

# The Servant of India

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## Topics of the Week.

### India in Parliament.

THE motion for the reappointment of the Joint Select Committee to consider the White Paper did not, as expected, evoke much adverse comment in Parliament, though Mr. Churchill did not allow the occasion to pass without unburdening himself on the problem of India. But his remarks failed apparently to excite much interest among his hearers, being nothing more than a *rechauffe* of the evidence tendered by him earlier in the month before the Joint Select Committee with which, from all accounts, his proposal to transfer a few more departments to popular control in the provinces—his grandiose "scheme" really meant nothing more—did not cut much ice. It is of interest to note that his assurance to the Committee to produce more convincing proofs than he had conveyed to it in support of his allegation of pressure exerted on the Princes with a view to inducing them to join the proposed Federation did not somehow materialise on the present occasion.

There does not appear to be much ground for his complaint about the inconsistency involved in the Government standing by the White Paper and the leaders of the Conservative Party assuring their followers that the matter was *sub judice*. That the Government are more or less committed to the White Paper has been authoritatively made clear more than once. Whatever doubt may have still lingered on the point must have been effectively dispelled by the Secretary of State's evidence

before the Committee and by the Prime Minister's recent declaration in the debate on the Address that the Government stood by the White Paper with all safeguards. Whether his optimism about the results "doing justice to expectations aroused in India" is or will be justified is of course another matter. Conservative leaders merely plead for suspension of judgment on the part of the general public on the Indian issue till the Joint Select Committee's report is out and Parliament had definitely expressed itself on the White Paper proposals. Are the two positions really so incongruous as Mr. Churchill tries to make out? But that is a matter purely between him and his party leaders; and we need not worry overmuch about it.

What is more pertinent to note is that he has not yet forgiven Lord Willingdon for referring to Dominion Status as a thing to which Indians could look forward. This is a veritable red rag to Mr. Churchill who cannot think it possible that within any time that he can foresee India will be so fortunate as to be a full-fledged Dominion. But on this point there is really very little to choose between him and Sir Samuel Hoare, whose defence of the Viceroy's action cannot be said to be in any way hope-inspiring. Sir Samuel Hoare tried to explain away the Viceroy's indiscretion by pointing out that when he mentioned Dominion Status, he did not mean it as "the next step or the next but one". But the attempt cannot carry much conviction in this country in view of Lord Willingdon's often-expressed and well-known ambition to be the first constitutional Governor-General of India. However abhorrent any mention by any person in authority of Dominion Status as a goal attainable by India in the near future may be either to the Secretary of State or to his less responsible party man Mr. Churchill, there is no getting away from the fact that Lord Willingdon did mean that the next step in the Indian constitutional development as a result of the present confabulations would be Dominion Status. Being on the spot he showed a better appreciation of public feeling than Sir Samuel Hoare who is really expecting the impossible if he believes that the advance embodied in his proposals will satisfy any section of progressive political opinion in this country.

### An Economic Survey of India.

IT appears from reports appearing in the press that the Government of India have secured the sanc-

tion of the Standing Finance Committee of the central legislature for an expenditure of Rs. 60,000, to be spread over two years, for the purpose of an initial economic survey of India. It is further reported that two British experts are coming out to India to undertake this enquiry in conjunction with three Indian colleagues. It is expected that with the initial push given to the scheme by these foreign experts the Indian members would finish the task, failing which the experts would be coming here again in the cold weather of next year. It has been a constant demand of all Indian publicists and research workers that a strong and efficient economic intelligence service should be built up under State guidance. Obviously the first preliminary is to have the necessary legislation requiring public bodies and corporations to maintain and supply all relevant information. It is on the basis of authoritative information thus gained that any intelligence and co-ordination work can proceed. Attempts made by individual provinces to pass such legislation have been foiled by the Government of India on the ground that the subject ought to be centrally dealt with. It is not yet known whether the Government of India have now made up their mind to initiate the necessary legislation.

We admit that the experience of advanced countries like Great Britain and the knowledge of economic and statistical experts will prove very valuable in the framing and execution of the measure. We doubt, however, whether this experience cannot be secured through the published and known work of this nature in other countries. We feel further that there are sufficiently competent and wideawake economists in this country to enable us to dispense with foreign *expertise* in this matter. The real difficulties in the path of a successful organisation of an economic intelligence and survey in India are not those of planning but of execution. It is only by the concerted efforts of the several governments in India, the Indian economists and the public bodies that success can ultimately be achieved. It is natural that an English Government of India should on all matters of public importance put their trust in English experts, and we have nothing but genuine appreciation of the worth of the English experts whose names are suggested on the present occasion. It is, however, our considered opinion that such an enquiry, particularly after the reports of the Economic Enquiry Committee and of Sir Arthur Salter, is calculated to prove only of limited usefulness. Any assistance that the Government needed for initiating a plan of enquiry and intelligence service could have been secured from the ranks of the Indian experts.

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#### Prevention of Balkanisation of India.

THE fragmentation of India into small provinces not financially self-supporting is always to be deprecated. But the caveat entered against the process by Sir Henry Lawrence is obviously a day after the fair and in present circumstances hardly anything more than a counsel of perfection. Not only does

he not want the number of provinces to be increased from 9 to 11 but would wish it to be considerably reduced by the amalgamation of Central Provinces, Assam, Sind, Orissa and N.-W. F. Province into larger entities. If this happened, the provinces would number 6, a reduction of nearly 50 per cent. which would be doubtless greatly welcomed by all those whose vision is not vitiated by communal considerations. But is such reduction, however desirable, a matter of practical politics? Public opinion has never countenanced the idea of the creation of provinces which look up to the central Government for a subvention in order to balance their budgets. And yet in sheer defiance of it the present bureaucratic Government has unconcernedly gone on carving out new provinces, not out of large national considerations, but purely to establish a communal balance. The institution of N. W. F. Province as a separate entity is difficult to justify on any other consideration, nor has the proposed separation of Sind any but such considerations, in the main, to commend it. The case of Orissa stands on a different footing but like the other two it too expects some financial assistance from the centre to make it function properly. The principle involved in all these cases of groups of people being encouraged to look forward to their being set up as separate entities, though lacking the wherewithal for maintaining their new status without outside help, is no doubt most objectionable. For if it became general, and if nothing more than a wish to be constituted a separate entity was needed for the purpose, the division of India into innumerable linguistic provinces cannot be too long deferred. It is needless for our present purpose to examine the merits and demerits of the division of the country on the basis of language. All that we are concerned to do is to join our voice with Sir Henry Lawrence's against the Balkanisation of India.

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#### Quinquennial Inquiry into Services Question.

THE White Paper provides for an inquiry into the question of future recruitment for the Secretary of State's services "at the expiration of five years from the commencement of the Constitution Act." When can the Act be said to have been introduced—whether with the introduction of provincial autonomy or with the functioning of the Federal Centre? Will the stipulated five years date from the former event or from the latter? Some diehard members of the Joint Select Committee were opposed to the mention in the Act of any such period; while others thought that the proposed period was too short for sufficient experience of the working of the new constitution being available to the Commission that may be set up. If the Commission is to have before it the experience of at least five years' working of the whole constitution and since the stipulated quinquennium is to be counted from the date the Act first begins to operate, as made clear by the Secretary of State, it was suggested that it was imperative that the period should be longer than five years, the Federal Centre being expected to be in working order some time after the Provincial Governments begin to function. Sir Samuel Hoare pointed out that while there was nothing "verbally inspired about five years", the number was actually favoured

by Government officials in India and England. But he had no objection to Parliament or the Secretary of State being given power "to alter the date in the light of the coming into operation of a particular part of the Act."

