoining kinsmen of Afghanistan. In the case of a vast bulk of the people, it is too much to expect political or military fidelity to out-weigh tribal affinity and sympathy; the more so, when the Islamic religious war-cry is raised. The Pathan in tribal territory has been free in the enjoyment of his independence; in his hills he was ever autonomous. Did that fact create in him loyalty or even neutrality? The fanciful conception already referred to has unfortunately received seeming encouragement from para 28 of the Majority Report of the Frontier Enquiry Committee. The point urged by certain witnesses before it was that "the very continuance of the Frontier Province, overwhelmingly Muslim in population, and linked to the trans-frontier by many and manifest affinities, is a political danger to India. When the stress comes, when the storm bursts who shall say that it will not go over bodily to the enemy?" What reply could the Majority give to this unanswerable objection? In a half-hearted way they said :—

If liberal institutions are now granted to the frontier districts, and the foundations of a Frontier Province are well and truly laid, it is not wholly visionary to hope that with the gradual march of civilisation into the tribal tracts, these too will eventually join their kindred of the districts in forming a strong and contented community, at the danger-point of India's frontiers, a barrier against all possible enemies from the west.

How guarded is the language, and nemmed in by what conditions: (1) if "the foundations of the Frontier Province are well and truly laid." (2) if there is "gradual march of civilisation into the tribal tracts," and (3) "if the people of the two parts join in forming a strong and contented community", then and not till then "it is not visionary to hope" that India may have a "barrier against all possible enemies from the West." Can administrative changes be justified on such speculations?

Arguments for Reform examined.

It is well known that owing to the terrible increase of violent crime in the settled districts, the agitation for their re-amalgamation with the Punjab was very strong and insistent. Sir John Maffey, the Chief Commissioner, and his advisers were, however, sincerely convinced that the true remedy for the ills from which the Province suffered, lay in a "Forward Policy," whereby the Mahsuds and Waziris should be brought under military and political control; subsequent events showed that he was right. He was further of opinion that the measure proposed might aggravate the disease. Under his instructions and through his lead the whole administration from the Revenue Commissioner down to Tahsildars and their Naibs had to work hard for a counter-move, which to a certain extent, they succeeded in creating. It was also necessary for the British Members of the Enquiry Committee to carry with them their Muslim colleagues in opposing the cry. What else could they offer but the alluring prospects of self-development in a self-contained Pathanistan, where the Pathans would be free to manage its affairs according to their tribal notions of right and wrong! The bait had its illusive effect; the majority decided against re-amalgamation. The writer of the Report was now on the horns of a dilemma to find plausible arguments in favour of their recommendation for Reforms, which he himself perhaps in his heart considered impracticable. In support of their "visionary" hope, the committee observed:

Did the Frontier fail India in the stress of the Great War, which she felt in a "way that the rest of India did not, or in the storm of the Afghan War, which spent itself on the Frontier and left the rest of India unscathed? India has cause indeed to be thankful that it has a race, as manly and as staunch as the Pathan, that hold the rampart for her on this historically vulnerable frontier."

That a body of responsible persons, high officials and Council Members, should put forward such naive construction on past events, or base their recommendation for future changes on inferences wholly unjustified, shows to what straits they were reduced in the efforts to prop up an untenable proposition. If the behaviour of the Frontier people was so exemplary during the Great War of 1914-18, as also when War broke out with Afghanistan in 1919, the credit for such a satisfactory result ought to go to the strong arm of the Military and the Political Departments as also to the efficiency of the Executive civil officers who, armed with the Frontier Crimes Regulations and other special powers, kept the peace. That would surely be a good argument in favour of the continuance of the *status quo ante*; how could it be a reason for administrative changes which must weaken that authority? To praise the Pashtuns as "staunch" holders of the ramparts on the "vulnerable frontier" of India is to ignore facts. What was the composition of the Punjab Frontier Force which kept peace on the Frontier for many years? Who were the fighters in the eighteen expeditions against the hill tribes since 1852? How many Pathan Regiments took an active part in the first, second or third Afghan Wars? It was the Sikhs, the Gurkhas, the Dogras and the Rajputs, all Hindus, as also the British soldiers and officers, who bore the brunt of the fighting in those campaigns, and it is they who are entitled to all praise and thanksgiving for their gallant and loyal services. The Pashtuns proved unreliable.

The truth, however, is that a grave situation was actually created by them in both parts-cis and trans-border, during the crisis of 1914-19, and that the stress, laid in the Majority Report on their good behaviour during those anxious years, is not borne out by the happenings on the Frontier.

CHAPTER 16.

Pathans Truculent in Recent Wars.**The Amir's Neutrality.**

To the query, "Did the Frontier fail India in the stress of the Great War," the reply given in the last chapter was that a grave situation was created by the Frontier people on that occasion. If things did not assume a more threatening aspect, that was not due to any disinterested loyalty of the "Pathan Race," but to the policy of the late Amir Habibullah Khan, who throughout faithfully adhered to his treaty obligations. He did receive a Turko-German Mission, but he saw that their Governments could give him no material aid in men, money or munitions; he saw that his little kingdom, surrounded as it was on both sides by the British and Russian Empires, would surely be crushed between the two mill-stones, if military advances were made from the east and north. He was, therefore, sagacious enough to remain neutral; he resolutely declined to proclaim a *Jehad* or religious war against the "infidel." If he had foolishly adopted the opposite course, it is most doubtful that the Pathans, specially those living in trans-border, would have remained firm and loyal to our cause, or that they would not have relinquished "the ramparts" of India to the Afghan invader. The probability is that, as in the past, they would have joined his army as freebooters.

Story of the Frontier Province.

A few extracts from an authoritative booklet, the "Story of the Frontier Province," which was compiled in 1922 by Mr. J. M. Ewart, Head of the Intelligence Bureau, in connection with the visit of His Royal Highness the Prince of Wales, will explain their attitude and behaviour.

"The Independent Tribes were necessarily an uncertain quantity. They looked to Kabul for a sign, and received it in the Amir's open avowal of complete neutrality." (p. 35).

"The Amir's reiterated declaration of neutrality and the condemnation of the bellicose folly of the Turks was of incalculable value. Still the situation in the Tribal Territory was anxious in the extreme. The outbreak of War had fortunately found no ready lit fire which could be quickly fanned to a blaze, but from the first moment, fanatical Mullas and the anti-British party in Kabul had been doing their utmost, though without cohesion or settled plan, to stir up trouble" (p. 36)

"In April 1915 the Mohamands, the most priest-ridden of all tribes, started the campaign by an attack on Shabkadar. They were repulsed but not defeated and the trouble spread.

"The summer of 1915 saw serious risings on the Buner Border, in the Malakand, and on the Mohmand line. The latter led to serious fighting and necessitated the blockade of the whole tribe. The concluding months of 1915 were the most critical of the whole War" (p. 88)

"The Indian Army had, before the War, drawn largely on the fighting races of the Frontier. Under stress of circumstances, already related, the classes enlisted from the independent territory had proved unreliable and had been discharged." (p. 40)

"It will be misleading to attribute the tranquility entirely to disinterested loyalty or exceptional political acumen." (p. 41)

In the Afghan War of 1919, the situation on the Frontier became much more serious. The tribesmen in Waziristan "were almost all in open revolt". The mutiny of the Afridi and Wazir Militia at Wana upset all plans; they seized the fort together with all the treasure, ammunition and transport. Five of the British Officers who retired with the small local remnant of the Militia, were killed. Of the South Waziristan Militia only some 600 out of 1800 finally reported themselves. Several hundred rifles and several hundred rounds of ammunition were lost. The Wazirs and Mahsuds busied themselves looting the evacuated posts, and Jandola, garrisoned by regular troops, was invested by a large *lushkar* (force of Mahsuds under Fazal Din). "The defection of the Mahsuds and Wazirs was not due to any particular cause; they were merely actuated by the belief, with which the borderland is imbued, that every true Mohammadan must rise and fight for Islam whenever a good opportunity offers for striking a blow at the infidel. The Afghan adventure turned this belief to good account. Moreover the defection of the Militia had a very disturbing effect on the tribesmen. The many modern rifles and the great number of rounds of ammunition that had fallen into their hands naturally tended to embolden them, and it may safely be said that they had never been more truculent." (Report p. 125)

The big village of Gumul at mouth of the pass was burnt down and sacked. The Police Thana was abandoned and vacated and the entire Hindu population was driven out and looted. The whole *ilaga* was rendered desolate and unsafe for months.

Immediately the Afghan advance took place in the region of the Thal, our Militia garrisons of the Upper Tochi and other outlying posts were withdrawn to Miranshah. What followed is narrated briefly in the "Story of the Frontier Province."

"This was followed by the withdrawal from Wana and Gomal."

"The Afridis of Khyber Rifles had wavered from the start and the corps was disbanded to forestall a mutiny. In Waziristan when the withdrawal took place, mutinies occurred both at Miranshah and Wana..... Wana and the posts of the Gomal Route, were evacuated in face of opposition, both from the Mutineers and tribesmen, and the loyal portion of the Wana garrison, retiring on Zhob, was severely handled and had practically all its British Officers killed or wounded. Darwesh Khel Wazirs and Mahsuds finding the omens of victorious "Ghaza" too clear to be ignored, were ready to rise *en masse*, had any further Afghan backing been forthcoming. As it was, the country was flooded with deserters with the rifles and ammunition they had taken with them, and raiding and attacks on pickets started on an intense scale in the Derajat and in Peshawar, where the state of the Afridis was much the same as that of the Wazirs."

"Meanwhile on August 8th a treaty of peace was concluded at Rawalpindi. But we were left with a border in a state of turmoil, from the Khyber southwards, and in the residents of the four of the five districts with the added grievance of insecurity from raids."
(pp. 44. 45)

May I once more remind the reader that these acts of brigandage, illwill and enmity were committed by the Pashtuns, who enjoyed self-rule, and who were free to manage their affairs in their own way. They did not pay any taxes nor was any revenue assessed on their lands. There were no Courts nor police among them, nor were any writs issued to enforce attendance. Their territory has not been occupied and they had not been disarmed. Their Jirgas, or Council of Elders had entered into solemn agreement that they shall remain friendly and abstain from hostile conduct. They were in receipt of lakhs of rupees from Indian treasuries as subsidies, salaries or allowances. If self-rule were an incentive to loyalty to, or of sacrifice for, India they ought at least to have remained neutral or quiet. Why did they revolt and resort to mutiny, to raiding and brigandage? It was their character when left free.

Lawlessness in Districts.

The situation in the settled Districts during the critical period was far from reassuring, when the Khilafat agitation and the Hijrat movement were at their height. Peshawar was thrown off its balance and the infection spread southwards. Mr. Ewart in his booklet writes :—

“Tens of thousands of the inhabitants of the Province either performed or prepared to perform the “Hijrat” to Afghanistan in the belief that it was their religious duty.” (p. 49)

Unfortunately an agitation based on religions was bound to affect the peculiar temperament of the Frontier Mohammadans in ways not strictly religious. In Hazara the unrest spread to the transborder tribes, necessitating military operations to restore order. Throughout the Province, and especially in Bannu this agitation engendered a spirit of lawlessness and defiance of authority. (p. 50)

“The same spirit of lawlessness and defiance of authority manifested itself among the Pathans in the city of Peshawar on two occasions, first at the time of Afghan War of 1919 and later on when H. R. H. the Prince of Wales was there at Peshawar.” Sir John Maffey, the Chief Commissioner, in his evidence, said:—

“Peshawar City may easily become very ugly under small provocation, owing to its peculiar composition and situation. In the year 1919 they had to place a cordon of troops round the city. They made a great many arrests.”

Open Insurrection in Mansehra

As to the grave situation of open insurrection created by a “Jahad,” preached by a Maulvi in 1920 in the Mansehra Tahsil of the Hazara district, as also amongst the adjoining transborder tribes, which necessitated military operations for four months, let me quote from the evidence of Lieut.-Colonel E. H. S. James, who was then Deputy Commissioner of the District. He said:—

“He (the Maulvi) presided over meetings from 3,000 to 10,000 people, and on one occasion it was computed there were 20,000 people, when he spoke. In the latter case the crowd was composed of men not only from most parts of the district proper, but also from transborder. From that time forward, things went ahead very fast indeed. The Mansehra Tahsil practically acknowledged no British rule. The villagers specially in Dhudial and Shinkhari, appointed their own officials such as Tahsildars and Thanadars. They attempted to carry

on the function of administration and they certainly, on one or two occasions, assaulted Government Officials who were carrying out their official duties. The Maulvi himself (I mean Maulvi Mohammad Ishaq) kept a kind of Royal Court at Mansehra, where he was visited not only by a large number of people from the district, but from the trans-border as well. He travelled about the whole district in state and held large meetings which he addressed. He even held meetings in Abbottabad (headquarters of the District) and the Haripur Tehsil. By degrees the whole district population became permeated with his disloyal propaganda."

I have made these lengthy quotations because though the events occurred so recently, public memory is proverbially short. Moreover the pity of it is that few educated Hindus now-a-days read history or care for the lessons it teaches.

The political problem of pressing importance before India and its Government has been how to keep the Pathan race under efficient control and thereby ensure the safety of its North-West Frontier.

CHAPTER 17.

The Pathan & his Para-Jamba.**Pathans in the five Districts.**

As I have already pointed out, the chief problem for Government on the North-West Frontier is the protection of life and property, specially of the non-Pathans including the Hindus. If the intention of the authorities was to create a Pathanistan, there is no good reason why Hazara, with a population of 6,22,349 of which only 55,802 or less than 9% are Pathans, was included in the New Province. Lord Curzon, it may be noted, did not want to do this, but as the District had Nathiagali, perhaps one of the finest hill stations in India, where high Officer could comfortably pass the hot weather, its fate was sealed. Dera Ismail Khan, which is regarded as the intellectual capital of the Frontier Province, had two of its cis-Indus Tehsils Leiah and Bhakkar, taken away, but no reason was given why the Dera Tahsil, which does not border on the hills and has very small number of *Pashtun* Pathans, was not kept in the Punjab like the non Pathan trans-Indus Tahsil of Isakhel, which was formerly part of the Bannu district. The partition, as every one knows, was the work of an autocratic Viceroy, and the wishes of the people were not consulted or heeded. This district as at present constituted is not Pathanish; out of a population of 2,60,757 souls only 56,741 or less than 22% were returned in the Census of 1921 as Pathans, but most of those who were classified as such are so much Indianised that they have few, if any, characteristics of the *Pashtun* variety. In the remaining three districts, the Pathans preponderate; in Peshawar out of 9,07,367 they are 5,10,037 or 56%; in Bannu out of 2,46,734 persons 1,58,233 or 64%; and in Kohat out of 2,14,123 persons 1,03,406 or 48%. Taking the settled districts as a whole out of a population of 22,51,340 the Pathans number 8,89,646 or less than 40%; the language of 53 is Pashtu.

