



The Gazette of India

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Separate paging is given to this Part in order that it may be filed as a separate compilation.

PART VI.

Proceedings of the Indian Legislative Council.

GOVERNMENT OF INDIA.

LEGISLATIVE DEPARTMENT.

PROCEEDINGS OF THE INDIAN LEGISLATIVE COUNCIL ASSEMBLED UNDER
THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT, 1915,
(5 & 6 Geo. V, Ch. 61).

The Council met at the Council Chamber, Viceregal Lodge, Simla, on Wednesday, the 5th September, 1917.

PRESENT :

His Excellency BARON CHELMSFORD, P.C., G.M.S.I., G.M.I.E., G.C.M.G., Viceroy and Governor General, *presiding*, and 55 Members, of whom 48 were Additional Members.

OATH OF OFFICE.

The following Additional Members made the prescribed oath or affirmation of allegiance to the Crown :—

The Hon'ble Mr. Charles Ernest Low, C.I.E.
" " Mr. Malcolm N. Hogg.
" " Mr. Charles Augustus Kincaid, C.V.O.
" " Mr. James George Jennings.
" " Sir Gangadhar Madho Chitnavis, K.C.I.E.
" " Mr. Malcolm Edward Couchman.
" " Mr. Denys deSaumarez Bray, C.I.E.

STATEMENTS LAID ON THE TABLE; QUESTIONS AND ANSWERS.

[*Sir C. Sankaran Nair; Khan Bahadur Mian Muhammad Shafi; His Excellency the Commander-in-Chief; Raja Sir Rampal Singh.*]

[5TH SEPTEMBER, 1917.]

STATEMENTS LAID ON THE TABLE.

The Hon'ble Sir C. Sankaran Nair.—“ I lay on the table a statement* showing the number of schools which have adopted and encouraged the boy scout movement in each province, which was promised in reply to a question asked by the Hon'ble Rao Bahadur B. N. Sarma on the 8th February, 1917. ”

The Hon'ble Sir C. Sankaran Nair.—“ I also lay on the table statements showing the number of elected and nominated members of the different universities in India, which were promised in reply to a question asked by the Hon'ble Nawab Saiyed Nawab Ali Chaudhuri, Khan Bahadur, on the 20th March, 1917. ”

QUESTIONS AND ANSWERS.

The Hon'ble Khan Bahadur Mian Muhammad Shafi asked :—

Military decorations awarded to Indians.

1. “ Will Government be pleased to state—

“ (a) the total number of Victoria Crosses awarded to Indian members of the Indian Expeditionary Force since the commencement of the World War and how many of these have been awarded to persons belonging to the Punjab; and

“ (b) the total number of other military decorations awarded to Indian members of these Forces, and of these how many have been received by persons belonging to the Punjab? ”

His Excellency the Commander-in-Chief replied :—

“ (a) Eight Victoria Crosses have been awarded to Indian members of the Indian Expeditionary Forces since the commencement of the war. Of this number, three have been awarded to men belonging to the Punjab.

“ (b) The total number of other military decorations awarded to Indian officers and men of these Forces is approximately 1,870, of which 908 have been given to persons belonging to the Punjab. ”

The Hon'ble Raja Sir Rampal Singh asked :—

Examination by compartments.

2. “ (a) Will Government be pleased to state whether the Hon'ble Member for Education received any proposal in March last from the Hon'ble Lala Sukhbir Singh of Muzaffarnagar on the subject of examination by compartments in schools and colleges, and if so, what action has been taken in the matter? ”

“ (b) Is Government aware that the want of this system of examination imposes very hard study on a large number of students to the detriment of their health, and will Government be pleased to give the proposal a favourable consideration? ”

The Hon'ble Sir C. Sankaran Nair replied :—

“ (a) I received a communication in January last from the Hon'ble Lala Sukhbir Singh regarding University examinations by compartments.

“ (b) Government have received no certain information that the present system imposes very hard study on students or is detrimental to their health. ”

QUESTIONS AND ANSWERS.

[5TH SEPTEMBER, 1917.]

[*Mr. Jinnah; Sir William Vincent; Khan Zulfiqar Ali Khan; Mr. K. V. Rangaswamy Ayyangar.*]**The Hon'ble Mr. M. A. Jinnah asked:—**

3. "In view of the recent announcement and also the proposed visit of Mr. Montagu, and having regard to the feelings which have been aroused in the country by the internment of Mrs. Besant and her co-workers, do the Government of India propose to consider the question of their release?"