The opponents of a time-limit relied on the well-known argument that its insertion in the Act has a tendency, as in the case of the Simon Commission, to encourage agitation for the inquiry being instituted long before it is really due. Sir Samuel Hoare however defended the provision in the White Paper for the following reasons:—

"On the other hand there is this fact that cannot be ignored, that public opinion in India, both central and provincial, is very sensitive upon all these issues connected with the services. To take, for instance, provincial opinion. Provincial opinion is very strong upon provincial autonomy being made effective, and it is very suspicious of any kind of diarchy in which the real seat of power is not in the hands of the provincial government. That being so, it did seem to us that there should be some kind of reassurance to public opinion in India, both provincial and central, that there should be an inquiry based upon actual experience at a not very distant date. If no date is put in, I am afraid the general opinion in India would be that this is an arrangement fixed for ever; the anomalies that are bound to exist in a system of this kind are going on forever; there is never going to be a change; and I think you would see that Indian public opinion would resent the absence of a date of this kind."

Describing the kind of experience that would be available to the Commission, which, it may be hoped, will contain an adequate representation of Indian non-official opinion, Sir Samuel Hoare said:

"I think we shall have the five years' experience of the autonomous governments in the provinces. We shall see how things are going; we shall see what is the state of public opinion; we shall see what is the state of law and order."

In this connection, it is not without instruction to visualise the period during which provincial autonomy even of the White Paper pattern will be administered by members of the Services recruited by the Secretary of State. This task is considerably facilitated by Mr. Zafrulla Khan's cross-examination of the Secretary of State. The introduction of the Act, the institution of the proposed inquiry which may be five or more years after the beginning of the operation of the Act, the inquiry itself, consideration of its results by the Secretary of State with the inevitable concomitant of consultation with Governments in India, their consideration later on by the Cabinet and lastly by Parliament—these are some of the stages through which the question of the stoppage or otherwise of the future recruitment of the Services by the Secretary of State has to go. Till its decision by Parliament, the Secretary of State will of course continue his recruitment. And under the White Paper all these recruits are to be secured in the enjoyment of service conditions which were available to them at the time they entered service. It thus appeared to Mr. Zafrulla Khan that "even in the year 1975 (and I can prove it by these figures) in these so-called autonomous provinces practically all the heads of Departments will be people who with regard to the conditions of service and so on will be subordinate to and will be controlled by the Secretary of State rather than by the Provincial Government". It is easy to see that this reduces the proposed provincial autonomy to a mockery. For, as pointed by the Madras Government in their statement to the Simon Commission five years ago, "responsible self-government, if it implies anything, implies that

the Province must be free to recruit its own servants as and where it likes. There can be no imposing upon it a body of men recruited, under regulations, from sources and on rates of pay prescribed by some outside authority."

#### Indianisation to be restricted?

WHILE India is smarting under disappointment at the snail's progress of the Indianisation of the public service, a section of British opinion apparently wants it to be slowed down still further. And its representatives on the Joint Select Committee were simply aghast at the "strides" it had so far made. The phenomenon of European recruitment very nearly coming to a stop in the transferred departments was to them inexplicable, though at the back of their minds was really the feeling that this was brought about by the Ministers' undue preference of their countrymen. It was left to Mr. Joshi and Dr. Ambedkar to disabuse them of that impression. In their cross-examination of the Secretary of State they had little difficulty in eliciting the information that the Ministers in order to reduce the cost of administration had generally introduced lower scales of salaries which, though adequate even for highly qualified Indians, failed to attract really good Europeans so that the choice lay between having first-rate Indians and indifferent Europeans. This appeared to have smoothed matters for the moment; but we should not wonder if the question of putting some restrictions on recruitment to transferred departments is seriously considered when the British members of the Committee consult among themselves as a preliminary to the writing of their report. In fact Sir Austen Chamberlain said as much; and he is sure then to "develop" the point. Whether he will be able to carry the Committee with him is more than can be said. Whatever that be, it is clear that he will in all likelihood receive no countenance from the Secretary of State in his attempt to restrict Indianisation. In dealing with Sir Austen Chamberlain's suggestion, for applying the brake to Indianisation, of course in the interests of the Indian masses, Sir Samuel Hoare made his position clear. He said:

"A question of this kind raises issues other than service issues. For instance, one of the bases of our proposals is the proposal of provincial autonomy—the very foundation in fact of our scheme. One has got to take into account the reactions upon provincial autonomy and upon public opinion in the provinces of restricting to this extent or to that extent the field of provincial administration. Sir Austen's question, although it is specially directed to the service side of the question, really does affect the whole of that problem."

He illustrated his meaning by taking the example of the Irrigation Department.

"Suppose, now, one did not transfer the Irrigation Department or suppose that one tied it up with a number of restrictions that might easily be defensible from one point of view, but might have the result of very much restricting the field of provincial autonomy. Actually in the Punjab, which is the Province, I suppose, of all others, where irrigation chiefly matters, it would in practice mean taking I suppose more than one-third of the whole province out of the field of provincial autonomy (about one-third of the whole province being irrigated tracts)... Sir Austen will therefore see that there is this great risk of making provincial autonomy insignificant and ineffective if you try to tie these services up with many restrictions, still more if you do not transfer a big department of this kind that covers a great deal of the day-to-day life of the province."

## Articles.

### COMMERCIAL DISCRIMINATION.

THE safeguards that were provided in the White Paper for British interests in India in the economic sphere are, if anything, tightened up in the Secretary of State's memorandum on commercial discrimination, which now for all practical purposes takes the place of the White Paper proposals in this connection. A discussion took place for two days on the memorandum in the Joint Select Committee. The Indian delegates were wholly unsuccessful in this discussion in getting Sir Samuel Hoare to relax any of the restrictions sought to be imposed upon the federal legislature and the federal executive, but on the other hand the answers elicited by the questions of the British members showed even more clearly than the memorandum itself how far-going is the control that the British Government intends to exercise on India's economic policy.

It is obvious that in affording protection to British commercial interests a distinction must be made between firms and companies incorporated in India and those incorporated elsewhere, and, still more, between concerns doing business with India at present and those to be set up hereafter or not doing business at present. These different kinds of bodies surely require different kinds of treatment, but the memorandum lumps them all together and proposes all of them to be dealt with in the same way. In doing so, as Mr. Jayakar pointed out in his cross-examination, Sir Samuel Hoare has gone beyond the Round Table Conference and even the White Paper. No sort of discrimination can be made against any of these concerns except on the basis of reciprocity, and it goes without saying that reciprocity such as is proposed between India which has all its industrial development ahead of it and Great Britain which has most of its industrial development behind it has no reality about it. For, under the reciprocity proposal, the stronger country is left free to follow a policy of restriction against the trade and industry of the weaker country, whereupon the latter can take just those steps in restriction which the former has taken. But the stronger country requires no special measures of protection at present; it has had them in the past. Still the weaker country which requires such measures cannot take them because the stronger happens to have passed that stage.