Their Dominance.

The dominance of the Pathans is thus not based on their numerical superiority, but is due to the fact that, though divided into many clans, they form a compact body with a common designation, while the others Awans, Jats etc. are divided into

numerous tribes without any coherence. Another reason which adds to their importance is that they claim the savage hill-tribes of the unadministered Tracts as their kith and kin. Their predominant influence in the administration whether in Settled Districts or Political Agencies is, moreover, due to their forceful organisation, to their pushfulness and to their having easy access to the seat of power and patronage in Peshawar.

Their characteristics.

Physically well-built and strong the Pathan belongs to an ethnic group with certain distinct features. His racial pride is innate with him; he looks upon others as inferior. The gentry dress well and is civil and polite and proverbially hospitable; they are astute and good conversationalists. But these traits are not peculiar to them. What is then the chief characteristic of the Pathan race? If this question were put to a thoughtful person, who had lived for sometime on the Frontier and been in intimate touch with them, he would at once say that, barring some educated men, the *Pashtun* Pathans are noted for their *JAMBA*. It is not easy to translate this word; "faction", signifying turbulent and unscrupulous partisanship does not adequately convey the intensive idea which is associated with it. Maulvi Nur Bakhsh B. A., LL. B., Pleader, a highly educated gentleman, native of the Frontier, paraphrased this spirit rightly when he stated in his evidence before the Frontier Enquiry Committee: "Their family quarrels and blood-feuds are the things that mostly attract their attention, and engross their time, and all of them are equally fanatical, equally excitable and turbulent". Most of their disputes and quarrels, it is true, are with their cousins or half brothers, but neighbours are not spared. Whoever once incurs their anger there is no escape through reconciliation or compromise. The *Pashtun* will continue to brood over his supposed wrong, and will be ever thereafter looking for a favourable opportunity to wreak his vengeance; he will not rest until he has vindicated what he considers to be his good name. If he fails to act up to the tribal unwritten Code of honour, which is based on Retaliation—eye for an eye and a tooth for a tooth—he feels degraded and his friends and relations, impelled by the public opinion of their community, look down upon him, and sometime openly taunt him with being a *qandu* or coward. Sir John Maffey, Chief Commissioner was cautious when he described this

trait of the Pathan character. He said: "The Pathan population have ties of custom and kinship with the tribal Afghan Borderland which render them prone at all times to lawlessness, quick to violence, apt to seek vengeance for themselves rather than submit to an alien form of justice..... The old instinct to murder one's enemy has quickened, and the means of doing it have increased. The result is plainly reflected in the criminal statistics." Mr. S. E. Pears I. C. S. Resident who spent almost the whole of his life on the Frontier said: "We are dealing with a Province which is mainly Pathan in constitution, where a blood-feud is endemic, where the people are very quick to anger, just as they are quick to good temper, violent crimes are frequent, raids take place, murders are committed". These remarks, of course, apply more to the uneducated mass than to the small educated class among them.

Evil effect of Jamba spirit.

One evil effect of the *Jamba* spirit is that when heinous crime is committed, any amount of evidence is forthcoming in support of their respective partisans for incriminating innocent persons, or for establishing *alibis*, and otherwise proving the innocence of the real offenders. Courts are thus unable to come to a judicial finding in many cases as to the guilt of the accused. How true the remarks of the Chief Commissioner: when reviewing the Criminal Report for 1919; he observed: "Severity of punishment has no tendency to reduce crime. When a larger number of offences eventually go unpunished, the passing of severe sentences in isolated cases tends merely to reduce justice to an illogical gamble, and alienates public opinion from Criminal Administration as a whole."

The Pathan urged by his nature and environment is stern and passionate; he has no sense of pity or mercy; he does not know how to forgive an insult or an offence. In another chapter I will show by quoting figures from criminal statistics how this temperament finds vent in Pathan districts in the large number of murders and other violent crime.

CHAPTER 18.

Sir Abdul Qayum's advocacy

Before I deal with statistics of violent crimes in the Pathan Districts, I shall make a few observations on an able article from the pen of Nawab Sahibzada Sir Abdul Qayum, M. L. A., the protagonist of the agitation for Reforms in the Frontier Province, published under the caption of "the Prophet and the Pathan" in a Muslim periodical the *Light* of August 30, 1928. In it he has done the present writer the honour of noticing at some length the contributions which have been appearing in the Press. Polished, well-educated and public spirited for the good of his community as he admittedly is, he could not divest himself of his Pathan temperament in importing heat into the discussion. I need not complain of it.

The Loi Jirga

He speaks exultingly of the recent gathering on the occasion of the Independence Day celebration in Afghanistan, and cites the *Loi Jirga* or Grand Assembly as an argument for the early introduction of the Reforms with an elected Legislative Council on the Frontier. He does not say who elected the Members of the *Loi Jirga*, which is to meet once every five years; he is discreetly silent as to its powers. To every student of current politics the sham character of such Representative Bodies is well known. These so-called "Parliaments" are good shows, whether under the Fascist Mussolini in Italy, or under the forceful Ghazi Mustapha Kamal in Turkey, or under the new Soldier-King Raza Khan in Persia, or under the Military usurper General Rivera in Spain, or under the enlightened self-willed Amir Amanullah Khan among the Afghans! Imitation gold, whether of German or American make, may fetch some price, but it has not the value of the precious metal. Does any thoughtful person, conversant with what is passing on in these countries and elsewhere, believe that these Bodies, whatever their names, have any real power to check the vagaries or whims of the Dictators, or any potent voice in withholding of supplies? Do their people possess a constitution providing safeguards against the abuse of authority or against encroachment on or violation of the liberty of person, of freedom of speech, of right of association or of public meetings? Is it necessary for me to point out to the great Sahibzada that these semblances of parliament, these guises are merely a cloak for ambitious rulers, who want to lull the people into believing that the huge

expenditure for armaments and the longer periods of compulsory military service, are being decreed with their consent and for their good! Democratic institutions are evolved, being the outcome of certain traits of the national character; they lead to party spirit which bespeaks tolerance, with a spirit of compromise and submission to an adverse vote. They cannot be transplanted to an uncongenial soil by the fiat of an autocrat.

Murders & Raids.

The Sahibzada says :

"Mr. Satyarthi may call us cruel, blood-thirsty, rapacious and barbarous, but every impartial fair-minded observer, who has visited the Frontier has admitted that we are more civilised than many of the Indian races, living in the interior of India, who enjoy the Reforms".

In his anger he puts into my mouth an indictment of the Pathan race specially of those living in the settled Districts, which I never preferred. The opinion of occasional visitors, who are apt to generalise after a few days' stay is not worth much. They come in contact only with such Pathans, who are admittedly more civilised than many Indians. Do these gentlemen gain any intimate knowledge or experience of what is passing in the villages, or what the masses of the people think? Will the Sahibzada deny that there are certain Pathan tribes, in the unadministered Tracts, such as the Mahsuds and Wazirs, to whom his strong words would generally apply? Let him pause over the following statistics of Murders and Raids quoted in the Frontier Enquiry Report for the seven years 1914 to 1920 :

	<i>No. of Murders.</i>	<i>Raids.</i>
1914	316	365
1915	394	345
1916	416	292
1917	400	223
1918	353	189
1919	474	611
1920	644	391

Do not these figures for the settled Districts reveal an appalling tale of violent crime? In a Circular dated 24th August 1921 the Hon'ble the Chief Commissioner referred to the "appalling injuries suffered by our citizens, the dishonour of women, the upheaval in the family life, the grief and anxiety in the home, the natural resentment at the impotence of the Government in protecting its

tax-paying subjects" and so on : are not these words coming as they do from the Head of the Administration, responsible for security of life and property, strong enough in damning the deplorable condition, which existed not long ago.

Legislative powers, why wanted.

As an answer to the question why he wants the Reforms with a Legislative Council for the N. W. F. P. the Sahibzada says that the Frontier Pathan has "lost his way and is very irregular in his life." According to him Reformation through *Shariat* even "if divine assistance comes in the shape of a reformer (a sad confession) is out of question as the Pathan "has unfortunately lost that virtue of faith in the laws of his religion which regulated the course of his life." He, therefore, opines that "the only course open to him is to organise himself through Civil laws, which can only be achieved by empowering him to legislate for himself." What a pity that it does not strike the Sahibzada, well-informed as he is, that the Reforms in the other Provinces have not to any perceptible extent improved the lot of the masses or their course of life; that for the betterment of the material condition of the people, one must have ample financial resources, which are wanting in this deficit Province, as also enthusiasm for Reforms and trained heads to carry them through. Are any of these essentials forthcoming in his community? Will he agree that there shall be a provision in the constitution of his Legislative Council, that the laws passed shall apply only to the Pathan? Does he realise that in the settled Districts the Pathans are in a minority, and that the non-Pathans may rightly object to any discriminatory enactments, or supplies which favoured his people alone? How is it that he does not for this laudable purpose organise the transborder tracts, which are free of Government control and where the Pathans are at liberty to do what they like? If he and his confreres are not ambitious of domination, but really believe that the Pathans left to themselves will uphold Law and Order, that they will advance on right lines, and that self-rule will ameliorate their condition, will he explain why his kinsmen in the hills have not for countless generations valued peace or given up brigandage and internecine warfare? Why have they not organised themselves for progress and Reform? What have they done to enrich their mother tongue Pashtu, to promote literature and art, trade or industry.

In my next I will compare, as the Sahibzada challenges me, the statistics of violent crime in the Pathan Districts with those of other places.

CHAPTER 19.

Violent Crime in Pathan Districts.

In my last, I gave a few quotations from the article on "Frontier Reforms," contributed to a Muslim periodical by Sahibzada Sir Abdul Qayum. He is a trained diplomat having spent most of his service in the Political Department. He believes in keeping the Muslim as a separate group. He is like another Pathan politician, who as president of an Islamic Anjuman stated before the Frontier Enquiry Committee that "Hindu-Muslim unity will never become a fact; it will never become a *fait accompli*." It was this gentlemen who proposed a complete separation and said :—

"We would much rather see the separation of Hindus and Mohammedans, 23 cross of Hindus to the south and 8 corers Muslims to the north; give the whole portion from Cape Comorin to Agra to Hindus, and from Agra to Peshawar to Mohammedans, I mean transmigration from one place to another,"

In pursuance of the same separatist policy the Sahibzada and his confederates have been doing their best to thwart national unity on which, they know, depends the progress of self-rule; they have accordingly been insisting on separate electorates and reserved seats.

Sir Abdul Qayum realises that he cannot refute the charge brought forward against his people that they are passionate and excitable, rendering them prone to intolerance and violence and hence not fit for self-government or representative institutions. Like a clever advocate, who realises the weakness of his client's case, he has tried to confuse the issue by preferring a counter-charge against his opponents. In the article, to which reference has already been made, he says ;

"Will Mr. Sathayathi please compare us with his people in others parts of India, where they have burnt Muslims alive, and have killed innocent Europeans for hypothetical reasons, and where in broad daylight dacoities and robberies are committed—the recent one, being of a unique nature at Moghalpura and Calcutta—and will he tell us how many of such crimes have taken place in the N. W. Frontier Province during the past ten years, and what treatment his co-religionists are receiving at the hands of the Pathans in the unprotced tribal areas and in Afghanistan?"

How adroit is the Sahibzada? He refers to the sporadic cases of violence, as if they were the outcome of Hindu character. Does he not know that these deplorable acts were committed at times of intense agitation, when feelings ran high, due either to religious frenzy or political insanity? Are these offences against public tranquility of regular or of periodical occurrences? What a pity that he matches these instances, which occurred here and there in different and in distant parts of the Northern India, with the criminal statistics of the three comparatively petty Pathan districts, as if the area and population of the two tracts were equal!

I have purposely made no reference in my letters to the Mopla outrages which led to the murder and forcible conversion of hundreds of Hindus, not to speak of the circumcision of grown-up men and the dishonour of women and other enormities during that terrible rebellion, when the perpetrators thought that British rule was at an end. Nor have I mentioned the atrocities committed by the Muslims at Multan, Saharanpur and other places, because I am of opinion that those deplorable exhibitions of madness were not of a recurring nature. They ceased as soon as measures were adopted to quell the disturbances. The dacoities in the United Provinces were, we are informed in the reports, mostly the work of Kanjar gangs, one of the criminal tribes, who propitiate saints and gods, and, though professing Islam, have really no religious scruples. They were put a stop to when a special police was told off to trace and arrest the offenders. Like Thuggy the political crimes in Bengal and elsewhere were excrescences, due to abnormal economic conditions, and not the outgrowth of national characteristics of the inhabitants; they have not been repeated from year to year.

When I say that violent crime is more rampant in the Pathan districts than in any other part of India. I do not refer to such occasional outbursts as the Kohat tragedy or the expulsion of 600 Hindu-Sikh families from the tribal territory because though signs of a deep-seated distemper, these explosions of fanaticism were professedly due to religious frenzy. When I affirm that the Frontier Province is not suited for the introduction of election even in local bodies and that its people are not fit for reforms, I do not want to indulge in general accusations or base my opinion on occasional outbursts leading to riots and blood-shed. I will illustrate my meaning from the criminal statistics culled from the annual provincial reports.

For the sake of comparison I will not go to distant parts inhabited by the mild Hindus, or to the countries which have few things in common with us but will take the figures of two districts in the Frontier Province itself—Peshawar and Hazara. Peshawar is a typical Pathan district. The census returns show 56 per cent Pathans but as remarked in the Majority Report of the Frontier Enquiry Committee, "probably all the Saiyads and the great mass of the village dependents form part of the Pathan tribal system." These men have not only adopted Pashtu as their mother tongue, but have also imbibed the characteristics of the dominant race.