Release of Mrs. Besant and her co-workers.

The Hon'ble Sir William Vincent replied:—

"The Government of India are prepared to recommend the Government of Madras to remove the restrictions placed on Mrs. Besant and Messrs. Wadia and Arundale under the Defence of India rules, if the Government of India are satisfied that these persons will abstain from unconstitutional and violent methods of political agitation during the remainder of the war. In taking this course the Government of India are actuated by the confident hope that the recent announcement of His Majesty's Government and the approaching visit of Mr. Montagu to this country will have such a tranquilizing effect on the political situation as to ensure the calm and dispassionate consideration of the difficult problems which are to be investigated during his stay in this country.

"The Government of India are prepared, subject to the same conditions to take the same course in regard to other persons upon whom restrictions have been placed under these rules, merely by reason of their violent methods of political agitation."

The Hon'ble Mr. Jinnah asked:—

"May I ask a supplementary question? Will the Government be pleased to state whether they propose to take the cases of Muhammad Ali and Shaukat Ali into consideration?"

The Hon'ble Sir William Vincent replied:—

"The Government are already considering the cases of Muhammad Ali and Shaukat Ali and are making enquiries in regard to them."

The Hon'ble Khan Zulfiqar Ali Khan asked:—

4. "(a) Will Government be pleased to state if they contemplate the creation of Tribunals or Committees for examination of internment cases under the Defence of India Act?"

Creation of Tribunals or Committees for the examination of internment cases.

"(b) If the answer is in the affirmative, will Government be pleased to refer the case of Mrs. Annie Besant to one of these Tribunals?"

The Hon'ble Sir William Vincent replied:—

"(a) The Government of India are consulting local Governments as to the necessity for appointing such Committees or Tribunals.

"(b) If it is decided to appoint them, and should such a course be necessary, the Madras Government will doubtless consider the expediency of referring the case mentioned to the local Tribunal."

The Hon'ble Mr. K. V. Rangaswamy Ayyangar asked:—

5. "Will Government be pleased to lay on the table a statement giving particulars relating to the number of superior gazetted appointments in the Secretariat of the Government of India held by non-civilians, their pay and status, and the number of such appointments held by Indians?"

Superior gazetted appointments in the Government of India Secretariat.

The Hon'ble Sir William Vincent replied:—

"A statement* giving the required information is laid on the table. It has been compiled on the assumption that by 'non-civilians' the Hon'ble Member meant officers other than those belonging to the I. C. S., and that the Army Department does not come within the scope of his question."

QUESTIONS AND ANSWERS.

[*Mr. K. V. Rangaswamy Ayyangar; Sir George Barnes; Sir Robert Gillan; Sir William Meyer.*]

[5TH SEPTEMBER, 1917.]

The Hon'ble Mr. K. V. Rangaswamy Ayyangar asked :—

Tax on petrol.

6. "(a) Will Government be pleased to state whether the imposition by the Motor Spirit (Duties) Act, 1917, of an increased tax on petrol has had the effect of conserving any petrol for war purposes, and if so, what amount of petrol has been so conserved ?

"(b) If the imposition of the increased tax has not had the desired effect, will Government be pleased to discontinue such imposition ?"

The Hon'ble Sir George Barnes replied :—

"I am not able as yet to state the effect of the increased tax on petrol, for the tax has not been long enough in force to enable any reliable estimate to be made of its effect on consumption.

"With regard to my Hon'ble friend's suggestion that the tax, if it should prove ineffective, ought to be taken off, I would point out that if taxation intended to check consumption proves ineffective, the normal remedy would be not to remit the taxation but to increase it."

The Hon'ble Mr. K. V. Rangaswamy Ayyangar asked :—

Railway Fares.

7. "(a) Have railway fares in India been increased recently and was the object of such increase to reduce the number of railway passengers ?

"(b) If so, what has been the reduction if any in the percentage of passenger traffic since the fares were increased ?"

The Hon'ble Sir Robert Gillan replied :—

"The reply to (a) of the Hon'ble Member's question is in the affirmative."

"As regards (b) all the information so far received shows that the enhancement of fares has resulted in considerable reductions in the numbers of passengers travelling, ranging from 8 to 25 per cent."

The Hon'ble Mr. K. V. Rangaswamy Ayyangar asked :—

Indian indentured labour.