For key industries, it is universally admitted, every country must be independent, and that it must be free to develop them even if in so doing a discriminatory policy has to be followed against certain countries. The possibility of India having to follow such a policy against British firms can never be ruled out. The Government of India's dispatch on the Simon Report recognised the necessity of Britishers in control of such industries transferring them in some way or other to Indians. "There are enterprises," it said, "which Indians regard as national, and which

at present are mainly or wholly in British hands. It would be idle to expect that they would be content for an indefinite period to remain without their appropriate share in the conduct of these enterprises, and if the methods at first proposed in order to satisfy Indian hopes must be ruled out because they involve injustice, or are inconsistent with the position which Great Britain holds in India, Indians may fairly ask that the British business community should co-operate in finding other methods to bring about the desired result." But the memorandum ignores this question of essential industries altogether; it makes no difference whatever between ordinary commercial enterprises and enterprises vital to the life of a nation, which latter are everywhere reserved to the natural-born citizens of the country.

There is only one sphere in which the memorandum permits some amount of discrimination being practised against Britishers if necessary. As Lord Reading said, in one of his questions, "the only exception to be made to your general rule against discrimination is that in regard to companies not yet incorporated in India, if they do become incorporated in India after the granting of the bounty and subsidy, and for the purpose of getting the benefit of that bounty or subsidy, then they may be made subject to these conditions (stipulated by the External Capital Committee), that is, putting it briefly, to the rupee capital, to the number of directors, and also to facilities for training of Indians." In every other respect discrimination either in the legislative or administrative sphere, is strictly forbidden. Even in this one matter of granting a bounty, the Governor-General or Governor may intervene and overrule the legislature or the executive, in regard to the conditions that may be laid down if he thinks them onerous or unjust. For the power of the head of Government in this as well as other matters of like nature is, as was described by Sir Samuel Hoare himself, wholly "unlimited." If the Governor-General or Governor is supreme where administrative discrimination is in question, he is compelled by the constitution to reserve for the signification of the King's pleasure any Bill which introduces legislative discrimination. Such reservation is again, to quote Sir Samuel Hoare himself, "obligatory." A discriminatory measure, even when in the Governor-General's or Governor's own view it is fair and reasonable, he must reserve!

Nothing can show more strikingly how the constitution will prevent India from directing her economic policy in the way best adapted to her conditions.

### THE RESERVE BANK BILL.

THAT the majority of the joint select committee appointed by the two houses of the Indian Legislature for a detailed consideration of the Reserve Bank Bill has endorsed the Government proposals on almost all vital points is not surprising. The issues involved in the bill are partly technical and the present personnel of the two houses is not particularly well fitted to handle the matter on independent lines. Unlike the former occasion when a bill

for constituting a reserve bank was introduced in the central legislature expert non-official guidance from among the members themselves was almost denied to the present committee. The unexpected and hitherto unexplained support that Sir Parshottamdas Thakurdas gave to the report of the London Committee considerably weakened the hands of the members of the Legislature. Subsequent attitude of other members of the central legislature who are in close association with the leading lights of Bombay finance has further sapped the strength of those who would now stand by the decisions arrived at by a former Legislative Assembly. Under these circumstances it is a matter for welcome surprise and congratulation that as many as nine members of the Committee have boldly and cogently expressed their dissent from the official view backed by the majority.

The oft-repeated arguments in favour of a shareholders' bank have been neatly exposed by the minority, which includes several gentlemen who have an intimate and prolonged experience of the working of large scale share-holding companies. The average share-holder never exercises any appreciable influence either on the election of the directorate or on the shaping of business policy. A small coterie that dominates the inception of a concern generally perpetuates its rule by well-known means. It is indeed possible that this very prospect has reconciled some ex-supporters of a state bank to the present proposals. But then the cry raised against political influences and in favour of the so-called shareholder is hollow. The matters attracting the attention of a central banking institution are so obviously outside the normal scope of individualistic business that a proposal to put it deliberately under private control is a heresy which is possible only in our country, where public opinion is not sufficiently trained and where the official mind is but a mirror of influences emanating from London. If it comes to that and if we must have a private bank as our central banking institution we would much prefer to follow the American reserve model and make the joint-stock banks themselves the proprietors of the Reserve Bank. Behind the smooth talk about the interests of the private share-holders and the necessity of excluding political pressure there is every prospect of the growth of a small yet powerful coterie of Indian and British capitalists who will not be immune from political pressure. In fact the smaller the size of the share the greater the disorganisation among the share-holders and greater the possibility of intrigue.

In view of the unsatisfactory composition of our present legislature it is a welcome surprise to know that all the non-official members of the committee, dissenting from the officials, combined to express their views on two important points regarding the governance of the proposed bank. This combination among all the non-official members should serve to convince the Government of the genuineness of a feeling of restiveness against British spoon-feeding felt in this country. The non-official members recom-

mend that out of the three executive officials of the Reserve Bank, the Governor and the two Deputy-governors, one *at least* must be an Indian. Government members assured their colleagues of sympathy with their claim but expressed their own inability to allow such reservation to be sanctioned by statute. A similar difference developed with regard to the composition of the Board of Directors. The non-official members insist that *at least* seventy-five per cent. of the voting members of the Board should by law be required to be Indians. The Government attitude in this case also is one of verbal sympathy and practical opposition. In view of the fact that the non-official members desire to invoke legal sanction for *minimum* and not for *total* Indian personnel there is no justification for the criticism that the non-official demand indicates a weakness and not strength in their nationalistic attitude. The non-official members' insistence on at least five years' experience in banking for the Governor of the Bank has evoked similar feelings of mixed assent and dissent from the Government members. These facts indicate the probability that Government in promoting the present measure is partially guided by an ulterior motive bearing on the commercial discrimination clauses of the proposed Constitution Act. It is time that the non-official members of the legislature also realise the implications of the Government attitude. If it is not competent or proper for an Indian Legislature to say that a certain number of seats on public and semi-public executives shall be held by Indians, there must be something radically wrong with the constitutional principle on which the powers of the legislature are based. In fact the wrong can be easily located. It is the purpose of British politicians to prevent the present and the future Indian legislatures from denying to a Britisher any privilege that they offer to an Indian national. The implications of this attitude are very far reaching, and we hope that all non-official Indian members of the central legislature will take this opportunity of creating a healthy precedent for free and patriotic action.

It is impossible to take the Government members and their non-official supporters seriously when they brush aside the ratio clause as being outside the field of controversy so far at any rate as the present bill is concerned. It is common knowledge that the present ratio was put on the statute book after a good deal of opposition in the legislature. Its unsuitableness has been brought home even to its erstwhile Indian supporters like Sir Sivaswamy Aiyer. In any case all competent observers now agree that unless strenuous efforts are made to raise the internal price level the currency and banking structure of the country might cease to function. In view of these facts it is no better than a pettifogging pedantry to argue that the ratio question does not arise in the present connection. The formation of a new currency authority is an eminently fitting occasion to inquire into the suitability of all the obligations that are going to be placed on it. Other countries like New Zealand, as the minority report pertinently points out, took advantage of similar occasions to modify their

exchange policies. The Government of India, are however fighting shy of any discussion on the ratio at the present moment. There is not a single reliable argument with which they can make out even a plausible case in support of the *status quo*. They are, therefore, playing for time in the hope that 'something might turn up,' which they can use as a convenient ground for fresh inquiry into the matter.