Hazara Cis-Indus has 9 per cent of the Pathan element. The first had a population of some nine lakhs, while the second has over six lakhs. I shall take the crimes in their order of heinousness and cite the number of offences admitted to have occurred and returned as true.

I.—Murder.

District.	1922	1923	1924	1925	1926	1927	Total.
Peshawar ...	305	221	258	260	248	221	1,520
Hazara ...	42	31	28	39	28	50	198

These figures show that, while Hazara had 33 murders for every lakh of population, Peshawar committed, five times as many or 169. Punjab, with a population of two crores, had 656 murders in 1925, 600 in 1926 and 665 in 1927. The three Pathan districts with a population of 13,68,224, committed during these three years no fewer than 1,206 murders, against 1,922 in the Punjab, with a population 15 times larger. In Meerut, with a population of 14,99,074 or nearly 15 lakhs, 40 murders during 1927 were considered excessive! Peshawar, with nine lakhs, committed in that year 228 murders or 380 for 15 lakhs!

II.—Attempts at Murder and Culpable Homicide.

District.	1922	1923	1924	1925	1926	1927	Total.
Peshawar ...	147	141	132	132	86	117	755
Hazara ...	23	21	15	16	21	23	119

These crimes per lakh in Peshawar were more than four times of those in Hazara.

III.—Kidnapping.

District.	1922	1923	1924	1925	1926	1927	Total.
Peshawar ...	48	57	55	49	39	73	321
Hazara ...	7	12	31	13	12	20	95

Many of these offences in Hazara were probably the work of trans-border Pathan brigands.

IV—Unnatural Offence.

District.	1922	1923	1924	1925	1926	1927	Total.
Peshawar ...	37	35	27	32	32	30	193
Hazara ...	1	7	5	7	2	4	26

This is a nefarious vice which prevails to a regrettable extent in the Pathan districts; only those cases come into courts where force is employed or the boy is too young.

V—Dacoity and Robbery.

Districts.	1922	1923	1924	1925	1926	1927	Total.
Peshawar ...	97	168	85	90	87	83	610
Hazara ...	11	12	10	17	12	12	74

Of the 242 cases of dacoity in Peshawar 53 were dacoities with murder; in Hazara there were only 9 such cases, most probably by trans-border gangs.

VI—Criminal Trespass Resulting in death or other serious Offences.

Districts.	1922	1923	1924	1925	1926	1927	Total.
Peshawar ...	661	788	628	644	549	572	3,792
Hazara ...	214	169	183	202	160	171	1,099

In Peshawar the criminal trespass in 101 cases resulted in the death of victims.

I shall not tire the patience of the reader with giving figures for rape hurt with aggravation, riots, etc.

Let us take two other districts; (1) Bannu, another typical Pathan districts, with a population of 2,46,734 of whom 64 percent were returned as Pathans, and (2) Dera Ismail Khan, with 2,60,767 souls of whom 20 percent were Pathans. During the six years, 1922 to 1927; the number of murders in the former was 585 and attempt at murder 259, while in the latter the figures were 191 and 66 respectively. These offence, 351 per lakh of population in the

first, were thus four times as numerous, as compared with 98 in the second. Of murderous offences in Dera Ismail Khan half are believed to be the work of Cis and trans border Pathans, but there are no data.

It is not necessary to dilate further on the figures given above. Violent crime in the Pathan districts is of regular, periodic occurrence from year to year, its frequency and rate of recurrence cannot be explained away by sporadic outbursts of riots elsewhere.

CHAPTER 20.

The Outlaw Pest: Chief sufferers Hindus.**Pathans prone to lawlessness.**

I have shown already by quoting figures from the annual Criminal Reports, that violent crime was normally four or five times more rampant in the Frontier districts, where the *Pashtun* Pathan were the dominant community, than in those where they were in a decided minority. During the three years 1925-27, murders in Peshawar were, per lakh of population, nearly ten times more numerous than those in the Punjab. In 1927, the three Pathan districts of Peshawar, Kohat and Bannu with a population of 13,68,224 returned as true 420 cases of murder, as compared with 40 murders in the Meerut district of 14,99,074 souls! The Pathan, as already remarked, has an excitable, passionate temper. The Chief Commissioner in the Review of the Criminal Report for 1920 said:

“The Pathan population have ties of custom and kinship with the tribal Afghan borderland which render them prone at all times to lawlessness, quick to violence and apt to seek vengeance themselves.”

Their ethics are based on the Mosaic law of “a tooth for a tooth and an eye for an eye.” Justice through law courts does not appeal to them, nor satisfy their emotional minds. The Sessions Judge of Peshawar remarked:

“The modern system of law in force in the Frontier is unsuited to a population, whose ethics are little in advance of the Dark Ages, and it is questionable if the Frontier Crime Regulations afford sufficient corrective.”

One consequence of the Pathan tribal code of honour is, that his nature has become imbued with jamba, a spirit of inveterate party spirit, faction, and vindictiveness. The Chief Commissioner in the same review said:

“Public opinion views with comparative indifference crimes, however violent, committed in conformity with the tribal custom and sense of honour.”

The elective system, with its votes and canvassing, if introduced, must aggravate matters and stir up the worst passions of such a people. Slumbering animosities will be roused, giving rise to turbulence, disorder and riots. Cases of violence will increase and re-

sult in greater insecurity of life and property. Will such a consequence be beneficial for the Pathans themselves, or be helpful to good government?

Facility for escape: outlaw.

The primary duty of all government, indeed its *raison d'être*, is the enforcement of law and order. It has no right to sacrifice this first essential of orderly life, by making experiments in favour of outlandish insituations in the name of self-rule. There can be no justification whatever for any administrative changes if thereby the safety of life and property is endangered or lessened. As it is, the Pathan shows no disposition to abstain from violent crime. He can easily cross the border and become an outlaw. He not only can thereby escape punishment, but become a terror to the peaceful inhabitants. The District Magistrate of Kohat in 1907 said:

“Facility for escape, afforded the offender by the proximity of the border-line, affords a strong incentive to intending criminals in Kohat, and as long as the present conditions exist, it will remain an adverse factor in the criminal administration.”

And again in 1908:

“The outlaw pest is a curse to the community. The worst offences for the year may be put down to these marauders.”

Increase in Violent Crime.

During the preceding decade violent crime had shown fearful increase. The Judicial Commissioner, in his report for 1910, said:

“It is a regrettable feature of the situation that crime of the more violent type has shown progressive tendency to expand. The number of murders. 141 in 1904, rose to 317 in 1910 The obvious inference is that our present machinery, police as well as judicial, is not fully adapted to the conditions of this province.”

The Sessions Judge, Peshawar, in his report for 1912 remarked:

“The most disquieting feature of the year was the alarming increase in violent crime The immunity from punishment, enjoyed by criminals and more particularly by murderers, cannot but have a disastrous effect upon potential law-breakers.”

During the two decades the number of murders increased from 197 in 1901, when the Frontier Province was formed, to 644 in 1920 or 325 percent, while raids, which in 1906 (the year for which figures are available) numbered 41, had gone up to 611 or 1,500 per cent. The Judicial Commissioner in his Criminal Report for 1920 said:

"In Peshawar..... the murder record broke all bounds.

"In Kohat the insecurity of life continued. The country side generally was less safe, as is shown by the increase in dacoities and robberies.

"In Bannu marauding tribesmen was as active as in the adjoining district.

"Human life was no safer in Bannu than at Kohat. Violent crime against the person was the most sinister feature of the year.....attempts at murder were nearly double those of previous year.

"In Dera Ismail Khan violent crime against the person, as in every other district, is a regrettable increase"

"The problem of rendering life and property safer is beset with the difficulties to which the Sessions Judge alludes and under present system it is not easy to devise any remedy of practical value".

Raids.

The depredations of the transborder robbers, more specially in Dera Ismail Khan and Bannu, had a most alarming and depressing effect. Not a week or sometimes a day passed when news was brought of dacoities with loot, murder and kidnapping of Hindus by armed gangs in villages, on the roads and even in hamlets close to towns. The raiders whether Mahsuds, Waziris or outlaws made good their escape into the hills, before a *chigha'* or pursuit party was organised or could overtake the criminals. The villagers were required to keep *thikri pahra*, watch and ward at night by turns, and special officials were told to supervise the arrangements, but there was no relief. The brigands, assisted by the outlaws and bad characters within the border, were able to strike at places which were least guarded. Being well-armed with rifles, revolvers and swords they frequently overawed the inhabitants, and the looting of Hindu houses and robbery of their women's ornaments went on before the very eyes of the Muslim villagers. The local authorities were, on the whole, helpless to check the depredations of these organised gangs, though several British officers, be it said to their credit, were ever on the alert, and sometimes risked and lost their lives in combats with the marauders.

Hindus chief sufferers.

Hindus were the chief sufferers. Let me copy a few remarks from the Criminal Reports submitted by district magistrates :—

"They (outlaws) have only to pounce now and again on our unprotected Hindu, and hold him up to ransom and those who might arrest are unarmed and unable to attack a body of men armed with rifles." (Kohat, 1907).

"It was apparent that widespread alarm has been occasioned among the Hindus of the District by the operation of these gangs from Kohat, and their recently adopted plan of kidnapping men of means and extorting ransom under threats of murder. Village Hindus are leaving their homes and crowding Bannu city to such an extent as to raise rent in the city generally, and many petitions are presented for special protection." (Bannu 1907).

"The abduction of rich Hindus is an enterprise to which the Kohat outlaw gangs devote most of their energies. They find it profitable and not a dangerous pursuit. The Pathan villagers have not rendered themselves conspicuous for assistance given on such occasions" (Kohat, 1909).

"The District, as usual, suffered from depredations of outlaws. The principal object of these raids is to kidnap wealthy people preferably Hindus." (Bannu 1909)

"The state of affairs, which could not have existed, *without the passive and active help of the residents of the district*, at the end of last year, to say the least as it, is deplorable. Hindus fled across the border. Local bad characters banded together and raided like Mahsuds." (Peshawar 1916).

It is true that since the military occupation of Waziristan and the political control of the Mahsuds and Wazirs, under the redoubtable Col. C. E. Bruce, Resident, the number of dacoities during the past two years has greatly decreased, and roads have become safe, but there is no assurance. The inflammable material is there, and if the Forward Policy is reversed, or the control is weakened, or passions are roused the fire may again flare up any moment.

CHAPTER 21.

The Afghan Menace.

The political problem in the Frontier Province is how to keep the Pathans, the dominant community, under efficient control, and to wean them from their Western neighbours who are their kith and kin ethnically, and brothers in Islam professing the *Sunni* faith. To expect that, if left free, they will remain loyal to India in the event of hostilities with Afghanistan is a "visionary hope". But the question is asked, whether there is any probability of a war with that country? Absorbed in local politics, and smiting under the so-called policy of Imperialistic exploitation, our Congressmen have neither the time nor the inclination to study what is passing on in Muslim Asia. They are apt to declare with vehemence that the alarm of war is raised by reactionaries, as a bogie for delaying the grant of self-rule to India. Let us calmly consider the facts; nothing is gained by refusing to look them in the face. The first thing to remember is that we have had three wars with Afghanistan; in two of them the British began the quarrel to prevent Russia from gaining ascendancy over there; in the third and the last, the Afghans were the aggressors on learning that the Punjab was in revolt. Which party was to blame for these acts of warfare is not pertinent to the present discussion. The relevant fact is, that the war has left behind an heirloom of suspicion and ill-will in the minds of our neighbours, and we can not shut our eyes to the distrust, of which no secret is made.

Sir Zulfikar Ali on Afghanistan.

Sir Zulfikar Ali Khan is a well known personage, versed in Afghan and Central Asian politics; he exercises great influence among the followers of Sir Mohammad Sharif. As President of the Reception Committee of the Muslim League held in December 1927 at Lahore, he took up an uncompromising attitude in advocating separate electorates in councils and local bodies, for securing supremacy in five of the provinces for his community, and claiming a lion's share of the services for his co-religionists. He has recently contributed a remarkable article to the "*Civil and Military Gazette*" of July 20, 1928 on "Afghan Ruler as Man of Destiny". As a diplomatic writer he has condemned the "Soviet's

Malevolent Aim against India", though his real object appears to have been to serve Islam, by exaggerating the international importance of Afghanistan, as also the strong position of King Amanullah. He says:—

"A few years back, Afghanistan did not count even as a third class State, but since the accession to power of the present King, this country of high mountains and enchanting valleys has suddenly occupied an enviable place in the Olympian heights of international importance.

"What is the secret of this astonishing success? The reason is not far to seek. The King commands confidence and respect because he conveys a sense of strength. He has captured the imagination of his people by winning back independence for them.

"King Amanullah Khan who, in self-confidence and the driving power of initiative, may be compared with the great Mohammad Ali of Egypt, is at the threshold of a new life, and his people, who possess all the many virtues requisite for the making of a great nation are ready to take part in the movement of modern ideas."

It can not be denied that great changes are in progress in Afghanistan. That the Amir should receive ambassadors from the chief countries of Europe, and thus add to the prestige of his Court, may be regarded as unobjectionable; so long as this does not lead to intrigues and plots against India. That he should have taken a trip to Europe, to see for himself what was going on in the other civilised countries, bespeaks his courage and foresight and may be looked upon as commendable. It is leadable in him too, that he should try to rid his kingdom of the baneful influences of the bigoted and ill-informed Mullas, and that he should discourage *parda* and bigamy, and thus advance his people on the path of enlightenment and progress.

Ominous.

But unfortunately there is another side to the shield, so far as our relations with King Amanullah go. He has tried to placate Mussolini, the evil genius of Fascist Italy, by importing motor cars and Italian mechanics from that country. He has allied himself with Ghazi Mustapha Kemal, the autocrat of Turkey; he has sent boys and girls there for military education and his army is going to be remodelled by Turkish military instructors. He has given contract for the building of his railways to a German

firm and is importing engineers from Germany. He gets his aeroplanes and aviators from Soviet Russia, and he has recently entered into a trade treaty with that country, so that he may be free to import his arms and ammunition overland, and depend no longer for his supplies of war materials on Bombay and Karachi. The Special Correspondent of the "*Pioneers*", who visited Kabul in September 1928, to witness the Independence Day celebrations, says :—

"Where is Britain? and the British? So far they have not been mentioned, either in connection with the business enterprise or military education. The reason is that there are no British in the country. I was the only unofficial Englishman in Kabul or the Summer Capital. French, Italian, American and Russian business men and professional men are crowding the hostels; Persians and Turks are erecting their own buildings for housing their employees in Government service, and Kabul and the steep road to Paghman echoes with the sound of Italian and American cars pounding up to headquarters. It is one of the most desperate scramble for trade that the East has ever known".