8. "(a) Is it a fact that as stated in the issue of the "Pioneer," dated 14th February 1917, replies from all Local Governments, except Madras, have been received regarding Indian indentured labour ?

"(b) If so, will Government consider the advisability of laying them on the table now or soon after they are in receipt of the Madras Government's reply ?"

The Hon'ble Sir George Barnes replied :—

"Replies from all the Local Governments and Administrations regarding labour emigration to the Colonies, including that from the Government of Madras, have now been received and I lay these replies on the table. The Government of India before the recent Conference in London addressed a despatch on the subject to the Secretary of State, and they propose to publish this despatch with the Secretary of State's reply as soon as the latter is received."

The Hon'ble Mr. K. V. Rangaswamy Ayyangar asked :—

Commission on advances made by Bank.

9. "(a) Has the attention of the Government of India been drawn to the controversy in the Madras newspapers about the propriety of the Presidency Bank's cashier charging a commission on advances made by the Bank ?

"(b) If so, is this practice of charging commission authorised ?

"(c) Has any step been taken to effect a discontinuance of the practice ?"

The Hon'ble Sir William Meyer replied :—

"The Government of India have seen certain articles in a Madras newspaper alleging that the cashier of the Bank of Madras at Colombo takes a

QUESTIONS AND ANSWERS.

[5TH SEPTEMBER, 1917.]

[*Mr. K. V. Rangaswamy Ayyangar;*
Sir C. Sankaran Nair; Captain
Ajab Khan, Sardar Bahadur; His
Excellency the Commander-in-Chief;
Sir George Barnes; Mr. Srinivasa
Sastri.]

commission on advances made by the Bank, but they are not aware of the actual facts. In any case the question is one which concerns the authorities of the Bank, and the Government of India do not propose to take any action."

The Hon'ble Mr. K. V. Rangaswamy Ayyangar asked :—

10. "(a) Is it a fact that Dr. Marsden has been appointed permanently to the office of Dyeing Expert with the Government of Madras ?

Appointment
of Dr.
Marsden as
dyeing
expert.

"(b) If so, were the Government of India consulted before that step was taken ?

"(c) If the answer to (b) is in the affirmative, will Government be pleased to lay on the table the correspondence on the subject between the Government of India and the Madras Government ?"

The Hon'ble Sir C. Sankaran Nair replied :—

"The answer to questions (a) and (b) is in the affirmative.

"(c) The correspondence* asked for is laid on the table."

The Hon'ble Captain Ajab Khan, Sardar Bahadur asked :—

11. "When travelling on Form 'E' on certain duties, do Indian officers of the Indian Army get the same concessions, in drawing railway fare from Government, as is allowed in the case of all other individuals who are entitled to travel on Form 'E' ?"

Travelling
allowances
of Indian
officers.

His Excellency the Commander-in-Chief replied :—

"The only Indian officers of the Indian Army who travel on Form 'E' are Indian Aides-de-Camp. They receive the same concessions in regard to rail fares as British Officers of the rank of Captain. All other Indian Officers are provided with Railway warrants when travelling on duty."

The Hon'ble Captain Ajab Khan, Sardar Bahadur asked :—

12. "Will Government be pleased to state what progress has, within the last five years, been made in the postal system for quicker and more frequent postal deliveries to villages distant from postal towns and branch post offices ?"

Improve-
ment of
the postal
system.

The Hon'ble Sir George Barnes replied :—

"During the five years which ended on 31st March 1917, the number of post offices increased from 18,801 to 19,409, that is to say, 608 new post offices were opened during this period, and the number of postmen and village postmen employed increased from 25,745 to 27,043, an increase of 1,298. Since the 31st March last 159 new post offices have been opened and 101 more postmen and village postmen have been employed.

"The opening of every new post office results in a better delivery service not only in the village where it is situated but also in the surrounding country. So far as the financial position permits it is the policy of Government to open new post offices and to employ additional village postmen where the new revenue is expected to cover the additional expenditure within a reasonable period."

The Hon'ble Mr. Srinivasa Sastri asked :—

13. "Will Government be pleased to publish the opinions of Local Governments on the recommendations of the Maclagan Committee on Co-operation before taking final action thereon ?"

The
Maclagan
Committee
on Co-operad
tion.

QUESTIONS AND ANSWERS.

[*Mr. R. A. Mant ; Raja Sir Muhammad Ali Muhammad Khan ; Sir William Meyer ; Dr. Tej Bahadur Sapru ; Sir William Vincent ; Sir C. Sankaran Nair.*]

[5TH SEPTEMBER, 1917.]