It is a pity that the majority of the non-official members of the committee should have been carried away by official misdirection in this all important field. For every day on which we allow the present high ratio to continue on the statute book we are adding to the misery of the rural masses of India. To deny to ourselves the earliest opportunity to amend the ratio or to gain exchange freedom is not only a political blunder but also an economic crime. We trust that when considering the Bill members of the legislature will be able to rise above prejudice and pedantry and that they will consider the issue on its merits as it affects the national interest. The proposed restriction on the freedom of the Reserve Bank to purchase other foreign currencies than the British sterling shows unmistakably that while the Government are denying to the legislature an opportunity to consider the ratio issue, on the ground that it is irrelevant, they are buttressing the position of a sterling-exchange standard which was ushered in in 1927 in company of the more reputed Bullion standard and was openly adopted by decree of the Secretary of State in September 1931. The present is the most opportune time to achieve exchange freedom in India and if the legislature allows this opportunity to slip away the logic of manipulated yet accomplished facts might again weigh the scales in favour of the Government policy of high exchange and sterling domination. If the Reserve Bank Bill is to pass with provisions for share-holders' capital and control, and if it is to mean a perpetuation of the present currency and exchange policy we would be prepared to face the constitutional uncertainty expected to follow as a result of the non-establishment of a Reserve Bank.

D. G. KARVE.

### INAM LEGISLATION AND SOCIAL JUSTICE.

YOUR exposition\* of the irregularity of procedure in carrying out the expropriation of inamdars in Madras is fairly full and clear. I shall put it in order for clearness of view. The Bill was amending legislation. It did not contemplate the creation of new rights. The introducing speech did not foreshadow it. The Select Committee did not consider it. I am told that an inamdars' representative, waiting to be heard, was told that he was not going to be touched and he had no need to hover about. Then came the amendment. I am told again that the mover of that amendment said to the Leader of the Opposition that he was not particular about it and would not move it, but subsequently moved it.

\* Leading article on "Land Reform in Madras" in the "Servant of India" of the 16th November 1933.

The Revenue Member at one stage, in explaining away his own previous assurances, stated that the amendments brought the thing in and he was not responsible, and at another stage justified the amendments as having had the sanction of Sir K. Srinivasa Aiyangar and Sir C. P. Ramaswami Aiyar and therefore carrying out a settled policy, which he himself had in mind. It is difficult to resist the conclusion that questionable manoeuvres behind the scenes deflected the originally contemplated lines of legislation and the member-in-charge surrendered his sounder judgment to those who persuaded him—wrongly as he realised too late,—that Sir K. Srinivasa Aiyangar and Sir C. P. Ramaswami Aiyar,—both of them Advocates-General and members of Council,—favoured it.

Every one will agree with you that legislative decency, if nothing else, requires that the amendments should be cancelled by appropriate return of the Bill and a new bill to effect those amendments should be brought after due notice.

The non-official Europeans had their unerringly instinctive aversion to expropriatory legislation. The equally sound instincts of the European members of Council were asleep, clouded and for the moment suppressed by their political alliance and surrender of reins to their allies.

There is another aspect equally unedifying. It shows a lack of true statesmanship in the Government. Why was the change of policy allowed on this amending Bill? Why was the change not announced to the Advocate-General when it was decided on? Why was he allowed to speak when his speech must be most embarrassing to the Government? Why was the view of the trusted legal adviser of the Government rejected on procedure? On the top of all came the speech of the Chief Minister accusing the Advocate-General. All this accentuates the error of procedure.

### SOCIAL JUSTICE.

The one part of your leader with which I cannot agree is that this legislation is a step in the right direction. You say that social justice is in its favour. May I say that social justice must have a quality which you do not refer to but which you tacitly assume to exist in this case, that it must take from those who have more than they need and give it to those who have not and are in need? I ignore the principle that you should not take from Peter in order to endow Paul. I am for the moment ignoring the sacredness of property and assuming that if one man has a superfluity of things the collective vote of the legislature can transfer it from him to another who is in dire need, *without paying compensation*.

Please turn your attention to the inams. The legislature has not touched so far, and we may assume they will not, except under a temporary fit of madness, touch those inams, less than a village in extent, which are called minor inams. These are small in extent and scarcely sufficient for the owner. If the inamdars let the land in those cases for contractual rents, I do not expect any objection, unless, in the Kingdom of the Future, no one's land can be agreed to be cultivated by another except for rents fixed by the

State. No question of social justice demands the deprivation of ordinary rents in these cases.

Village grants have been made to temples, mosques, churches, chatrams and charities and to individuals. Has it struck any of these estimable gentlemen to ascertain how many belong to these institutions and how many to individuals? These institutions have budgets to square. The inams are none too adequate. Most eke out a not unprecarious existence with *Mohini* allowances and small gifts of worshippers. The inamdar is nominally the deity, unmindful of the injustices of men and having nothing to lose. The real beneficiary is in one sense the public for whose benefit the institution exists and in a material sense the number of poor dependents who and whose families are maintained in return for services—the priests and the *paricharakas*, the piper and his troupe, the dancing girls and the flower-supplier and the sandal-supplier, the singer of sacred songs, the watchmen and quite a number of others who perform ordinary and extraordinary services. These are receiving their doles, and with their families, often large, live on the margin of subsistence. The inam grants to individuals, not protected by a custom of impartibility or protective legislation of inalienability like *Zemindaris*, nor protected from disintegration by the law of trusts like these institutions, divide and subdivide and sell. The descendants of the original grantee possess fractional shares. Either they have divided the lands and are in possession, each of a few acres. Or they divide the incomes in all sorts of proper fractions. Much of all this in ultimate analysis will be found to be our eastern substitute for the Western Poor Law.

Without careful investigation into each case, can you transfer property from one to another in the midst of all this mutually adjusted squalor? To my mind it seems wantonness to disturb it in the midst of world-wide depression and distress.

If for a moment I may address myself to what you have in mind when you talk of social justice, you are in the unreal world where there are only two categories, the landlord and the tenant, and the tenant being the under-dog must be protected. The inamdar, seemingly a unit, represents as diverse interests as the tenant and they are all required and they are all leading a very, very poor existence. Whoever touches this adjusted economy has a grave duty to examine carefully the consequences of what he proposes to do.

Any one who examines the legislation from 1802 will find that it shows a fair sense of social justice. I do not deny that legal and social justice may diverge. They have not diverged in this particular case. I am not going to inflict on you a discourse on the legislation or the tenures, as the man-in-the-street has, rightly, no interest in the intricacy of tenures.

May I say that wise people aware of all the complications underlying an adjusted social economy avoid subtle discussions which more often than not misguide people, and act on the broad principle which is only another name for far-sighted expedi-

ency) that property should not be taken away without compensation?

I am not so very comfortable as you are in the contemplation of A & B spoliating C, A & C spoliating B and B & C spoliating A by turns and working out social justice. I am reminded rather of cowards bolting their front door and back door when dacoity goes on in a neighbour's house and wringing their hands when, in their turn, they are subjected to the same treatment and their neighbours do unto him what he did unto them. Even in this legislation there have been people who came and inquired whether they were safe, and being assured, went away content. Either you act in union for maintaining justice or you will be destroyed in detail, each in his turn.