These are sinister indications. His calling his people to arms by conscription, his arsenals, the big factories for manufacture of rifles, guns and bombs, and the large number of military aeroplanes which he is getting, are evil omens of a worse kind. Here is a telegram from a Special Correspondent published in the "*Pioneer*" of October 19, 1928 and reproduced in other Daily papers, on the enormous increases of war material in Afghanistan and the rapid progress in military line :—

"MILITARY progress, which is proceeding apace in Afghanistan is indicated in a recent article in a Jalalabad Newspaper, the "*Ittihad-i-Mashriq*", which declares that rapid progress has been recorded, since the meeting of the Loi Jirga four weeks ago, with regard to War Ministry's instructions for training officers to be engaged from Turkey, while a number of Afghans have been sent to Russia, Turkey and other countries.

"Twenty officers will shortly be sent to England in order to study aviation. Twenty-five officers have been sent to Russia of whom three died and two failed to pass the test examination, 15 to France and 25 to Italy.

"Artillery instructors have been engaged from Italy. As regards the equipment of the Army, machinery has been imported for melting iron and manufacturing cartridges, bombs, shrapnel, fuses and gunpowder and a separate smokeless gunpowder factory will shortly be opened.

"An Air Department has also been formed and aeroplanes procured.

"A number of aerodromes, are under construction while an aeroplane repair workshop has been installed. Rifles, machine guns, field and mountain guns, aircraft guns, and armoured cars have been purchased.

"Uniforms are now being manufactured in Afghanistan, and regiments have been provided with hospitals. Doctors have also been engaged from Turkey, some of whom have arrived."

King Amanullah's Mission.

Sir Zulfikar Ali Khan, who looks upon the revolutions going on in Muslim States as precursors of the fulfilment of the great purpose and mission" of Islam, has warned the British. He calls upon them to find "the reason why the Eastern nations distrust the British, and seek the help of technical advisers and organisers belonging to other European nations". He thus admbrates on the strength and importance of Afghanistan and its Ruler:

"The situation of Afghanistan between two world Empires can not fail to inspire the King with great ideas. He can open the gates either of peace or war.

"He holds, so to speak, the keys to the peace and tranquility of Asia. Any hasty action or false step may precipitate a war, which may create a conflagration not only in Asia, but its sparks may also reach the seats of modern civilisation and reduce them to ashes.

"The glory of Western Civilisation achieved after centuries of patient labour may be destroyed by a general cataclysm,

"He and his people stand between two clashing principles. In the north is the stronghold of relentless communalism, and in the south the age-long citadel of capitalism."

Blunder of Afghan War of 1919.

The Afghan War of 1919, it is admitted, was attended with two serious blunders. One military-the abandonment of the Wana Post, which created an idea in the minds of the hill tribes that British power was gone, this emboldened the trans-border Pathans to take the offensive and engage in raids, rapine and plunder. The other political-whereby the Afghans were made free to manage

their foreign affairs; this has not only opened the door to intrigues and plots, but has created an idea among Indian Muslims, that the people of that savage country are the arbiters of peace or war in Southern Asia.

The New Spirit.

In the paimy imperial days of the Hindus under Chandra gupta, of the Buddists under Asoka and Kanishka and of the Moghuls under Akbar and Aurangzeb, Afghanistan was a dependency of India. The opinian of great strategists and statesmen is, that British India will never be safe from aggressive propa-ganda and foreign invasion, so long as Afghanistan is free to organise military resources, and ally with our enemies. Recent events, it may be noted, are far from re-assuring. It does not require the vision of a prophet, or the forebodings of an alarmist, to see that the present calm merely presages a storm. Sir Zul-fikar Ali, who is of opinion that the Afghan "in many character-istics resembles the German" says :—

"The new spirit which urges them on, and upwards, will not permit them to remain long reconciled with their trivial life, for satisfac-tion with their present condition will be a symptom of moral death. They will therefore labour with stout hearts for the construction of a more just and beautiful future."

Is there any objective which shall uage the Amir and his subjects to engage in an aggressive war? Sir John Maffey the Chief Commissioner rightly observed :—

"Little more than one hundred years ago, the place where we are to-day (Peshawar) was the Afghan winter Capital. It is a part of old Afghanistan, In those Afghan days there was no distinction in the matter of control, between the districts of this Province, and the trans-border tracts. Historically and ethnically they are one."

Those who have read the autobiography of Amir Abdul Rahman must have noted how ardent that stern Ruler was that Baluchistan should be ceded to him, so that his country might have a free outlet to the sea. Every student of Afghan politics knows that this ambition permeates the intelligentsia in Afghan-istan and among Pathans elsewhere. Whenever a fovourable opportunity offers they are sure to cast the dice for a port on the Indian Ocean so that they may become a maritime power.

The machinations of the Bolsheviks are another source of danger to which the Government is fortunately alive.

The All-Partie's Conference.

The All-Parties' Conference, meeting at Lucknow, hundreds of miles from the border, may in compliance with the communal demands, and in the interests of so-called Hindu-Muslim unity, overlook these weighty considerations, but how can the inhabitants of the Frontier, specially the non-Pathans, whose all is at stake, shut their eyes to the dangers, which have assumed such a threatening aspect, and which they have reasons to fear may engulf them in ruin? Is it consistent with a far-sighted policy to create an autonomous province, dominated by a race which is of the same ethnic group as their western neighbours and is allied to them in sentiments, in customs and in religion? Is it politic to constitute the Frontier Province in such a way that it should become a stepping stone for the fulfilment of Afghan ambitions? Will it not be wiser and more beneficial to introduce Law and Order in the trans-border Territory, to bring it in line with the settled districts, and to license the possession of rifles therein, so that at times of stress these wild tribes shall not form the vanguard of a hostile army?

CHAPTER 22.

Sir Siva Swamy Aiyer's Views.**Objections summarised.**

It is not necessary for me to dilate further on the unsuitability of the Frontier Province—its Administered part—for the introduction of the Reforms Scheme with its Legislative Council, Ministers and other paraphernalia. The settled districts, to which the agitation refers are, as I have shown, small in area. Their inseparability from the unadministered tracts and tribal territories has never been questioned; the highest authorities—Officials and Non-officials—are unanimous on this point. The contiguity of the Province with Afghanistan marks it out as a peculiar charge presenting political problems which are met with nowhere else in India. The paucity of the population and the character of the dominant community—the *Pashtun* Pathans—are other factors which go against the proposal of its having a democratic constitution. The Province has, moreover, limited resources of income; the revenue for 1928/29 is estimated at Rs. 89,32,000/- while the expenditure Budgeted is Rs. 3,27,48,000/- and even if Rs. 1,26,38,000/-, the expense on the Agency tracts shown as "Frontier Watch and Ward", be excluded, a huge deficit of Rs. 1,11,88,000/- remains on the internal administration, which has to be made good by contributions from the central revenues. How can a Province, which is financially not self-supporting and which does not contribute in revenue more than 42% of its expenditure, obtain self-rule or become independent? This is a constitutional difficulty for which there is practically no solution, and none has hitherto been suggested by the advocates of the so-called Reforms.

Sir Siva Swamy on Reforms.

Before closing this part of the discussion, I shall quote the views of that talented and far-sighted philosopher and statesman, Sir P. S. Sivaswamy Aiyer, K. C. S. I., C. I. E., ex-Advocate General and Law Member Madras who in 1921 moved successfully in the Legislative Assembly the Resolution for the appointment of the Frontier Enquiry Committee, and who on 18th March 1926 in the Debate on Reforms in the N. W. F. Province gave expression to his well considered judgement. After giving a history of the origin of the demand, and dwelling on the complicated nature of the problem, the Muslims's own apprehensions, and the officers' misgivings he said :

"The successful working of the representative institutions necessarily presupposes a certain level of capacity, character and experience on the part of the people. It is not mere native intelligence that will suffice to ensure the success of representative institutions. A community possessed of sufficient natural intelligence may still be unfit by character, temperaments, habits and the stage of social evolution it has reached. Law-abiding instincts, the habit of obedience to a central authority, a sense of respect for the rights of the others, and some experience of the elective system in the management of local bodies, must be regarded as essential qualifications for determining the fitness of a people for representative legislature.....In the Frontier Province passions are hot, blood-fends are endemic, and refuge from the arm of law is close at hand across the border. The Pathan is temperamentally hot-headed and impatient of delay, with hereditary tendency to take the law into his own hands."

Qualifications & conditions necessary.

Further on he emphasised his remarks and observed :

"No body will refuse to join Sir Denny's Bray (the Foreign Secretary) in the tribute he pays to the prowess of a manly, virile and independent people. But virility and independence are not the only qualifications for democratic institutions. I may refer to the observation of a classical-writer on the subject that a race who, have been trained in energy and courage by struggles with nature and their neighbours, but who have not settled down into permanent obedience to any common superior, would be little likely to acquire this habit under collective government of their body. A representative assembly drawn from among themselves would simply reflect their own turbulent insubordination."

After pointing out that the condition necessary for the introduction of popular control over the Government of the Frontier Province did not exist, he said :

"The usual course of advance has always been from a system of tribal organisation to a system, under which a strong central government reduces or extinguishes the powers of the tribal chiefs with their discordant and disruptive influences, inculcates among its subjects a sense of primary allegiance to the central authority, and a habit of unquestioned obedience to its laws, and welds the members into an organic whole. It is after this process has been completed by the exercise of a more or less autocratic authority that it is possible to make a further advance to the stage of popular government, and for the central government to transfer a portion of its powers by decentralization and devolution."

His warning.

In concluding his great speech, Sir Sivaswamy Aiyer thus warned the Government about the perils of the adventure :

"Apart from all the numerous objections in principle, which I have referred to above, it is necessary to point out that owing to (1) its peculiar situation, (2) the relations and "affinities between the Pathans on both sides of the border, (3) the excitability of the people and their liability to sudden commotion and upheavals at the bidding of the fanatical Mullahs, as illustrated by the Hijrat and the insurrection in the Mansehra Tahsil, (4) the sway of pan-Islamic ideas and sentiments and (5) the menace of Bolshevism, the political dangers of an extension of popular government to the Province cannot be ignored..... The gift of prophecy is denied to me, I can only form my judgement upon the evidence, and my task is only to warn the Government of India against the perils of the adventure, upon which they are urged to embark in the pursuit of a policy which I am afraid, will prove a monument of political unwisdom."

CHAPTER 23.

The Montford report.

Before discussing the financial aspect, I shall briefly refer to the constitutional phase of the Reforms and their workability. The subject was carefully considered by the Statesmen who inaugurated the new Policy. A few extracts from the Montag-Chelmsford Report will explain their views:

The two Frontier Provinces.

"The two frontier Provinces of British Baluchistan and the N. W. Frontier Province form a small class by themselves. They are administered by Chief Commissioners who are also Agents to the Governor-General in respect of political relations with adjoining tribal territories; they are in fact more directly than any of the foregoing provinces under the control of the Government of India acting through its Foreign and Political Department, both because political questions are of preponderant importance and also because they lack the financial resources and powers which more settled provinces enjoy" (Para 43)

"Connected with defence is the diplomatic business of relations with bordering Asiatic powers, and with this again the administration of bastions of territory like the Frontier Province and British Baluchistan" (Para 46)

Why excluded.

The reasons given by these high Officers for excluding the Frontier Province from the administrative changes initiated in the major Provinces were: (1) political relations in respect of adjoining tribal territories; (2) lack of financial resources and powers; and (3) diplomatic business with bordering Asiatic powers and reasons of strategy. In another place they say:

"There remain the frontier areas of the North West Frontier Province and Baluchistan, and the smaller tracts of British India, like Dehli, Coorg and Ajmere-Merwara. For reasons of strategy the two Frontier provinces must remain entirely in the hands of Government of India. But, in as much as our guiding principle, where the principle of responsibility cannot yet be applied, is that of government by consultation with the representatives of people, we think that in some, if not all, of these areas, it would be well to associate with the personal administration of the Chief Commissioner some form of advisory council, adjusted in composition and function to local conditions in each case. This question we would leave to the further considerations of the Government of India." (Para 198)

Government of India Act.

Hence the Government of India Act, which was passed in accordance with the recommendations in their Report, as revised by the Joint Committee, did not embody any provision for the introduction of the Reforms in these minor provinces, and until it is amended by Parliament, Government have no power to grant them. Moreover how can Legislative Council with an elected majority be started with any hope of success in a Province, where the authorities have not yet considered it expedient or safe to introduce the elective system in its Local Bodies—Municipal Committees and District Boards. Men must show their aptitude for managing local affairs before they can be entrusted with the larger powers of enacting laws, controlling finances and managing public departments.

Confusing the Issue.

The question, therefore, remains whether the Province possesses the brains with a sense of public duty, the moral fire and the wide outlook necessary for working satisfactorily the complicated machinery of a popular elected assembly endowed with vast powers of self-rule. I have already referred to this aspect of the question, and pointed out that the area and population of the Frontier Province, which is so backward in education and public life, does not compare with those of the nine major Provinces in which "full fledged Reforms" had been introduced. My critic asked me "to consider the history of the Greek City States of the antiquities", of those "in ancient Italy" and of "the free cities in the Middle Ages". I do not see how these instances are revelant: have we in our midst the wise men of Greece, who shone as the Great Teachers of the West, or have we the Statesmen and legions of Imperial Rome? So far as I know there were no representative institutions in them, nor did the excitements concomitant with elections exist. The free men of the cities came together, whenever there were important questions affecting whether of peace or war, of new laws or of State trials. The Executive Government remained in the hands of the Elders. May I ask, is there any proposal that Peshawar, Kohat or Bannu should be constituted into separate States like Athens, Sparta and Cornith? If not why bring them in and confuse the issue? Was not every village in India in former times a Republic? Does that fact help us in any way in the present discussion?

No Comparison with European States.