The Hon'ble Mr. R. A. Mant replied :—

“The opinions* of Local Governments on the subject are placed on the table.”

The Hon'ble Raja Sir Muhammad Ali Muhammad Khan asked :—

The Bijnore District in the U. P. and the War Loan.

14. “(a) Has the attention of the Government of India been drawn to a circular letter, dated the 18th April 1917, issued by Mr. L. M. Stubbs, I.C.S., Magistrate and Collector of Bijnore District, in the United Provinces, to a number of gentlemen of the Vaishya caste, in which he accuses them, as a class, of cupidity, timidity and stupidity as also of ingratitude, because their contributions to the War Loan did not come up to his expectations ?

“ (b) Did Mr. Stubbs vilify a class, and by implication the gentlemen addressed, with the cognisance of the Local Government ? If not, what action has the Government taken against the official ?

“ (c) Does not Government consider the contributions to the War Loan from the gentlemen who received this letter and other Vaishyas in the districts as forced contributions ? ”

The Hon'ble Sir William Meyer replied :—

“The matter is one on which the Government of India have no information and the question should more suitably be put in the Local Legislative Council.”

The Hon'ble Dr. Tej Bahadur Sapru asked :—

Self-Government for India.

15. “Is it a fact that a circular was issued by the Government of India to Local Governments and Administrations in March last, or about that time, asking them to take any action, or adopt a particular attitude, towards the movement for self-government within the Empire or Home Rule ? If so, will Government be pleased to lay such circular on the table ? ”

The Hon'ble Sir William Vincent replied :—

“A circular on the subject was issued : it was confidential, and the Government are not prepared to disclose its contents or lay it on the table.”

The Hon'ble Dr. Tej Bahadur Sapru asked :—

Modification of the Indian Universities Act.

16. “Will Government be pleased to state, if they propose to take, at an early date, any steps to modify the Indian Universities Act so as to allow the Allahabad University to increase the number of its Fellows ? ”

The Hon'ble Sir C. Sankaran Nair replied :—

“The question of the modification of the Indian Universities Act is under the consideration of the Government. But they are unable to say whether steps at an early date will be taken to carry it out.”

The Hon'ble Dr. Tej Bahadur Sapru asked :—

Trade Commissioner for India.

17. “(a) Will Government be pleased to state what will be the special duties of Mr. Chadwick, the Trade Commissioner for India who will reside in England and what will be his emoluments and the total cost of his office ?

“ (b) Will Government be further pleased to state if the Industries Commission have submitted any *interim* report and if it is in pursuance of that report that the above appointment has been made ?

“ (c) If such report has been submitted, will Government be pleased to publish it for general information ? ”

QUESTIONS AND ANSWERS.

[5TH SEPTEMBER, 1917.]

[*Sir George Barnes; Dr. Tej Bahadur Sapru; Sir William Vincent.*]**The Hon'ble Sir George Barnes** replied :—

“(a) The attention of the Hon'ble Member is invited to the Press Communiqué issued on the 14th of June 1917, in which it was stated that the principal function of the Trade Commissioner will be the assistance of Indian export trade. He will advise the commercial public in their search for fresh markets for Indian products and manufactures and establishing new commercial connections within the empire. He will also help Indian industrialists in their enquiries regarding machinery and processes of manufacture. He will work in close co-operation with the Commercial Intelligence Branch of the Board of Trade, and with the Director General of Commercial Intelligence in India, and will be a source of ready information to commercial men in the United Kingdom on Indian commercial and industrial matters. His office will be located in the City of London so that he may be in direct and immediate touch with merchants and others interested in Indian products and manufactures. As at present arranged Mr. Chadwick will draw two-thirds of the salary which he would draw if he were on duty in India, converted into sterling at the rate of 1s. 6d. to the rupee. I am afraid I cannot yet state what the total cost of his office will be, as details regarding staff and miscellaneous expenditure still remain to be settled.

“(b) The Indian Industrial Commission has not submitted any *interim* report as yet. The answer to this part of the question is, therefore, in the negative. The report of the Indian Industrial Commission will be published as soon as it is received by Government, but as the sittings of the Commission will continue till February, the report cannot be expected earlier than March or April next.”