Here is a warning to all concerned to beware of the subtle metaphysical, casuistical, and unscrupulous minds abroad. To exhort the rich and the well-to-do on their duty to recognise the trusteeship of property, and their duty to protect the poor is one thing and teaching and practising expropriation is another.

T. R. VENKATARAMA SASTRI

[THAT the procedure adopted in passing the amendment to extend the Estates Land Act to whole-village inams was most unfair, unstatesmanlike and deplorable is common ground between Mr. Venkatarama Sastri and ourselves. It is our misfortune that Mr. Sastri does not agree with us in our view that the amendment was none the less a step in the right direction. It is with the utmost diffidence that we venture to offer a few comments on Mr. Sastri's criticism, not in the spirit of controversy but with a view to seek enlightenment which he is so eminently competent to give.

We agree with his thesis—implicit in our article, as he rightly says, and explicit in his letter—that social justice can justify only the transfer of superfluity of the "haves" to meet the needs of the "have nots." There is not the slightest social justification to make the poor poorer in order to endow another equally poor, much less already rich, simply because the former is technically, a landlord and the latter a tenant. There are a large number of people, particularly women and widows, who own inam lands, which yield them a small pittance, while their tenants obtain an income much larger because they lease other lands also. It will undoubtedly be a piece of gross social injustice to mulct the widow of a part of her pittance in order to transfer it to her richer tenant.

But all inamdars are not small-holders and all tenants rich. Social justice will require the exemption of the small-holders from such tenancy legislation. And it will be more useful to define, if possible, the small-holder, whether he be a zamindar, inamdar, janmi, ryatwari-holder or other. To some extent this objection has been met by the exclusion of minor inams and the inclusion of only whole-village inams. There is however much force in Mr. Sastri's contention that many of what are technically whole-village inams are really a bundle of a number

small inams; they are, economically speaking, minor inams.

At the same time, it should be noted that the legislation under reference gives the tenant only occupancy right and not "fair" rent. The rent will continue to be the same as it is today. No reduction of rents is contemplated and there is therefore no need to apprehend that the beneficiaries of inam grants will suffer in their present incomes. Nor is the capital value of an inam land diminished because the rental remains the same. What a purchaser paid he will get if he should sell. Nor is there any prohibition against the enhancement of the current rent either by agreement or through a court.

All that the landlord is deprived of is the power that he now possesses to force up rents by the threat of eviction of the tenant. One has only to compare the rents paid on Government rayatwari land and its neighbouring zamindari or inam land to see the use made by the landholders of their arbitrary power to force up competitive rents by the threat of eviction. The inamdar will hereafter, as the zamindar was earlier, be deprived of such prospective increments of rents and their capitalised value. It is a deprivation; but from the point of view of social justice not an unjustified one, whether the landholder is a zamindar, or inamdar or other. The grievance would have been more substantial if the existing rents had been cut down to "fair" rents and no increments allowed either by agreement or by law.

There is the danger apprehended by some landholders that once their power of eviction is taken away, even the current and lawful rents may not be promptly paid up by the tenants and they may be compelled to go to the courts to recover them. And if the rents are small or the landlord poor, recourse to law will be very nearly impossible, with the result that the tenant will become the virtual landlord. Eviction was a prompt remedy to recalcitrancy. There is some provision made in the Estates Land Act to meet this contingency and it has been made more favourable to the landlord in the amending legislation, if our information is correct. Even if it were otherwise, recalcitrancy is not limited to land rents alone. All business transactions share that risk. The village grocer has a number of small debtors to collect his dues from; so has the village moneylender. Most transactions, both large and small, are today based on credit and trust. Very few of these are taken to the courts. At all events, recalcitrancy will not be the monopoly of the tenant of inam lands.

All legislation modifies the existing state of things; a legislation to promote social justice often involves redistribution of national wealth and to that extent violates the sacredness of private property. All that we may and should legitimately insist on is that such interference should be based on careful and thorough investigation and should be limited to the minimum necessary and should, if possible, be made gradual in order to give time for the affected interests to accommodate to the new situation without sudden shocks and dislocations.—Editor.]

## Our London Letter.

( BY AIR MAIL. )

( From Our Correspondent. )

LONDON, November 17.

### GOODBYE TO ALL THAT.

THE members of the Indian delegation associated with the Select Committee breathed a sigh of profound relief yesterday at the conclusion of their labours for the improvement of the White Paper proposals. Several members of the delegation had already left as they felt that those remaining were fully competent to put the finishing touches to the work that still remained to be done. Yesterday's complimentary speeches, at the conclusion of the Committee's work, brought one more stage of the constitution-making proceedings to an end, Lord Linlithgow, the Chairman, and the Archbishop of Canterbury speaking on behalf of the Select Committee, and the Aga Khan and Mr. Y. A. Thombare responding on behalf of the Indian delegation. I am in a position to say that the personal relations of the two bodies of constitution-makers have grown steadily closer during these last few weeks, and the Archbishop of Canterbury was using no empty formula when he remarked that any difficulties in the discussions between members of the Committee and the delegates which might have been anticipated had never even appeared on the horizon, and that the mutual goodwill and understanding that had been created would not be forgotten when the results of the Committee's proceedings were laid before the public, both here and in India. I have heard from more than one quarter that throughout the proceedings the Archbishop has been most friendly and sympathetic to the Indian point of view expressed in various quarters of the delegation. Nor is he, I am informed, alone in his attitude. Indeed, a very well-informed friend confirms what I have otherwise heard that there has been a fairly steady tendency on the part of even the most conservative members of the Committee towards a less reactionay standpoint. Precise information is, of course, lacking except in so far as it may be deduced from a careful scrutiny of the Minutes of evidence, but I have reason to believe that taken as a whole, the course of the proceedings in the discussions that have taken place in camera between the two bodies has drawn them closer to an understanding of each other's viewpoint, and that as a result of the objective manner in which the Indian case has been put forward, there has been something of a rapprochement, which, it is hoped, will react favourably to the Indian claims for modification of the White Paper proposals. If that happens it will at any rate compensate, to some extent, for such whittling down in certain respects as may still have to be feared. Towards this result the better relationship among the members of the British Indian delegation, when the constitutional discussions became serious, has greatly contributed. Except upon the strictly communal issues there has been a very substantial measure of agreement among all sections of the delegation, with the result that I am informed that to-day there has been signed and presented to the Committee a virtually unanimous Memorandum strongly recommending a number of substantial and significant modifications of the White Paper proposals, in order to make them presentable to, and acceptable by, Moderate Indian opinion at least, and so enable the realignment of parties, or the formation of new parties, to take place without undue delay, so as to give the Consti-



tution a reasonable chance of being worked. The Aga Khan's moderating statesmanship has done a great deal to bring about this more accommodating spirit within the British Indian delegation, and although there are some reservations, I understand, in the Memorandum, its importance lies in the fact that on so many of the larger issues it has been possible to secure so large a measure of agreement. Probably when Sir Tej Bahadur Sapru's Memorandum is published and is compared with the present joint Memorandum, it will be found that they do not diverge in any important particular, and that the latter has not gone in the wrong direction.