My critic has, moreover, referred me to the areas of Belgium, Holland and Denmark, as also to the areas and populations of certain States within the United States of America. In reply I cannot do better than copy below the para, which formed part of my contribution but which was some how—through inadvertence or otherwise—omitted from the *Tribune* of May 18th 1928:

“There may be some States in Europe, specially those carved out of the Allied countries since the Great War, which enjoy self rule though they are not very large; but the Frontier Province has nothing to compare with their people in solidarity based on their history, mutual confidence and traditions, in general, scientific and technical education, in industrial development, in wealth or in their struggles and sacrifices for self-expression.”

System unworkable: R. B. Lehna Singh.

The pertinent question is not merely the size, but whether a small and poor tract like the Frontier Province, without education and resources, could find the money and men for working efficiently the complicated machinery of the Reforms, which according to Sir John Maffey, the Chief Commissioner's Note of 14th August 1921 are “utterly foreign to Pathan character, incomprehensible to their feudal sentiments and never seriously demanded except by irresponsible agitators.” In this connection I may be allowed to quote the views of Rai Bahadur Bhai Lehna Singh, B. A., M. B. E., the Divisional and Session Judge, whose whole period of creditable service has been spent on the Frontier; he had been Superintendent of the Census Operations of 1921 and wrote the valuable Provincial Report. He considered it inexpedient to re-amalgamate the settled districts, with the Punjab. In answer to a question “what about the clamour in the towns for re-amalgamation with the Punjab” put to him by the Hon'ble Sir Denys Bray, President of the Frontier Enquiry Committee, he said:

“The satisfaction of those aspirations of the urban population means the grant, as one witness puts it, of full fledged reforms. Those full-fledged reforms cannot be carried out in a small province of which the population is equal to only three average districts of the Punjab. You cannot instal all the complicated machinery of the reforms in these districts. I have looked up the figures and I find that of the five Divisions into which the Punjab is divided, the population of one division is more than double the population of these districts, and of the other four a little less than double the population of these districts. No one can imagine for a moment that all these reforms can be introduced into this small tract of country which is inhabited

by 22½ lakhs of people " It is to me unthinkable that such a small province can have such a complicated system of reforms as the Punjab and other major Province have. You cannot have that system here".

Complex machinery: K. B. Saduddin Khan.

Khan Bahadur Maulvi Saduddin Khan, B. A. LL. B., at present Additional Judicial Commissioner, who is believed to be the brain guiding and impelling the agitation for Reforms, was in 1921 leader of the Peshawar Bar. Giving evidence before the Frontier Enquiry Committee, he said:

"We considered the question and arrived at the deliberate conclusion that a small province like this, if carried on as a separate entity, would never succeed...The reforms administration is a very complex machinery. You want perfectly free scope for its free working. Here you have five districts; Dera Ismail Khan has been reduced to one-half, and Bannu to less than a half—and in a small province like this the paraphernalia of a reformed council and the other concomitants cannot be accommodated."

PART IV.**FINANCIAL.****CHAPTER 24.****Financial Outlook ; Huge Deficits.****An axiom of self-rule.**

Political leaders in England, when struggling to curb the autocratic powers of their sovereigns, invented the war-cry—"No Taxation without Representation", and the advocates of autonomy in the Frontier Province are apt to cite this maxim as supporting their demand. They, however, forget that the principle cannot be indiscriminately applied everywhere. Much depends on the circumstances of each locality and on the fitness of its people. There have, moreover, been prosperous countries in the past, and there are at present progressive governments, where the people have little or no real control over the finances. But there is another political axiom which is of universal application; every province or tract which clamours or aspires for self-rule must pay its own way, and find the money required for carrying on the administration efficiently. Does the Frontier Province fulfil this precedent condition of Self-Government? Let us have a cursory survey of its finances for the twenty years since its formation in 1901.

Lord Curzon, when pressing his pet scheme for acceptance, assured the Secretary of State for India of "reduced outlay", by representing that the additional yearly cost would be only 3½ lakhs of rupees. In the Despatch, according to his general approval the latter observed :—

"The extra annual cost of the new province is estimated by Your Excellency's Government at Rs. 3,58,507. I do not consider that it would be prudent to calculate upon this estimate being reduced materially."

Forecast of Deficit proved wrong.

This forecast, as predicted by that far-sighted statesman, Sir Mackworth Young the Lieutenant Governor, was falsified in the very first year 1902—03, when the deficit was 38 lakhs. The burden on the central revenues of the Government of India went on increasing from year to year as shown below :—

	IN LAKHS OF RUPEES.		
	Expenditure.	Revenue.	Deficit.
1902—03	74	36	38
1918—19	138	57	61
1919—20	168	61	107
1920—21	182	56	126
1921—22	195	55	140

To minimise this huge deficit, the Majority of the Frontier Enquiry Committee contended that "more than half the expenditure is incurred not on civil administration proper, but in connection with the tribal tract and border defence". How far this theory is maintainable will be considered further on. Let us see what was the outcome of expert calculation. An eminent officer of the Audit Department, Mr D N. Dutt, was specially deputed to prepare "Statements showing the distribution of the revenue and expenditure of the N. W. Frontier Province from 1918—19 to 1922—23 between the Settled Districts and Tribal area". He tabulated the results. With the concurrence of the Chief Commissioner every item of expenditure was thrown on the tribal area, which could in any way be assigned to it, "including the expenditure incurred for the Frontier Constabulary; Militia Corps, Tribal Levies, Khassadars, the Khyber Rifles, the Military Secretary and even the cost of seven appointments of Extra Assistant Commissioners". His figures are :—

	1918—19	1919—20	1920—21	1921—22
Settled Districts	73,36,000	98,35,000	1 09,65,000	1,17,45,000
Tribal Area	65,23,000	69,97,000	72,36,000	78,26,000
Total	1,38,59,000	1,68,32,000	1,82,01,000	1,95,71,000

For the (then) current year 1922—23 the figure worked by Mr. Dutt showed that for the settled districts while the expenditure would be 126 lakhs the revenue 64 lakhs, or a deficit of 72 lakhs.

Expenditure in Tribal areas.

The assumption that the expenditure in the Tribal areas is wholly debitable to Imperial Revenues appears to me to be fallacious. The manipulation of the figures in the Imperial Budget since three years by inventing a new head "Frontier Watch and Ward" for these items and making them non-votable has added to the misconception. Let us calmly consider. During pre-British days, the Mughal Empire or the Sikhs never paid anything for keeping the trans-frontier tribes in check. The people living cis-border were strong enough to repel raids in force, and on many occasions in reprisals their carried the war into the hills, and punished the marauders by burning their villages and crops. This was also the policy pursued for fifty years by the Punjab Government, and the Punjab Frontier Force, part of the Military, did this work well. There is not a single instance recorded in history, ancient or modern, when these marauders became a menace to the peace of India. They did perhaps as free-booters join invading armies from the west, but they never showed any military organisation or prowess, except when defending their own hearths and homes in the hills. No one believes that if there were no Frontier Constabulary, Militia or the Scouts, the trans-border Wazirs, Mahsuds, Mohmands and Afridis will combine their forces and invade India, or that their depredations will extend to Rawalpindi or to Lahore. They do not possess the resources or the coherence for such an adventure. The principal, indeed the chief

uses of semi-military bodies are those of a Border Police for protecting the inhabitants of the settled districts from raids and dacoities. It is, therefore, reasonable that if the border people will not organise for self-defence they must pay the major portion of the cost. If an autonomous Frontier Province is to be constituted, its administration must not only keep up a Police force for internal peace and order, but also well-organised bodies of Border Police or Militia against tribal brigandage. The only legitimate charges which may be debited to Indian Revenue are: (1) part of the cost of the Political Department which has to keep an eye as to what is passing on beyond, and (2) the political allowances paid to the tribes so that they may not form the vanguard of a hostile power.

Optimistic Estimates.

The Majority of the Frontier Enquiry Committee, wedded as it was to the introduction of Reforms, not only excluded from its calculation the whole outlay in tribal area, but optimistically asserted that "according to rough calculations we have made, the present deficit on the internal administration would drop from about 56 lakhs to about 20 lakhs a year, with some prospects of ultimate extinction." The data on which this rough calculation of 56 lakhs deficit was based must have been problematical, as the same are not borne out by the estimate of 72 lakhs made by the Officer of the Accounts Department. We will see when examining the Provincial accounts of future years, whether the hopes of the reduction of the deficit to 20 lakhs a year "with some prospects of ultimate extinction" have been realised, or on the contrary the expenditure has gone on still further increasing. It will then appear that what Mr. N. M. Samarth predicted in his able Minute of Dissent has come out true. He wrote :—

"It is no use blinking, ignoring or minimising the fact that the cost of the civil administration is bound always to be an increasing financial burden on the central revenues."

Expenditure on Reforms.

The Majority calculated the annual recurring expenditure of the Reforms at Rs. 86,000/-. Their proposals were: (a) a member of the Executive Council; (b) a Minister to be incharge of more than ten important transferred departments; (c) a Legislative Council with an elected majority sitting for only thirty days

in a year; and (d) An Additional Judicial Commissioner. The last demand has already been conceded, and the highest court now consists of two Judicial Commissioners. Is it conceivable that the elective majority supported by the public will make no further demands? Here is Mr. Samarth's forecast of these :—

- (1) There must be one more member of the Executive Council, a non-official Indian, so that there may be in regard to the "reserved" departments inside the Executive Government, an equality of European and Indian Members, which is one of the "essentials" of Reforms enjoyed by the major Provinces.
- (2) There must be more than one Minister to secure the efficient management of so many important transferred departments.
- (3) A 30 days' sessions is a mockery. There must be more and larger sessions every year.
- (4) The transferred departments of Education, Sanitation, Agriculture, Industries, Medical Administration, etc., etc., will need more expenditure for proper development and for coming into a line with other provinces.
- (5) A third Judicial Commissioner is necessary where two differ and so a full-fledged Court of three Judges is necessary."

It must be remembered that the rapidly increasing drain must be met from the General Revenues, for "there was not a single witness who did not tell the Committee that raising more revenue in the province to any appreciable extent was out of the question". Dewan Bahadur T. Rangachariar was equally emphatic on this point. He said :—

"Financial considerations, alone, are sufficient to stagger one in making this miniature province a self-contained unit of a first class province with a Legislative Council, an Executive Council and Minister with all the several departments and departmental heads and all other paraphernalia."

CHAPTER 25.

Finances since 1921—22: Enormous Contributions from Central Revenues.**Rosy coloured views.**

It really passes one's understanding how the Majority of the Frontier Enquiry Committee, composed of responsible gentlemen—Members of Legislatures and high Government Officers, persuaded themselves to believe that the financial deficit of the province would be 56 lakhs a year, when they had before them the estimate, prepared with great care by an expert of the Audit Department of the Government of India, that the deficit for 1922—23 could not be less than 72 lakhs; it was approximately 76 lakhs. More surprising was the remark in para 40 of their Report that "the present deficit on the internal administration would drop from about 56 lakhs to about 20 lakhs a year, with some prospects of ultimate extinction". The only explanation for this rosy coloured view would appear to be, that having fallen in line with the advocates of "full-fledged Reforms", they tried in every way to gloss over the difficulties of which they were fully aware. In the same para they observe:

"Some deviation, however, from the constitution of Legislative Council in a Governor's province is unavoidable. For there are three main difficulties peculiar to the province:—the weakness of its financial position; the close connection between its internal and external politics; the paucity and characteristics of its population."

"Being keenly alive to the necessity for safeguarding the permanent all-India interests", they said they would "not recommend that the Chief Commissioner should be given either the style or status of a Governor." In the tribal tracts he must remain as heretofore the Agent to the Governor General; and they went on:

"And even in the internal administration, the peculiar position of the Province, its financial dependency on central revenues, and the close and at times intextricable connection between its internal and external affairs—all these factors combine to call for a wider power of control and a closer supervision by the Governor General than he exercises over a Governor's Province.

"What the limit of that control & supervision should be it is not for us to define."

Hopes of Equilibrium; Total Deficits.

But they further on proceeded to say that "once equilibrium has been established in the provincial Budget, the Legislative Council should have the same power over it as the Legislative Council in a major province". They made no definite proposals how the deficit was to be made good, "whether by a lump contribution from the central revenues or by the removal of certain heads of provincial expenditure from the control of the local council". They speak of certain "retrenchments now in contemplation", but do not say what their nature was. How far these expectations were realised will appear from the following table; the figures which are taken from the Provincial Administration Reports show that the expenditure and deficits, instead of going down, have steadily increased from year to year.

TABLE I

Actuals.	1921—22	1922—23	1923—24	1924—25	1925—26	1926—27
Expenditure	1,96,66,901	2,22,12,627	2,42,52,902	2,70,89,521	2,84,25,237	2,80,55,190
Receipts	62,98,916	81,08,355	82,96,270	77,22,973	78,49,115	81,01,638
Deficit.	1,33,67,985	1,41,04,272	1,59,56,632	1,93,66,548	2,05,76,122	1,99,53,552

Deficits on Civil administration.

The deficits shown above are for the whole province; we have no data at hand to show what the expenditure on the tribal tracts was, but we can calculate it approximately. In 1926—27 the total Police charges amounted to Rs 50,71,887/- but in the Revised Budget Estimate for 1927—28, when the head "Frontier Watch and Ward" had been started, the charge under Police is shown as Rs 27,73,000/-, the inference is that less than half the cost of the Police was for Frontier Constabulary, Militia and Scouts, etc., now charged to the Agency tracts. Similarly the charge opposite Political in 1926—27 was Rs 96,65,760/-, while in the Budget for 1927—28 it is exhibited as Rs 23,76,000/- showing that only one-fourth of the "Political" expense has been debited to the settled districts and three-fourths to the tribal territory. If we take away from the total deficits half of the Police charges included in those years, and three-fourths of those under "Political", the result is as follows:—

TABLE II.

Debited to Agency Tracts.	1921/22	1922/23	1923/24	1924/25	1925/26	1926/27
$\frac{1}{2}$ Police Charges ...	25,66,520	25,74,243	24,34,148	24,91,373	25,77,146	25,35,945
$\frac{3}{4}$ Political ...	38,21,787	38,89,141	67,39,996	68,79,687	72,06,125	72,49,320
Total ...	63,88,307	84,63,434	91,74,144	93,71,060	97,83,271	97,85,264
Deficit on civil administration of settled districts ...	69,79,678	76,40,838	67,82,488	99,95,488	107,92,851	101,68,288
Total Deficit as shown in Table I ...	133,67,985	141,04,272	159,56,632	193,66,548	205,76,122	199,53,552

These figures show that while the deficit of the civil administration of the settled districts was in 1921—22 Rs 69,79,678/- approximately, it had risen to Rs 1,01,68,288/- in 1926—27 or a rise of nearly 50 %.