The Hon'ble Dr. Tej Bahadur Sapru asked :—

18. “(a) Will Government be pleased to state the grounds on which it has been considered expedient to bring out a Barrister-at-Law from England to hold the office of Advocate General of Bengal?”

Post of
Advocate
General
of Bengal.

“(b) Will Government be pleased to state if the gentleman who has been appointed to that office has any actual experience of Indian law and litigation, and whether he at any time regularly practised before the Judicial Committee of the Privy Council?”

“(c) Will Government be further pleased to state why the Hon'ble Mr. B. C. Mitter, the present officiating Advocate General of Bengal, or any other leader of the Calcutta Bar, has not been appointed permanently to the vacancy caused by the appointment of the Hon'ble Sir Satyendra Prasanna Sinha to the office of a member of the Executive Council in Bengal?”

The Hon'ble Sir William Vincent replied :—

“The appointment of Advocate General, Bengal, is made by His Majesty under the provisions of section 114 of the Government of India Act, 1915, and the Government of India are not qualified to discuss the grounds on which a selection is made, nor have they any record of the Courts in which Mr. Gibbons has practised.”

The Hon'ble Dr. Tej Bahadur Sapru asked :—

“I beg to ask a supplementary question. Was His Excellency the Governor of Bengal consulted about this matter and, if so, what was his opinion?”

The Hon'ble Sir William Vincent replied :—

“I must ask for notice of the question. I have no information available here.”

QUESTIONS AND ANSWERS.

[*Dr. Tej Bahadur Sapru ; Sir C. Sankaran Nair ; Sir William Vincent ; Maharaja Sir Manindra Chandra Nandi.*] [5TH SEPTEMBER, 1917.]

The Hon'ble Dr. Tej Bahadur Sapru asked :—

Appointment
of Mr. W. G.
Wood as
Principal of
Roorkee
College.

19. "(a) Is it a fact that Mr. W. G. Wood was appointed to his present office of Principal of the Roorkee Engineering College, after retirement from his regular service in the Public Works Department ?

"(b) Had he any experience of teaching students and had he been at any time in his life in charge of any college in India ?

"(c) Was the Director of Public Instruction in the United Provinces consulted by the Local Government before Mr. Wood was appointed to his present office ?

"(d) Have Government received any representation from Mr. E. F. Tipple, Professor in the Roorkee Engineering College, protesting against his supersession by the appointment of Mr. W. G. Wood to the office of Principal ? Will Government be pleased to state why Mr. Tipple was superseded ?"

The Hon'ble Sir C. Sankaran Nair replied :—

"(a) Yes.

"(b) It appears from the answer given in the Legislative Council of the United Provinces of Agra and Oudh on the 11th November 1916, in reply to a rather similar question put by the Hon'ble Mr. Chintamani, that Mr. Wood has had no previous experience as an educationist.

"(c) No.

"(d) The answer to the first sentence is in the affirmative. The answer to the second sentence is that the Local Government considers it eminently desirable that, in present circumstances, the Thomason Civil Engineering College should be under the control of a practical Engineer."

The Hon'ble Dr. Tej Bahadur Sapru asked :—

"I beg to ask a supplementary question. - What was the opinion of the Director of Public Instruction in the United Provinces ?"

The Hon'ble Sir C. Sankaran Nair replied :—

"I have no idea ; I must ask for notice of that question."

The Hon'ble Dr. Tej Bahadur Sapru asked :—

Constitutional

20. "(a) Have the Government of India addressed any despatch to the Secretary of State regarding proposed constitutional reforms in India ? If so, have they received any reply from the Secretary of State ?

"(b) If the answer to (a) is in the affirmative, will Government be pleased to publish their own despatch with the minutes, if any, by individual members of the Executive Council, the despatches, if any, of Local Governments, and the despatch of the Secretary of State ?"

The Hon'ble Sir William Vincent replied :—

"The attention of the Hon'ble Member is drawn to the answer to a question on the same subject asked by him in this Council on the 7th February last. Government have nothing to add to that reply."

The Hon'ble Maharaja Sir Manindra Chandra Nandi asked :—

The Public
Services
Commis-
sion.

21. "(a) Have the opinions of all Local Administrations been received on the Report of the Indian Public Services Commission ? If so, will Government be pleased to lay them on the table ?

"(b) Have Government asked for and received the opinions of any public bodies on the Report ? If so, will they be pleased to lay these opinions on the table ?

QUESTIONS AND ANSWERS.

[5TH SEPTEMBER, 1917.]