#### THE PROGRAMME.

Since there is reason to believe that there is now a closer approximation of views even within the Select Committee, it is probable, I understand, that the Report will be available towards the end of February, or at the beginning of March. This will be rendered possible by the fact, that as the Government are anxious that there should be as little interruption as possible in the Committee's work, which for technical reasons comes to an end to-day with the end of the session, it is proposed on Wednesday next to interrupt the debate on the Address, when Parliament reassembles, in order that a motion may be submitted to the House of Commons by Sir Samuel Hoare. This will declare that it is expedient that the Joint Committee be reconstituted. Whether or not advantage will be taken of the occasion to promote a debate will depend upon the enthusiasm of the "do-nothing about India" faction on the Government's side. Of late their criticism has seemed to die down, but it is possible that they may seize the opportunity to try to stir up the embers of criticism once more. There are, indeed, times that this may be so. Mr. Churchill, for instance, has this week been canvassing the merits of the National Government leaders. As he stands four-square against Socialism, Mr. Churchill is satisfied that no energetic anti-Socialist policy can be expected so long as Mr. MacDonald is Prime Minister. He has very little opinion of Sir John Simon, whilst his references to Mr. Baldwin seem to indicate that if the latter would only be loyal to the Conservative Party and give up the late Socialist Government's India policy that Mr. Churchill insists on attributing to him, he can be sure of Mr. Churchill's loyal support. I cannot quite see Mr. Baldwin falling prey to temptation so easily as this. The Scottish Unionists, too, are shortly going to discuss Indian affairs, and the usual official motion will be put to the meeting with the usual Defence of India League amendment such as we had at Birmingham not long ago. On this occasion the Duchess of Atholl, whose husband is being prosecuted for alleged breach of the gambling laws, is to move the amendment. She appears to be a very reactionary person, whom even her nephew, Mr. R. A. Butler, who is believed to hold very different views from hers, has been unable to win over. Reverting to next Wednesday's motion, if it passes as almost certainly it will do, it will be sent to the House of Lords for approval, and a week later the names of the present members of the Committee will be submitted for reappointment. The Committee will then be at liberty to get on with the consideration of the Burma question. The odds seem to be heavily in favour of the decision recommending separation.

Should the Select Committee's Report be published early in March, there would probably be time for a critical debate in both Houses before Parliament rises for the Easter Vacation. In that event there is just the possibility that instead of its being delayed until the Autumn Session next year, a Bill could be introduced in June or July next. There seems little

reason to doubt that in the light of what they have heard in the Committee from the Indian delegation and of the information that they must have had from Indian official sources, the Government will be anxious to get the Bill through with the minimum of delay, and the greater measure of common agreement that may be looked for in the Committee the smaller will be the prospect of the success of destructive tactics in Parliament.

#### TWO INTERESTING EPISODES.

Apart from a Memorandum presented to the Committee yesterday by the Secretary of State, strongly criticising the views expressed last week by Mr. Douglas Dewar who sought to damn the constitutional proposals upon purely financial grounds, there has been little of interest in the later stages of the evidence. Bengal Police views of a thoroughly reactionary character were succeeded by not less reactionary views urged in respect of the Indian Medical Service. As regards the former, an interesting statement was made by Mr. J. C. French who retired from the Indian Civil Service about eighteen months ago, and who is one of the few thoroughly discredited officials of recent experience. He would have gone back even upon the Montagu-Chelmsford Reforms had that been possible. It is believed that a Memorandum has been submitted to the Committee dealing with a scheme that has been talked about in certain quarters for a sort of Federation of the Musalman Provinces in the North-West India, together apparently with Afghanistan. It was in response to an invitation from Sir Reginald Craddock that Mr. French, who had been travelling in these areas, about the time of his retirement, made his statement. I quote from the Minutes of Evidence :

*Sir Reginald Craddock:* I should just like to know whether you ever heard of any talk about a Federation of these Provinces under the name of Parkistan ?

*Mr. French:* I have not heard the name Parkistan, but the idea is in the air.

*In the air where?—*In India, in the Punjab, in the North-West Frontier Province.

*You can say that really from having heard about it, can you?—*Yes, I have heard hints of it, but I have not heard the actual name Parkistan in India. I have hints of the thing; the idea of a great Mahammadan State, including the Punjab, the North-West Frontier, Sind, Baluchistan and Kashmir, and also Afghanistan.

*Mr. Zfarullah Khan:* Now you said with regard to a scheme to which Sir Reginald Craddock referred that you had heard mention of it in the Punjab among other places?—I have not heard mention of it, I have heard hints.

*When were you in the Punjab last?—*I was in the Punjab last in May of last year, May, 1932.

*You have said that you heard hints of a great Mahammadan State including some Provinces in British India and also of Afghanistan?—*Yes.

*The hints must have been that this large and powerful Mahammadan State should be outside the British Empire if it was to include Afghanistan?—*Well, they were only envisaging that as a possibility of the future.

*But did the hints that you succeeded in hearing convey anything in your mind with regard to the possibility being that the Muhammadans of Northern India desired Afghanistan to be included within a British Federation of Muslim States, or did you think that they desired that these British Provinces should go outside the British Empire if it was to include Afghanistan?—*I do not think there is an active desire at present to set up any such State, but it is a possibility that is in men's minds for some future time if necessary.

*Did you hear hints directly or indirectly from any Muslim sources?—*I heard them from Muslim sources.

*Directly yourself?—*Directly myself.

But it did not occur to you to enquire whether it was envisaged that this Federation would be within the British Empire or outside it?—I only heard it as a very vague idea.

#### DOMINION STATUS & OTHERWISE.

Sir Philip Cunliffe-Lister, the Secretary of State for the Colonies, having already directed the suspension of the Malta Constitution, and thereby dealt a blow to British prestige in Malta and to responsible government in general, has now notified in answer to a question in the House the Council of Ministers in Ceylon that he would be unwilling at this date to entertain any proposals emanating from the State Council for the reduction or material modification of the powers conferred on the Governor and the Secretary of State by the Order in Council in relation to matters declared to be of paramount importance or in regard to the maintenance of the efficiency of the public service.

On the subject of Dominion Status, an interesting sidelight was thrown upon the attitude of the Prime Minister in the following questions and answers in the House on Tuesday:

*Sir Nairne Stewart Sandeman* asked the Prime Minister if he will give an assurance that no steps will be taken to grant Dominion status to any part of the Empire which does not at present enjoy the same without the concurrence of the self-governing Dominions?

*The Prime Minister:* My hon. Friend asked me a similar question two years ago, and I gave him the best answer I could, bearing in mind the ordinary limits of a reply to a Parliamentary question and the fact that his question raises a matter of constitutional practice, namely, that if and when any other British Possession comes under the Statute of Westminster, it will be by precisely the same machinery and precisely the same method as the Dominions which have already come under it.

*Sir N. Stewart Sandeman:* Are we to understand that a part of the Empire might be given Dominion Status without the other Dominions being asked or consulted?

*The Prime Minister:* Well, within the limits of the answer that I have given, I think that is rather unlikely, but in any event when the actual case arises it will be time to give a specific answer as to how it is to be treated.