Frontier Watch and Ward.

The Provincial Report for 1927—28 has not yet been published, and we can not therefore tell what the actuals for that year are. But we have very reliable data available in the volume, published by authority showing "Detailed Estimates and Demands for grants for expenditure of the Central Government for 1928—29". The figures shown therein are as follows :—

N. W. Frontier Province.	Actuals 1926/27.	Revised Budget 1927/28.	Budget Estimate 1928/29.
Expenditure ...	2,80,55,190	3,13,15,000	3,27,48,000
Receipts ...	81,01,638	85,10,000	89,32,000
Deficits ...	1,99,53,552	2,28,05,000	2,38,16,000

The above table also exhibits the expenditure both of the settled districts and the Agency tracts. In the Budget Demands separate heads under "Frontier Watch and Ward" were opened, presumably to minimise the deficits, and thus sums amounting to Rs. 1,24,62,000/- in the Revised Budget of 1927/28 and Rs. 1,25,38,000/- in the Budget Estimate for 1928/29 are entered opposite these heads. Even if the whole of these charges be deducted from the deficits, which position I have already shown to be untenable, the deficits on the Civil Administration of the districts come to Rs. 1,03,43,000/- for 1927/28 and Rs. 1,13,71,000/- for 1928/29. One is tempted to ask what has become of the calculation of the Majority that the deficit of 56 lakhs would drop to 20 lakhs, or of the hope held out in their Report that there was "some prospect of its ultimate extinction" ?

The Income Tax.

There is, however, one correction which must be made before we arrive at the real deficit. The receipts from Income Tax, after deducting expenses on collection, amounting to Rs. 7,77,000/- for 1927/28 and Rs. 8,63,000/- for 1928/29 must be excluded from the total receipts, because if the finances are provincialised these sums will, as in all other provinces, go to Imperial revenue. The deficits will then amount to Rs. 1,11,20,000/- in 1927/28 and Rs. 1,22,41,000/- in 1928/29! Where is this huge sum to come from? Will the advocates of self-rule say whether they are prepared to impose extra taxation and will the people tolerate it? Or will they reduce expenses to that amount? If the central revenues are to contribute Rs. 1,32,41,000/- a year to a province, which itself raises a revenue of some eighty lakhs of rupees, is it likely that the Legislative Assembly or the Government of India will keep no effective control over expenditure? Will they allow the Local Council to spend money which they have not themselves earned?

Huge Deficits.

The province has hitherto been fed by heavy contributions from the central revenues, which have treated it most generously. During the years 1921/22 to 1928/29 (without accounting for the Income Tax Receipts) the deficits have been as follows :

Year.	Total Deficit (Table I).	Approximate Deficits on Civil Administration (Table II).
Actuals. 1921/22 ...	1,33,67,985	69,79,678
1922/23 ...	1,41,04,272	76,40,838
1923/24 ...	1,59,56,632	67,82,488
1924/25 ...	1,93,66,548	99,95,498
1925/26 ...	2,05,76,122	1,07,92,851
1926/27 ...	1,94,53,552	1,01,68,288
Revised) 1927/28 ...	2,28,05,000	1,03,43,000
Budget)		
Budget 1928/29 ...	2,39,16,000	1,13,78,000
Total ...	15,00,46,111	7,40,80,641

Thus in eight years the Province will have drawn fifteen Crores of rupees, or $1\frac{3}{4}$ Crores a year on an average from the general revenues of India, and of this huge sum no less than 740 lakhs, or over 90 lakhs a year, was the expenditure of the internal administration of the Province in excess of its revenue receipts !! Do the agitators for Reforms want to separate it from the *kam-dhenu*, cow of plenty, which has hitherto fed them with its milk, or from the sources of its nourishment? Why cut down the branch on which you are standing?

Increased expenditure under certain heads.

If the Frontier Province had to depend on its own resources, would it have been able to increase the grant for Education from Rs. 12,13,381/- in 1921/22 to Rs. 19,17,000/- in the Budget for 1928/29, or could the expenditure on the Administration of Justice have risen from Rs. 4,77,681/- to Rs. 7,45,000/-, or on Agriculture from Rs. 1,21,173/- to Rs. 1,91,000/-? Would it have been possible for it to appropriate the following vast sums for civil works :

Actuals	1921/22	... Rs. 23,29,544
	1922/23	... Rs. 24,39,174
	1923/24	... Rs. 38,81,935
	1924/25	... Rs. 50,98,061
	1925/26	... Rs. 52,90,248
	1926/27	... Rs. 49,91,306
Revised	1927/28	... Rs. 21,08,000
Budget		
Budget	1928/29	... Rs. 31,77,000
	Total	... Rs. 2,93,15,268

Thus in eight years nearly three crores, or an average of Rs. 37,26,908/- per year. A portion of these sums was probably spent on works in the trans-border tracts, but the money came from the poor people of India and went into the pockets of the Frontier people ! Where will funds come from for advancing Education of which there is such a cry, or for improving Agriculture and Industries which are in such primitive conditions, or for promoting Medical and Public Health activities which are so badly wanted ?

CHAPTER 26.

Heads of Receipts & Expenditure: a constitutional difficulty.**Revenue.**

I have heretofore dealt with totals of Receipts and Expenditure of the N. W. Frontier Province, so as to present a general view of its finances, and of the enormous deficits which have had to be made good by heavy contributions from the central revenues of the Government of India. To give some definite idea as to the sources of its income and of the various demands for grants, it is necessary to indicate the main heads. Below are given such heads of revenue of which the receipts are over half a lakh a year; minor heads have been lumped together.

Heads of Receipts.	ACTUALS.		Revised Budget 1927/28	Budget 1928/29
	1922/23	1926/27		
Income Tax ...	9,98,035	10,09,711	8,49,000	9,39,000
Land Revenue ...	22,56,057	24,16,024	23,17,000	23,12,000
Excise and Opium	9,13,399	4,88,777	12,04,000	9,81,000
Stamps ...	10,23,781	11,29,926	11,47,000	11,47,000
Forest ...	7,27,660	7,91,166	8,16,000	9,16,000
Registration ...	64,584	80,712	80,000	80,000
Works-Capital account ...	9,31,891	9,68,430	10,12,000	12,17,000
Irrigation Works (Portion of Land Revenue	1,12,162	51,379	83,000	2,44,000
Interest	46,693	75,742	—	—
Administration of Justice ...	2,52,244	2,38,345	2,48,000	2,48,000
Jails and Convicts Settlements ...	65,162	1,12,967	1,05,000	1,55,000
Education ...	32,824	44,152	47,000	50,000
Civil Works ...	2,21,763	67,311	54,000	54,000
Miscellaneous ...	2,60,773	4,28,171	4,20,000	4,14,000
Minor-heads, Police, Agriculture, Stationery etc. ...	2,01,317	2,12,982	1,28,000	1,75,000
TOTAL ...	81,08,355	81,15,279	85,10,000	89,32,000

It will be observed that excepting Stamps, which owing to enhanced rates of duty, show an increase of Rs. 1,24,000/- in six years, the chief heads of taxation i. e. Income Tax, Land Revenue Excise, Registration and Administration of Justice show little improvement since 1922/23. Forests do show a rise of nearly two lakhs in gross receipts, but they yield little net income thus:—

Head.	1926-27	1927-28	1928-29
Receipts ...	7,91,166	8,16,000	9,16,000
Direct Demands on Revenue ...	6,40,719	9,40,000	8,72,000
Net Income ...	1,50,447	-1,24,000	44,000

Similarly the increased receipts from Irrigation and Civil Works are not sources of revenue; they are more than counter-balanced by the extra charges for interest, working expenses and for repairs and keep-up. Under the circumstances there is thus little prospect of any considerable increase of revenue. New settlements of land revenue, which are in progress or in contemplation, may bring us a couple of lakhs of rupees, but beyond that the income of the Province shows no signs of expansion. On the contrary if the finances are Provincialised, we shall as already stated, have to give up the sum of eight or nine lakhs now shown opposite Income Tax and included in our Receipts, but which everywhere else is appropriated by the central revenues.

Expenditure

The detailed items of expenditure cover more than sixty pages of the volume showing "Demands for grant" for 1928-39. I shall, therefore content myself with the Summaries on pp. 530/31; for further particulars and details the reader can refer to that volume:—

Head of Expenditure.	Actuals 1926-27	Revised Budget 1927-28	Budget 1928-29
<i>Demand No. 74 N. W. F. Province.</i>			
Direct Demands on Revenue.			
Land Revenue ...	7,27,348	6,40,000	6,45,000
Do Forests ...	6,40,719	9,40,000	7,82,000
Do Others ...	5,47,869	6,49,000	6,19,000
Other expenditure on Revenue	1,00,481	49,000	59,000
General Administration ...	16,77,950	17,26,000	17,74,000
Administration of Justice ...	8,01,860	7,28,000	7,45,000
Jails and Convict Settlements	6,92,080	7,20,000	7,70,000
Police ...	50,71,887	27,73,000	28,45,000
Ecclesiastical ...	88,644	85,000	87,000
Political ...	96,62,255	22,91,000	23,66,000
Frontier Watch and Ward ...	—	95,42,000	95,09,000
Education ...	13,23,760	17,66,000	19,17,000
Medical ...	5,09,430	4,00,000	3,97,000
Public Health ...	1,01,764	1,07,000	1,09,000
Agriculture, Scientific etc. ..	1,59,429	1,63,000	1,91,000
Miscellaneous ...	75,204	62,000	67,000
Total ...	2,20,83,680	2,26,41,000	2,28,82,000
<i>Included in Other Demands.</i>			
Customs ...	13,013	15,090	15,000
Taxes on Income ...	61,896	72,000	76,000
Irrigation ...	21,75,750	10,85,090	26,03,000
		-5,66,000	30,29,000
Frontier Watch & Ward ...	—	29,20,000	4,000
Currency ...	3,134	3,000	31,77,000
Civil Works ...	49,90,305	26,08,000	52,000
Territorial & Political Pension	51,231	52,000	-13,000

Superannuation allowances ...	5,47,729	5,21,000	5,51,000
Stationery & Printing ...	1,25,183	1,02,000	90,000
Refunds: ...	1,12,332	1,69,000	1,08,000
Irrigation works not charged to Revenue ...	70,632	16,93,000	1,74,000
Total ...	80,09,941	86,74,000	98,66,000
Grand Total ...	3,00,93,621	3,13,15,000	3,27,48,000

Generous treatment.

A Retrenchment Committee was, it appears, appointed in 1921/22 when the finances of the Government of India were at its lowest, but they do not seem to have been able to devise considerable savings, except that 300 Primary Schools were closed and some reductions were made in the Police Charges. The services required more funds and as the Central revenues improved, the expenses which stood at Rs. 1,96,66,901/- in 1921/22 steadily increased until they are estimated in the Budget for 1928/29 at Rs. 3,27,48,000/-. So far as one can see there has been no extravagance, and the Frontier Administration has apparently without success tried to keep down the charges as far as possible. It must, however, be admitted that no limit seems to have been prescribed for their expenses; as their demands could not possibly be met out of the Provincial revenues, they thus got access to the big resources of the central revenues. They counted upon the Foreign Department, headed by the Foreign Secretary and the Viceroy, to intervene for them, and to secure for this political province generous treatment at the hands of the Finance Department.

Financial difficulties.

If the Frontier Province were left to its own resources, it will in a few months be unable to disburse even the salaries of its employees in the civil administration; the Development Departments such as Education, etc, will have to be starved. Is there any way out of the impasse? Have the advocates of Reforms or self-rule suggested any remedy? Khan Bahadur Maulvi Saduddin Khan, Additional Judicial Commissioner, who was examined as head of the Peshawar Bar, was astute enough to admit in his evidence before

the Frontier Enquiry Committee in 1922 "that on account of financial difficulties and that on account of the fact that cliques are likely to be formed in a small province, the Reformed Council would not tend to good administration, and their developments would not be satisfactory".

On 25th November 1925 an influential Muslim Deputation waited upon the Chief Commissioner with an Address embodying a long list of their demands. In it they asked for the expansion and development of Education, for the starting of Co-operative Banks in every Tahsil, for the improvement of the Judiciary, etc. In his reply the Hon'ble Sir Norman Bolton said:

"You must realise that many of the requests that you have put forward to-day must involve increased expenditure, and you can not expect the rest of India to pay for this, unless you are yourselves prepared to agree to a reasonable increase of taxation. This is the first principle of the Local-Self-Government for which you are now asking."

A constitutional difficulty.

The most important request, however, made in the Address was for the early introduction of the Reforms. The Hon'ble the Sir Norman Bolton, who had signed the Frontier Enquiry Committee Report though wedded to the views of the Majority, pointed out:

"It is common knowledge that one great obstacle in the way of the grant of Local Self-Government to the Province is the financial difficulty. Even after deducting all charges connected with the Frontier tribes and the defence of the border, the revenue of this Province can not be made to balance the expenditure. No way of the constitutional difficulty involved has yet been found."

To the same effect was the dictum of Sir Sivasawamy Aiyer K. C. S. I., C. I. E. in his great speech in the Legislative Assembly on 18th March 1926. He pointed out:

"If there is one fundamental maxim of constitutional politics more valid than any other, it is that any Province which claims autonomy must be able to support itself financially. Dependence on doles or depredations is incompatible with a claim to independence. If the central Exchequer is to meet the growing deficit in the administration of the Frontier Province, it is unquestionably entitled to have a voice in the administration. The principle that one person or authority could spend without question, and another authority should find all the money required for the expenditure of the former is calculated to promote extravagance and waste and destroy all incentives to economy."

A naive suggestion.