[*Sir William Vincent; Maharaja Sir Manindra Chandra Nandi; Sir George Barnes.*]

“(c) Do Government propose to suspend any action being taken on the recommendations of the Commission till the more important public bodies in the country, particularly all the Provincial Legislative Councils, have been consulted in the matter?”

The Hon'ble Sir William Vincent replied:—

“The reply to parts (a) and (b) of the question is in the negative.

“As regards part (c) I would refer the Hon'ble Member to the statement made by Sir Reginald Craddock in dealing with the resolution moved by the Hon'ble Pandit Madan Mohan Malaviya on the 20th March last on the question of the recommendations of the Public Services Commission. I would further draw the Hon'ble Member's attention to the answer given to a question asked by the Hon'ble Mr. Kamini Kumar Chanda on March 7th on the same subject.

“I think that it may be assumed that if important public bodies in the country desire to express themselves regarding the recommendations of the Commission, they and the Members of the Provincial Legislative Councils will have ample opportunity of representing their views to their Local Government or Administration.”

The Hon'ble Maharaja Sir Manindra Chandra Nandi asked:—

22. “Will Government be pleased to state the monthly import of cotton-goods into India since the cotton duties were raised to $7\frac{1}{2}$ per cent by the Indian Tariff (Amendment) Act, 1917?” Import of cotton-goods

The Hon'ble Sir George Barnes replied:—

“I place on the table a statement* showing the total yardage of grey, bleached and coloured piece-goods imported into India and the total value of all cotton-goods, excluding twist and yarn, imported into India for the months of March, April, May, June and July of the current year. Figures for August are not yet available.”

The Hon'ble Maharaja Sir Manindra Chandra Nandi asked:—

23. “Will Government be pleased to state the number of cotton mills now working all over India and what percentage of the requirements of this country are met by their outturn?” Cotton Mills

The Hon'ble Sir George Barnes replied:—

“The figures showing the number of cotton mills in India for 1916 are not complete, but in 1915 there were 244 such mills. This is exclusive of mills which do not come under the Indian Factories Act, and also of mills in Native States and foreign territory. The latter numbered 25 for the year 1913-14 which is the latest year for which figures are available.

“The percentage of the requirements of this country which is met by the outturn of Indian Mills may be estimated as follows:—The total production of grey, bleached and coloured piece-goods in Indian Mills in the twelve months ending March 1917, less exports of piece-goods of Indian manufacture, amounted to 1,331,726,000 yards; the total import of grey, bleached and coloured piece-goods from foreign countries, less re-exports, during the same period amounted to 1,800,652,000 yards; so that it may be said roughly that the outturn of the Indian Mills represents about 42 per cent of the total requirements of piece-goods in this country.”

QUESTIONS AND ANSWERS.

[*Maharaja Sir Manindra Chandra Nandi ;
Sir George Barnes ; Sir William
Meyer.*]

[5TH SEPTEMBER, 1917.]

The Hon'ble Maharaja Sir Manindra Chandra Nandi

asked :—

Rise in the
price of
cotton-goods.

24. “ (a) Has it been brought to the notice of Government that the prices of cotton-goods have recently risen nearly hundred per cent in several parts of India and that such extraordinary rise has caused great hardship among the agricultural, and poorer middle classes ?

“ (b) Are Government in a position to state whether the main reasons for this extraordinary rise in the prices of cotton-goods are the shortage of tonnage and artificial inflation of prices by powerful organisations ?

“ (c) Are Government prepared—

(i) to offer any special facilities for the greater importation of cotton-goods, and

(ii) to regulate the price of cotton-goods in the same manner that food prices are now controlled in England and those of wheat and jute are regulated in India ? ”

The Hon'ble Sir George Barnes replied :—

“ (a) The rise in the wholesale prices of cotton-goods in Calcutta at the end of March 1917 as compared with the period immediately before the outbreak of the war amounted to 86 per cent.

“ (b) The causes of the rise are complex, and to a certain extent problematical, but the main causes no doubt are, firstly, shortage of tonnage, and secondly, the rise in the price of cotton, to which may be added the fact that last year stocks in the country were below normal and the demand was brisk owing to a favourable monsoon.

“ (c) The allotment of freight space on British vessels is controlled entirely by the Shipping Controller in the United Kingdom. The Government of India are not prepared to ask His Majesty's Government to allow special tonnage facilities for the importation of cotton-goods. Nor are they prepared to regulate the price of cotton-goods in this country. I may add that the Hon'ble Member is incorrect in supposing that the prices to Indian consumers of wheat and jute are regulated in this country.”