#### INDIA AND LANCASHIRE.

The report brought back by Sir William Clare-Lees of the results of the mission of friendly negotiations with the Indian millowners by the Lancashire mill industry, followed by the Government of India's announcement that it will enter into discussions with the British Government for a new trade agreement relating to British cotton and artificial silk goods, as soon as the negotiations now proceeding with the Japanese Government are concluded, has been received with quiet satisfaction in Lancashire, where it is generally understood that a larger use of Indian cotton will have to be made in the future. Emphasis is laid in the Press generally upon the agreement reached between the Lancashire delegation and Mr. Mody and his other friends in Bombay, and this is regarded as strong evidence of the weakening of the boycott movement in the light of objective advantages to be gained by agreement between the two countries regarding the scope of each other's competition. Naturally the advocates of the White Paper proposals claim for these the principal merit in this new arrangement, for, they argue, had not the Bombay people and the Indian public generally realised the serious earnestness of this country in the promotion of the reforms, it would not have been possible to procure such an agreement. They also point out to their opponents of the diehard brigade that if they had their way not

only would this branch of British trade have been utterly destroyed, but that British trade in general would have been most seriously affected by a widespread boycott. They, therefore, insist that the best safeguard for British trade is the establishment of good relations between the two countries. Indirectly, of course, they support the diehard contention that the stiffest safeguards will be found of no avail in practice, for which the illustration of the Irish Free State is given.

By the way, Mr. Thomas has caused considerable excitement by once again telling the Free State people that this country regards with the utmost seriousness recent legislation having for its object the breaking of some of the few remaining connections between the two countries and the establishment of a Republic in some sort of loose Federation with the British Commonwealth. He has threatened that serious notice of a breach of the Treaty will be taken by Great Britain, and Mr. de Valera has promptly offered to hold a General Election on the question of severance if the British Government will give him an open assurance that war will not be waged against the Free State. As *The Spectator* properly remarks, the issue for both countries is so serious that it ought not to be decided by a snap-election held in circumstances of the maximum of emotion.

#### LATE SIR M. M. BHOWNAGGREE.

It is very difficult to think of the Indian community in London without Sir Mancherji Bhownaggee who is no longer among us. The early controversies centred upon him have long since been forgotten. In latter years in his own way Sir Mancherji had developed into a staunch, if independent, Nationalist. He was interested primarily in three matters. The first was the commercial and industrial expansion of India, and in this he belonged to the forward school. He never ceased to demand the fullest training and equipment for Indian business men and equal opportunities for them to display their gifts and exercise their qualifications. On the subject of Indians overseas he was at one time a very eminent authority and it was largely due to him that the problem of the status of Indians in South Africa was brought before the attention of the Imperial Government after the Boer War. Certainly to him is to be attributed, in a very special measure, the prominent place occupied by discussions on Indian disabilities overseas in the subsequent Imperial Conferences. During its existence he was the Chairman of the South Africa British Indian Committee, which came to an end at the outbreak of the Great War, but until the day of his death he never ceased to be interested in all measures taken for the relief of his countrymen overseas. And lastly he was intensely interested in the higher education of his compatriots and especially in women's education. Only a month or so ago he presided at the Annual Meeting of the Northbrook Society, for whose salvage from disaster, a few years ago, he was largely responsible, and he had for many years been the Chairman of the Indian Women's Association. His association in one capacity or another with the Indian Social Club had for years been very intimate. Latterly ill-health had compelled his withdrawal from some of his activities, but his shrewd judgment and his friendly interest could always be called upon. The Parsee Association of Europe will miss him greatly. The funeral at Brookwood, yesterday, was attended by many friends, compatriots, and co-religionists. Sir Mancherji passed away at the ripe old age of eighty-three, and so a familiar landmark disappears. His daughter Mrs. J. N. Bahadurji, whose own daughter was recently called to the Bar, survives him.

## Reviews.

### INDIAN MONETARY PROBLEM.

**THE MONETARY PROBLEM OF INDIA.** By L. C. JAIN. (Macmillan.) 1933. 23cm. 222p. 10/6.

THE greater part of this book is a summary of data available in blue-books and the volume specially deals with the nature of the Indian money market and the currency reforms suggested by the Currency Commission of 1925-26. The author has also a good summary of some of the prominent recommendations of the Banking Inquiry Committee of 1929-31.

On page 70, the author writes: "The chits are open to many malpractices. A number of them fall in the category of a mere lottery. Sometimes promoters of chits are unscrupulous, and cheating and fraud naturally ensue." This appears to be a very exaggerated view, and the 'kuri' system in Malabar—also called chits in the East coast of the Madras Presidency—shows on the whole a wonderful adaptability for the needs of small people, and the honesty shown is indeed great. Lapses there are, but these are not peculiar to the chit system.

Further on, on page 120, Dr. Jain is very apologetic about the Imperial Bank's special treatment in the matter of Government finances. He writes: "If the Imperial Bank has large balances free of interest which gave it an advantageous position over other banks, it must not be lost sight of that it is also subject to certain severe restrictions such as the prohibition of dealing in the profitable business of foreign exchanges." In this connection it may be worth while to know what happened in 1920. The then Finance Member speaking on the Imperial Bank Bill said:

"It has been urged that we should not seek, as we do seek, to exclude the Imperial Bank from taking part in ordinary exchange operations... The banks themselves, who are mainly concerned, have acquiesced in this proposal, they have done so far the reason that they now hold in many cases the balances of the Exchange Banks and they could not expect those banks to leave their balances with them if they were rivals in the matter of exchange operations."

It would appear, therefore, that the idea of compensation by Government balances for a restriction of exchange operations is not quite the proper interpretation. It would be an open question whether the Imperial Bank would have gained in prestige or earning if it had not exclusively acted as Government Bankers and had the choice instead of competing with the Exchange Banks.

Again on page 124, writing about commercial education provided at the Universities, Dr. Jain seems to have missed the work done by Calcutta and Dacca during the last ten years.

Apart from the above critical notes, it is difficult for the reviewer to estimate what exactly is the purpose served by this book. The author himself is painfully aware that 'literature' on the subject is plentiful, and it does not appear that the writer who claims 'unusual opportunities to study' the question from various angles during the last decade has been able to impress on his readers any useful result of his unusual researches. The only chapter in which Dr. Jain thinks aloud is entitled 'The Future Outlook'. But even here Dr. Jain's indecision is prominent. On page 191, he says: "While it is probable that Indian monetary reconstruction would be best secured by some form of a gold standard, such rapid changes are occurring all over the world, and in the realm of economic thought, that it would be best to keep an

'open' mind." It means nothing—a painful confession that we have nothing to say to assist or resist such changes. The only panacea of Dr. Jain is the appointment of 'a Currency Board' when the time is ripe for action. But when? The treatment by the author of a Reserve Bank's constitution is very thin, and the author has nothing to say on the question of how far a Reserve Bank can be free from politics—either of the government or of the people.

The author is intensely academic when he writes about the possibilities of international co-operation, a world money market, and an international currency standard. 'If the first task of India is to promote international co-operation, the second is to push on her national interests.' This is really a paradoxical position. The author must be aware of the many difficulties in the evolution of 'national interests'—as apart from Imperial interests—and the reader would have welcomed specific suggestions for action on definite lines for the economic progress of the country—apart from an airy faith in international co-operation or human justice.

S. V. AYYAR.

### A GUIDE TO ECONOMICS STUDY.

**INDIAN ECONOMICS, VOLS. I & II.** (3rd & 2nd Edns.) By G. B. JATHAR and S. G. BERL (Oxford University Press.) 24cm. 446, 583 pp. Rs. 4/8, 5/8.