In March 1928 a Muslim high officer, one of the quartette who are so keen and zealous in agitating for the introduction of Reforms, was questioned as to how they proposed to balance the accounts, would they suggest any retrenchment in expenditure or some fresh sources of income? He naïvely said that he would dismiss the whole of the 1100 police employed for the good of the Britishers in the Peshawar Cantonment! The presumption evidently was that when Pathan rule comes, the millenium will dawn with peace on the Frontier, and good will among its wild inhabitants will prevail; there will then be no necessity for protection of life and property, for the detection of crime, or for the punishment of offenders!

PART V.

Recommendatory.

CHAPTER 27.

The Forward Policy.

The security of the Frontier districts from gangs of raiders and outlaws depends upon the degree of control which Government is able to exercise on the hill tribes. The policy of leaving them alone proved highly disastrous, specially in Waziristan. For three quarters of a century after annexation, the Mahsuds and Waziris were allowed to prey upon peaceful British subjects looting, killing and kidnapping them pitilessly. The Afghan War of 1919, and the fearful number of raids (611) in that year, showed how perilous it was to let these wild tribes alone. The evacuation of Wana, which had been in British occupation since 1894, was followed by an unprecedented outbreak of trouble with mutiny and butcher's bill of over 2,000 in casualties. The British lion was at last roused; military operations were taken in hand; hard-fighting ensued as the tribesmen who are experts in hill warfare, were better armed than ever before. After sanguinary skirmishes and fighting which lasted for two or three years, the Field Force eventually defeated them and occupied the Razmak Plateau in January 1923. The construction of the famous circular road was completed, "from Bannu right round through Razmak and Jandola and thence to Manzai in the one direction and to Sarwekai in the other". The Cantonment at Razmak has a large Force stationed there, & with a strong moveable Column now dominates the Mahsuds to a grate extent, and has rendered possible the political control which has had such a salutary effect; brigandage has almost stopped, roads on the border are safe, and the Frontier villagers are for the first time experiencing the blessings of *pax Britanica*. It is a pity that this Forward Policy was not adopted much earlier. To make my position clear I can not do better than quote the views of General A. Le. G. Jacob from a lecture which he delivered before the Central Asiam Society at the end of 1926. He said:

"The present policy is, in my opinion, thoroughly sound, but it must be continuous and progressive. What we have suffered from in the past is a lack of continuity in our policy, or rather a lack of any policy at all. We blew hot and cold alternately, with no practical result so far as the pacification of the country was concerned. We should therefore, continue our present policy steadily and progressively, and the next step in our progress should be the re-occupation of Wana and the sooner this is done the better....."

On the frontier, which consists of a chain of mountainous country, one of the most essential and important things being good lateral communications, he goes on:

"I have already mentioned the strategical importance of that place (Wana) and the effect of its occupation. Now since our withdrawal, there is a big gap in our line of about 40 or 50 miles, exposing the Zhobe district from the north and west, and communication by road has ceased to exist. The re-occupation of Wana would at once close this gap, and automatically cause a reduction in the number of troops, which is now found necessary to keep in the Zhobe valley for its protection."

To make "our hold on Waziristan complete" he suggests the following measures, viz:

- (a) "Occupation of Wana,
- (b) construction of a metalled road fit for M. T. from Razmak to Wana.
- (c) extension of the road from Sarwakai to Wana,
- (d) a branch from this road to Khajuri Kach and thence to Fort Sandeman".

He rightly observed:

"The soundness of our present policy is to my mind apparent. It has resulted in peace and quiet during the past two years, such as was unknown before, and if we continue this policy steadily and progressively on the lines suggested, the gradual disarmament of the tribesmen will most assuredly follow. It is merely a question of time."

Peace and prosperity of the Frontier is thus bound up with the Forward policy, and with its steady and progressive prosecution. Political control of the transborder tribes is not sufficient. Law and Order ought to be introduced and enforced. The possession of arms should be regulated by free issue of licenses. The civilising effect of good roads joining all the important places cannot be over-estimated. The development of the mining resources and other products of industry can alone bring about permanent material improvement. The present system of keeping the tribesmen quiet by means of doles and allowances entails a great strain on the central revenues, benumbs the incentive to self-help. It is for the Government of India and the Indian Statutory Commission to formulate a policy for future guidance for Frontier administration, and any

recommendations that the Commission may think proper to make must have a far-reaching effect.

The Semi-Military Police.

There is one more point to which I would invite attention. For years the Punjab, (from which our province was separated in 1901) had a Punjab Frontier Force, part of the regular army which was specially told off to keep peace on the N. W. border. Their training, discipline and equipment, ect., were regulated by the Military Department, but they were employed on expeditions and other duties at the instance of the Punjab Government. The change made by Lord Curzon in withdrawing the regular forces, and substituting them by Militia, proved a failure and has been abandoned. At present the Frontier administration has under its control semi-military bodies in regiments of Constabulary, Militia and Scouts commanded by British Officers. These bodies are, as a rule, recruited from people, living within or beyond the border. This in my humble opinion is a mistake. The Afghan War of 1919 fully demonstrated the fact that in such a conflict the bordermen can not be depended upon. Indeed some of them mutinied and murdered their officers. I would suggest that at least half of the strength of these Regiments, if not 80 percent, should be recruited from down-country in India; Hindus, Sikhs and Muslamans may be enlisted in equal proportions. As the pay offered is good, there ought to be no difficulty in securing the necessary number of recruits. We shall then be free of anxiety from this quarter when the stress comes. The men having no local sympathies and affinities will work more satisfactorily in preventing raids and pursuing offenders. The chances of disorder and turbulence, which have hitherto trouble the settled districts, will be lessened. It is enough that the N. W. Frontier Province, which must be the first to suffer from hostilities, is exposed to Bolshevik machinations and to the warlike preparations in Afghanistan.

CHAPTER 28.

An Advisory Council.

I have so far given reasons why representative institutions, based on the elective system, are unsuited to the Frontier Province, which with its peculiar problems was separated from the Punjab for political purposes. It is rightly regarded as a Military rather than a Civil area, since the transborder territory is held by large military forces, and its five settled districts have no fewer than eleven Cantonnments with a population in them of 93, 450 *souls. My own view is that any constitutional changes, whereby the dominant community obtains a potent voice in the administration of the Province, will weaken the Executive and prove, under existing circumstances, disastrous to the peace and prosperity of the people. The guiding principle of British policy, however, as set forth by the eminent statesmen who prepared the Montford Report, being "government by consultation", where "the principle of responsibility can not be applied", they contemplated the creation for this, as for the other minor "provinces", of "some form of Advisory Council, adjusted in composition and function to local conditions".

**Population in 1921.*

1. Peshawar	... 25,025
2. Dera Ismail Khan	... 5,456
3. Kohat	... 9,306
4. Nowshera	... 16,635
5. Bannu	... 5,900
6. Abbottabad	... 8,260
7. Mardan	... 3,497
8. Tank	... 4,483
9. Risalpur	... 8,499
10. Jamrud	... 6,128
11. Cherat	... 261
	<hr/>
TOTAL	... 93,450
	<hr/>

Its constitution & strength.

It has not hitherto been considered expedient by the authorities to give effect to this dictum, more so because the Frontier Enquiry Committee, for considerations which need not be repeated, yielded to the clamour of the agitators and recommended the introduction of "full fledged Reforms", with a non-official elected majority in the Legislative Council, a Minister and other paraphernalia. If the suggestion as regards an Advisory Council is to be carried out, it should in my opinion be given effect to as follows, without disturbing the present machinery of administration.

The Province has five District Boards, seven Municipalities and six Notified Area Committees, of which the members, though nominated, are composed of the best elements in their respective areas. Those who have come in contact with them know that they are men of position, of intelligence and of influence, who fully represent the different classes of the population, as also their various interests. No change must be made in their constitution, or communal proportion which has worked smoothly since the time when they were first established many years ago. We have in these Local Bodies excellent material to which the franchise may be extended. The Municipal Committees have recently been given the doubtful privilege of electing their Vice-presidents, which has produced considerable friction and ill-will. Those managing the local affairs of the larger towns elect two Vice-presidents, one Hindu and the other Muslim. For the present I would restrict the right of returning members to the Advisory Council to the towns of (1) Peshawar, (2) Dera Ismail Khan, (3) Kohat, (4) Bannu and (5) Nowshera, which with their Cantonments, have a population of over 20,000 persons. They will each return one Hindu, one Muslim. The District Boards, to which should be added for the purpose of representation from the Minor Municipalities and Notified Areas, may be differently treated, one member for 1,50,000 souls or fraction thereof. The three Arts Colleges in the Province may be given the right of nominating one member each, as education is the great desideratum in the province; either the Principal, or the President or the Secretary of their Coun-

-cils may be returned. The Local Administration should have the power of nominating six members, such as Nawabs or other notables whose presence would add dignity to the proceedings. The Director of Public Instruction, the Inspectress of Girls' School, the Chief Medical Officer, as also one Secretary and the Revenue Commissioner, who will be the President, will be ex-office members. The constitution of the Advisory Council, according to my rough calculations, will be as follows :—

	<i>Total</i>	<i>Muslim</i>	<i>Hindu & Sikh</i>	<i>Other.</i>
District Board Peshawar	6	5	1	—
do Hazara	4	4	—	—
do Kohat	2	2	—	—
do Bannu	2	2	—	—
do D. I. Khan	2	1	1	—
Munl. Committee Peshawar	2	1	1	—
do D. I. Khan	2	1	1	—
do Bannu	2	1	1	—
do Kohat	2	1	1	—
do Abbottabad	2	1	1	—
The three Colleges ...	3	1	1	1
Nominated Members ...	6	5	1	—
Ex-Officio ...	5	—	—	5
TOTAL ...	40	25	9	6

Hindus though 7 % of the population, being the Minority Community, will thus have about 22 % of the members. They are traders and the better educated, and have more literates among them than those in the sister community; they have a large stake in the towns and villages and pay nearly ten times more Income Tax than the Muslims. Moreover a large part of the provincial income is derived from the central revenues to which the contributions of their co-religionists can not be less than four-fifths.

There may be two sessions of a week or two each; one during the winter at Peshawar, and the other in summer at Abbottabad. The functions of the Council be defined, but their powers will be similar to those of the Educational Conference, which meets every year under the presidency of the D. P. I., and submits its recommendations to the Local Administration. The members of the Advisory Council will be at liberty to ask questions and to move, on matters within their competence, resolutions which if carried will with the proceedings be submitted to Government for such action as may be considered proper.

Central Legislatures.

The Province ought, however, to have a larger representation in the Central Legislatures; four members, of whom at least one will be Hindu, for the Legislative Assembly to be elected by the Advisory Council, and two members for the Council of State, to be nominated by the Hon'ble the Chief Commissioner.

CHAPTER 29.

Administrative Reforms.

Though I am fully convinced that the introduction of representative institutions and the excitement, friction and ill-will consequent upon the Elective system, will be highly prejudicial to good Government in this province, also that the constitution of a Legislative Council, etc., is at present beyond the range of practical politics, it must not be assumed that the present administration is a paragon of efficiency, or that it does not require overhauling. The great cry for re-amalgamation of the settled districts with the Punjab in 1920—22 showed how the people were dissatisfied with the existing conditions. I will briefly note such reforms in the administration, which in my opinion will improve it, and remove a good deal of the discontent. I am not clear in my mind how far they will be taken up by the Indian Statutory Commission.

(1) Judicial Administration.

The judicial administration of the settled districts has been unsatisfactory; it does not command public confidence. The first requisite for making it popular is that this province should be placed judicially under the Lahore High Court, which expressed its willingness and ability to take over the work. Two of its Judges will form at Peshawar a Bench, which will take up the work of the present Judicial Commissioners. This will improve their pay and raise the status of the highest Court of appeal, and when they disagree a full Bench will be automatically available. The difficulty which is now experienced in finding a Judicial Commissioner from the Provincial cadre will be obviated; at present even when temporary vacancies occur Sessions Judges from the Punjab or Bombay have to be imported. I need not dilate on this topic as the arguments for and against this reform are fully stated in the Report of the Frontier Enquiry Committee and in the Minutes of dissent.

(2) Superior Service.

The superior service should be divided into two sections—Political and Civil, as the duties are quite different. There should

be a time in the service of every officer, when it should be decided, with his consent if possible, to what section he should be posted. Officers who have little or no experience of civil work are at times appointed to the most important and responsible position of District Officers, and the results are often highly unsatisfactory. The number of British civilians should be increased. To avoid intrigue and faction none but British Officers should be appointed Deputy Commissioners, Sub-Divisional Officers and City Magistrates. The recommendation of the Frontier Enquiry Committee "for a full course of training in a major province for officers of the Imperial and Provincial services" is a good one, and arrangements should be made to give effect to it. The Resident, Waziristan, should also be Commissioner of the Derajat like the Divisional and Sessions Judge. As a senior and experienced Officer, his advice and supervision will be of immense benefit. There will be not much extra expense.

(3) Provincial and Subordinate Services.

Three-fourths of vacancies among Gazetted Officers of the Provincial Civil Service, as also among Munsifi, Tahsildars, Police Inspectors and Deputy Superintendents, etc, should be filled up by recruits selected as a result of competitive examinations. None but graduates should be eligible. This work should be made over to the Civil Service Commission of India. Jobbery in the selection for these posts is responsible for much of corruption and inefficiency. All cause of communal tension and friction, due to monopoly of services by a particular community, will be removed and the Province will get the best material available. If recruitment by competition is not sanctioned, the Hindus, who are a Minority community, with a great stake and are better educated, should be given a certain proportion, not less than 25 per cent of the posts in the Provincial and Civil Services. The non-Pathan tribes should have their share. The Pathans should get 40 per cent which is their per centage in the population. The claims of the Multani Pathans of Dera Ismail Khan will require special consideration. Their families have fine records of gallant and loyal services in times of the Mutiny, Afghan Wars, &c.

(4) Land Alienation Act.

This Act which accentuates the existing divisions and creates statutory castes should be rescinded. The proprietors

exercise feudal authority, and the poor tenants and Kamins have not the ordinary rights of citizenship. Expropriation of small holders is going on, they do not get the market price of their land. In this the Hindus have a real grievance; their land may be sold to others, but they are debarred from acquiring proprietary rights in village seven for building purposes or for factories. If it is considered necessary to protect peasant proprietors, no alienations whatever may be allowed without the sanction of the Deputy Commissioners, instead of the present provision that they can sell only to certain castes or tribes.

Revenue Commissioner.

The Revenue Commissioner has a large number of Departments under him; no one officer can properly attend to so many multifarious duties. It is very necessary that another officer, a Director, should take over from him charge of Agriculture, Industries, Registration, Societies and Excise.

Appendix I

FRONTIER HINDUS' CONFERENCE.

Proceedings of a Meeting of the Provincial Hindu Conference of the N. W. F. P. held at Peshawar on the 27th March 1928.

Those present were:—

1. R. B. Karm Chand, O. B. E., Vice-President, Municipal Committee, and President, N. W. F. P. Hindu Sabha, Peshawar; 2 R. B. Thakur Datta Dhawan, retired District Judge, Dera Ismail Khan, 3 R. B. Diwan Chand, Advocate, (M. A., LL. B.) Hazara; 4 R. B. Sukhu Ram Jhamb, Honorary Magistrate, Dera Ismail Khan 5 R. B. Beli Ram Dhawan, M. A. LL. B., Advocate, Peshawar. 6. R. B. Ishar Das, Bar-at-Law, Kohat; 7. R. B. S. Makhan Singh President, Hindu Sabha, Kohat; 8 L. Dhanpat Rai, President, Hindu-Sikh Sabha, Nowshera. 9 L. Ram Dass Agarwal, Vice-President, Hindu Sabha, Peshawar Cantt. 10 L. Kanshi Ram, Banker, Secretary, Panjtirath Committee, Peshawar. 11. L. Des Raj, Secretary. Electrical Supply Coy., Bannu. 12 L. Neb Raj, Honorary Magistrate, Bannu. 13. L. Gulab Chand, Honorary Magistrate, Bannu. 14. R. S. S. Harnam Singh, Municipal Commissioner, Vice-President, Hindu Sabha and President, Singh Sabha, Bannu. 15. R. S. L. Kishan Dass, Municipal Commissioner, Honorary Magistrate, Vice-President, Hindu Sabha, Bannu.
16. R. S. L. Ram Nath Lambah, Municipal Commissioner, Vice President, Hindu Sabha, Peshawar.
17. L. Dhera Mal Kapur, Municipal Commissioner, Vice-president, Hindu Sabha Peshawar.
18. Sardar Gurdit Singh, B. A., LL. B., Pleader, Secretary Hindu-Sikh Sabha, Kohat.
19. Seth Ram Chand, Banker, Kohat.
20. L. Parma Nand Banker, Kohat.

21. L. Atma Ram, Municipal Commissioner and Member, Cantonment Board, Kohat.

22. Chaudhri Dyala Mal, Municipal Commissioner, Kohat.

23. R. S. L. Shankar Dass, Banker, Peshawar.

24. Mehta Kirpa Ram, Secretary, Sewa Samiti, Peshawar.

25. L. Hukam Chand Khanna, Merchant, Peshawar.

26. L. Bishan Dass President, Hindu Sewa Sang, Peshawar.

27. L. Kanahiya Lal, Banker. Peshawar.

28. Sardar Manik Shah Singh, Member, District Board Bannu.

29. L. Parma Nand Khanna, Honorary Magistrate, Peshawar.

30. Chaudhari Megh Raj, Municipal Commissioner Laki, Bannu.

31. L. Kishan Chand Dhawan, Honorary Magistrate, Peshawar.

32. L. Chiranjit Lal, B. A., LL. B., Pleader, Joint Secretary, Hindu Sabha, Peshawar.

33. L. Daswandhi Mal, Merchant, Peshawar.

34. Bawa Niranjan Singh Bedi, M. A., B. T., Headmaster, Sanatan Dharm High School and Secretary, Sanatan Dharam Sabha, Peshawar.

35. R. S. Chaudhri Rochi Ram Khattar, President, Hindu Sabha, Dera Ismail Khan.

36. R. S. Seth Jesa Ram, Municipal Commissioner, Dera Ismail Khan.

37. Pandit Jetha Nath Zaildar, President, Brahman Sabha, Dera Ismail Khan.

38. R. S. Jetha Nand, Honorary Magistrate and Vice-President, Hindu Sabha, Dera Ismail Khan.

39. L. Gopal Das, Bagai, B. A., Secretary, Hindu Sabha, Dera Ismail Khan.

40. L. Rishi Ram Grover, B. A., Assistant Secretary, Hindu Sabha, Dera Ismail Khan.

41. Babu Sheo Sahai, Peshawar.

42. L. Ram Bheja Mal, Secretary Arya Samaj, Peshawar City.

43. L. Ladha Ram B. A., L. L. B., Pleader, Vice-President, Hindu Sabha, Bannu.

44. L. Gokal Chaod Dhawan. B. A. LL. B., President, Arya Samaj, Peshawar City.

45. Seth Ladha Ram, Municipal Commissioner and Banker, Kohat.

46. Pandit Ramji Mal, Secretary, Hindu Panchait, Kohat.

47. Chaudhri Karu Chand, Landlord, Hangu.

48. L. Bishan Das, Banker, President Sanatan Dharm Sabha, Peshawar City.

49. Sardar Hira Singh, Municipal Commissioner, Kohat.

50. Chaudhri Arjan Dass, Municipal Commissioner, Kohat.

51. L. Hukam Chand, Bar-at-Law, Peshawar.

52. L. Mathra Das, B. A., LL. B., Vice-President, Hindu Sabha, Peshawar.

53. R. S. Mehr Chand Khanna, Municipal Commissioner, Member Cantonment Board, and Honorary Secretary, N. W. F. P. Hindu Sabha Peshawar.

1. R. S. Chaudhri Rochi Ram of Dera Ismail Khan proposed, R. S. Ram Nath Lambah of Peshawar seconded while R. B. L. Beli Ram Dhawan and R. B. Ishar Das, Bar-at-Law, Kohat, supported that R. B. Karm Chand, O. B. E. of Peshawar, be elected Chairman of the meeting.

2. Proposed by L. Charanjit Lal, B. A., LL. B., Pleader, Peshawar, and seconded by R. B. L. Ishar Dass, Bar-at-Law, Kohat, that R. S. L. Mehr Chand Khanna, B. A. be elected, Secretary.

3. R. B. Karm Chand, O. B. E. having taken the chair, thanked the members present for the honour done to him, and also the gentlemen who attended the Conference as delegates at such a short notice.

4. The question for consideration was the attitude that the Hindus of the Province should adopt towards the introduction of the Reforms Scheme, and the views that should be expressed by their representatives (from the five districts) before the Royal Statutory Commission. A discussion followed in which a large number of gentlemen took part. Various views and opinions were put forward. The discussion having lasted for about 5 hours, the meeting was adjourned to 9 p. m. as the members had been invited to a tea party given by the president R. B. Karm Chand in his garden.

5. The members having re-assembled at 9 p. m., the discussion was resumed and the following resolutions were eventually adopted :—

"The representative Hindus of Peshawar, Dera Ismail Khan, Bannu, Kohat and Hazara, assembled in a Provincial Conference held at Peshawar on 27th March 1928, place on record their considered opinion that :—

(a) The Reforms Scheme in its entirety or otherwise will neither be workable, nor beneficial in the North West Frontier Province, owing to the peculiar conditions, geographical, financial and political, obtaining in this Province, and that it is sure to be detrimental to good Government, and highly prejudicial to All-India interests;

(b) The introduction of Election in the Local Bodies is not desirable in the interest of public tranquility and communal harmony".

6. Next morning (28th March 1928) a deputation of the following Hindu gentlemen led by R. B. Karm Chand O. B. E. waited upon the members of the Royal Statutory Commission at Government House, Peshawar, and presented to them a copy of the above-mentioned resolution, and in a general discussion explained to them the Hindu point of view.

Peshawar :—R. B. Karm Chand, O. B. E., R. S. Mehr Chand Khanna, R. S. Ram Nath Lambak, R. S. Shankar Dass, L. Kishan Chand Dhawn, and L. Dheru Mal Kapur.

Bannu :—L. Neb Raj, L. Gulab Chand.

Kohat :—R. B. Ishar Dass, Bar-at-Law, L. Atma Ram, Chaudhri Karm Chand, L. Dayala Mal.

Hazara :—R. B. Diwan Chand, Advocate.

Dera Ismail Khan :—R. B. Thakur Datta Dhawan, R. B. Seth Sukhu Ram, R. S. Seth Jetha Nand, R. S. Seth Jesa Ram, R. S. Chaudhri Ruchi Ram, Pandit Jetha Nand, L. Gopal Das Bagai, B. A. L. Rishi Ram Grover, B. A.

**Copy of the Resolutions adopted at a Meeting of the
N. W. F. P. Hindu Sabha, Peshawar, held under
the Chairmanship of Rai Bahadur Lala
Karam Chand, O. B. E., on 20th of
January 1926.**

Resolution No. 1.—Resolved that with reference to Mr. Sadiq Hussan, M.L.A.'s Resolution urging the extension of Reforms Scheme in the North-West Frontier Province coming up for discussion in the current session of the Legislative Assembly, this meeting of the Executive Committee, N. W. F. P. Hindu Sabha, places on record its well-considered opinion that Reforms Scheme in its entirety or otherwise will neither be workable nor beneficial in the North-West Frontier Province, owing to the peculiar conditions obtaining in this Province, Geographical, Economical and Political; and that the Government of India be therefore requested to postpone the inauguration of the Reforms till better and healthier conditions are restored.

Resolution No 2.—Resolved that the introduction of election at present in the Local Bodies in the North-West Frontier Province is not desirable in the interests of public tranquility, the electorate being not sufficiently advanced to exercise their right of vote in an intelligent manner.

**Copy of the Resolutions passed on 19th January
1926 by the Hindus and Sikhs at Kohat.**

Resolution No 1.—Taking into view the Educational and Political condition of the Majority community in the North West Frontier Province, the Political situation of the Province itself, and the Minority Communities for the last 25 years, the Hindus and Sikhs assembled under the auspices of the Hindu Sabha, Kohat, are of opinion that the extension of Reforms and election system in Local Bodies as proposed and desired by some, would not only be unfair and detrimental to the interest of the Minority Communities, but would also be politically inexpedient and would increase the difficulties of the Administration.

**Copy of Resolutions unanimously passed by the
Hindu Sabha, Nowshera Cantonment, under
the presidency of Lala Dhanpat Rai
Merchant, on 24th Jaunrri 1926.**

Resolution No. 1.—Resolved that with reference to Mr. Sadiq Hassan M. L. A's resolution urging the extension of reforms in the North-West Frontier Province, coming up for discussion in the current session of the Legislative Assembly, this mass meeting of the Hindus of Nowshera, convened under the auspices of the Local Hindu Sabha, places on record its well considered opinion that the Reforms in its entirety or otherwise will neither be workable nor beneficial to the North-West Frontier Province, owing to the peculiar conditions obtaining in this province, Geographical, Economical, and Political; and that the Government of India be therefore requested to postpone the inauguration of the reforms till better and healthier conditions are restored.

Resolution No. 2.—Resolved that the introduction of election at present in the local bodies is not desirable in the interests of public tranquility, taking into consideration the minority of the Hindus of this Province, as the majority of the electorates being illiterate and not sufficiently advanced to exercise their right of voting in an intelligent manner.

**Copy of the resolutions passed by the Hindus of
Dera Ismail Khan assembled under the
presidency of Rai Bhadur Thakur Datta,
retired District Judge, on the 1st
February 1926.**

Resolution No. 1.—Hindus of Dera Ismail Khan, assembled in Public Meeting, protest respectfully but strongly against attempts being made by a clique for introduction of so-called Reforms, and of Election in Local Bodies, in the N. W. F. Province. Owing

to the peculiar conditions obtaining in this Province, its contiguity to the Border, and the facilities with which raids, dacoities, kidnapping, murder and other serious crime against Hindus are committed with impunity by transborder people, the fanatic and unruly temperament of the illiterate masses, this meeting is of opinion that it is absolutely necessary for the maintenance of Law and Order, as well as for the safety and protection of the Hindus that the hands of the Executive should not be weakened by transferring authority to the class already dominant in the administration. This meeting further puts on record its firm conviction that the introduction of election is sure to aggravate factious feeling and promote riots and disturbances.

No 2 — Resolved further that this meeting is of opinion that the experiment of putting members of the dominant community in charge of high appointments, in the Executive line and Political Agencies, has proved a failure in this Province; it has accentuated the evils from which the Province has suffered.

**Copy of the resolution passed by the Hindus and
Sikhs of Tank, District Dera Ismail Khan,
assembled in Kanya Pathshala buildings,
under the Presidency of Dr. Ganesh
Datta, on the 6th February
1926.**

Resolution No. 1.—The Hindus and Sikhs of Tank assembled in Public meeting, protest most respectfully but very strongly against the introduction of so called Reforms in the N. W. F. Province. The introduction of any proposed reforms is not only undesirable but certainly most unsuitable in view of the peculiar conditions of the Province wherein raids, dacoities, kidnapping, murder etc., are committed by the transborder people either with the active cooperation and assistance or passive attitude of sympathy of their coreligionists inhabiting the settled districts; and therefore as a necessary result thereof most of the crimes remain untraced and go unpunished unless very strong executive measures are adopted by the District Magistrates.

Resolution No. 2.—The meeting puts on record its firm conviction that unless and until all responsible posts on the executive side in the Province are held by the British Officers, both the life and property of the Hindus can not remain safe, and as it is the paramount duty of the Government to protect the interests of the minority against the aggression of the majority, it is sincerely hoped that the government will show sufficient strength in meeting with the reasonable request of the Hindus.

Reforms in Frontier Province.

PUNJAB HINDU SABHA'S OPPOSITION.

At the meeting of the Punjab Hindu Sabha Lahore, held on February 5, the following resolution was passed:—That in the opinion of this Sabha, the peculiar circumstances and conditions of life in N. W. F. P., its proximity to foreign territory, and in view of the recent happenings in Kohat and D. I. Khan, and also of the fact that election for Council and Local bodies has so far been invariably associated with communal representation, the scope of which is being gradually extended to other spheres, and that the N. W. F. P., is not financially self-supporting, the introduction of responsible self-government and of election for Legislative Councils and local bodies is inexpedient and unwise and dangerous to the peace of India as a whole, particularly the Punjab.

CHECKED
2009-04

W. G. BUDJAN
BOOK-BINDER & GILLER NO. 27
BOGOMER PETR POGOR CITY.