THIS is an excellent text-book on Indian economics. Our idea of a text-book is that it must, in the first place, be free from propagandism. Propagandist literature is, generally speaking, one-sided, or it unduly stresses particular view-points. A text-book, on the other hand, ought to be a guide for the study of a subject in which it should furnish, without partiality, a thorough grounding to the student and sometimes to the layman also. In the next place, a text-book must be up-to-date. It must acquaint the reader with the most modern developments on the theoretical side and their practical application, illustrating these, wherever possible, with figures and diagrams. In the third place, it must not be too technical, provided, of course, it is not mainly intended for advanced students. The work under review satisfies most of these tests. It is packed full with information. It furnishes latest available statistics. The pros and cons of all questions are fairly set forth. It is not unduly burdened with technical terms. Only one drawback may be mentioned. A few suitable diagrams or graphical illustrations would have much enhanced the value of the work. In spite of this, however, it will prove very useful to the student, the publicist and the man-in-the-street alike. As the authors claim in the preface, the work is comprehensive in treatment. All important topics are dealt with, with satisfactory thoroughness.

For these reasons it deserves to be generally accepted as a text-book on Indian economics, and we believe, it has been prescribed as such by almost all of our Universities. Its popularity is testified to by another fact also. It was first published in 1928, and within less than four years its third edition has been found necessary. This good fortune is shared by very few Indian publications.

A critical reading of the work will reveal a few inaccuracies and they ought to be removed when the next edition is called for. Some have been brought to light by one reviewer elsewhere. We may mention a place or two where the sense is highly ambiguous if not exactly inaccurate. In pages 239 to 244 is discussed the development of India's trade during the War and the post-War periods. Tables are first given showing the recorded values of im-

ports and exports for the years 1913-1929, and then in another set of tables are tabulated these recorded values as calculated on the basis of the declared values in 1913. In this latter set, the figures for 1919-1920 are not shown. It is perhaps an oversight. But a greater discrepancy appears to have crept in if we scrutinise the last table on p. 244. It is intended to give us the index-numbers for the rise in the post-War price-levels of Indian imports and exports. As an illustration, let us quote figures for one year only, —for 1920-21. The declared values in this year for imports and exports are Rs. 347.57 and Rs. 267.76 crores respectively (p. 241). They are next converted into values on the basis of the 1913 prices, and the figures arrived at on this calculation are given to be Rs. 142 crores and Rs. 172 crores respectively. By comparing the two sets of figures we get the percentage of the rise in the price-levels of imports and exports. The authors tabulate these annual percentages in table II on p. 244. The percentages for 1920-21 are given as 237 and 140. This is, we are afraid, incorrect. On calculation, the correct figures are seen to be 244 and 155. Similar discrepancies can be detected in the index figures for the succeeding years. They require to be corrected or explained.

In a few cases the topics seem to be dealt with rather incompletely. Read for instance the chapter on Imperial Preference. The present-day controversy over the Ottawa Agreements has fully revealed the various view-points from which the question of Imperial Preference must be considered. Some of them are left untouched in the present work. Similarly the chapter on Unemployment seems to us to be not quite satisfactory; particularly speaking, the problem of the educated unemployed has escaped the notice of our authors.

Finally we should like to say a word on the term "Indian Economics." As Professor Kale says, it was the master mind of Ranade that successfully registered in India the revolt against the Manchester school of English economists and emphasised, on the lines of List's National System of Political Economy, the need for framing an economic policy adapted to Indian conditions. In his lectures delivered in 1892, which has now become a classic, he therefore pleaded for a departure from the time-honoured maxims of the rigid economic science and for the initiation of Indian Political Economy reinforced with the latest theories, e. g., the doctrine of relativity, and preferring the claim of collective welfare to individual interest. (Kale, Indian Economics, p. 11.) What was desired by Ranade was indeed the formulation of economic principles adjusted to Indian environments in the same way as was done by List for Germany. Therefore Indian economics should not have owed allegiance to any particular school and should not have adopted any system of doctrines wholesale. It ought to have been 'eclectic, constructive and creative.' We doubt whether it has been so.

To the non-Indian ear the term 'Indian Economics' sounds uncouth, infelicitous and misleading; but almost every Indian economist has attempted a justification of its use. Our authors discuss the three meanings of which the term is susceptible and sum up by saying that 'Indian Economics is a study of the present economic position of India, from the Indian national point of view.' As a matter of fact it is capable of yielding a fourth meaning also. The so-called 'Indian national' view-point has been, generally speaking, un-Indian rather than Indian. Take any text-book on Indian economics and you will find

that Indian institutions like the joint family system, the caste-system come in for severe condemnation which is no more than a paraphrase of the critique advanced by alien writers. A sort of slavish mentality is apparent not only in the field of politics but in that of economics and other branches of learning as well. It is high time we open our eyes and see things for ourselves.

Apart from such minor differences of opinion, we have nothing but praise for the work and congratulations upon its excellent execution.

H. B. BHIDE.

### SHORT NOTICE.

#### THE THEORY OF ECONOMIC EQUILIBRIUM.

By ATTILIO DA EMPOLI. (Christiano & Catenacci Publishing Co. Chicago.) 1931. 24cm. 184p. \$ 3-00.

To a distressed and fleeting world economic equilibrium may be as empty as perpetual motion or painless dentistry, but a theory of economic equilibrium is an exhilarating exercise to economists, particularly of the mathematical inclination. But nothing is new under the sun, nor can any theoretical point have escaped Marshall's ken, but to the British school this idea has been made familiar by the recent writings of Professor Robins, D. H. Robertson, Shove and Sraffa on the concept of a representative firm, or even the representative firm. The book now reviewed is a valuable contribution to the study of marginal phenomena by an Italian scholar who prepared his manuscript in Italian. This accounts for the "vernacular" English such as "Aside from this minimum necessary to keep a concern going" (p. 18), "it will be obvious for whoever has followed this preceding analysis" (p. 160), the syllabification "monopoly only" (p. 16) and so on, but these I think are also serviceable as affording necessary diversion from the heavy reading which the book otherwise demands. The author presents a static theory of value and of the distribution of wealth, but in the sense that economic phenomena are influenced by potential or ultramarginal elements, a picture is painted of the long-run changes that arise under different curves of production, competition, duopoly, monopoly and international trade. One however feels mystified about the distinctionless difference made by the author between marginal and the ultramarginal in the infinitesimal neighbourhood of the actual stopping point. The author is aware of this source of criticism. In reply he asserts (p. 140) that he "never presupposed an infinitesimal increase of production." It is fair to say that the author's conception is, using his own words (p. 22): "Ultramarginal production is, after marginal production, the most convenient and consists of that minimum quantity of commodities which would be produced under best advantage at a given period if the production could be increased." Population problems too do not appear to be immune from this theory. We read for instance that, if in a given position of equilibrium, tastes, psychology and moral standards remain fixed, and the various remunerations alone increase the population will tend also to increase. In the desire to make economic education "universal and compulsory," books are being produced in bulk for the benefit of the leisured and unlearned, but one of this type which affords terse reading must have a strong fascination for the book-lover.

K. B. MADHAVA.