The Hon'ble Maharaja Sir Manindra Chandra Nandi asked :—

Exchange
compensation
allowance.

25. “ Will Government be pleased to lay on the table a short account of the exchange difficulty and the exchange compensation allowance granted to public officers since the days of Lord Dufferin ? ”

The Hon'ble Sir William Meyer replied :—

“ The Hon'ble Member will find the information for which he asks in paragraph 52 of the Report of the Royal Commission on the Public Services in India. I may add that exchange compensation allowance was introduced in the viceroyalty of Lord Lansdowne and not in that of Lord Dufferin.”

The Hon'ble Maharaja Sir Manindra Chandra Nandi asked :—

One Rupee
and two-and-
a-half Rupee
notes.

26. “ Is it in contemplation to issue one Rupee and two-and-a-half Rupee notes in India, and, if so, will the Government be pleased to state the reasons why their issue is considered necessary ? ”

The Hon'ble Sir William Meyer replied :—

“ The Government of India have decided to issue Re. 1 and Rs. 2½ notes at important centres in India commencing experimentally with the Presidency towns, and in Mesopotamia. The reasons for this decision will be explained

QUESTIONS AND ANSWERS.

[5TH SEPTEMBER, 1917.]

[Sir William Meyer; Maharaja Sir Manindra Chandra Nandi; Sir C. Sankaran Nair.]

by me when I introduce, at a later stage of to-day's proceedings, a Bill to amend the Indian Paper Currency Act, 1910, and the Indian Paper Currency (Temporary Amendment) Act, 1917."

The Hon'ble Maharaja Sir Manindra Chandra Nandi
asked :—

27. "(a) Will Government be pleased to state the total mortality in the ^{Malaria.} different provinces of India due to malaria since 1910 ?

"(b) What have been the steps so far taken by the Government in the different Provinces to combat this scourge, and what amounts have been spent by each of them annually for this purpose during the last ten years ?"

The Hon'ble Sir C. Sankaran Nair replied :—

"(a) It is impossible to give the figures asked for, as malaria cannot be distinguished in the vital statistics from other forms of fever.

"(b) As regards the first part, the Hon'ble Member is referred to the reply given by the Hon'ble Sir Harcourt Butler to Mr. Ghuznavi on the 16th September 1914. As regards the second, Local Governments will be asked to furnish figures of the amounts spent on anti-malaria measures."

The Hon'ble Maharaja Sir Manindra Chandra Nandi
asked :—

28. "Will Government be pleased to state the amounts of money spent on ^{Money spent on educa-} education per capita of population in India annually and to state the corresponding figures for England, France, Germany, United States, Russia, Italy and Japan ?"

The Hon'ble Sir C. Sankaran Nair replied :—

"The total amount of money from all sources expended upon education in British India amounted in 1915-16 to Rs. 0.456 per head of the population. It is impossible to give corresponding figures for the other countries named because figures for elementary education only are generally available and it is uncertain whether the method of calculation is the same as that adopted in India. The expenditure per head of the population on primary education in the countries specified has been reported to be as follows :—

| | Rs. |
|----------------------------|--------|
| India, 1911 | 0.079 |
| England and Wales, 1911-12 | 10.000 |
| France, 1911 | 3.364 |
| German Empire, 1911 | 7.910 |
| Japan, 1911 | 1.667 |
| United States, 1913 | 16.57 |

The total direct expenditure in British India upon primary schools in 1915-16 was Rs. 0.115."

The Hon'ble Maharaja Sir Manindra Chandra Nandi
asked :—

29. "How much of the money spent on elementary education in India is devoted to recurring expenditure and how much to non-recurring, and how much of the recurring expenditure goes towards the maintenance of inspecting staffs ^{Money spent on elementary education.} in each Province ?"

**QUESTIONS AND ANSWERS; HIS EXCELLENCY THE
PRESIDENT'S SPEECH.**

[*Sir C. Sankaran Nair; The President.*]

[5TH SEPTEMBER, 1917.]

The Hon'ble Sir C. Sankaran Nair replied :—

“The Hon'ble Member is referred to the answer given in reply to a question bearing on the same subject put by him on the 20th March last, and to the statement then laid down on the table. That reply and table give all the information available in this Department relating to the question.”

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His Excellency the President :—“First let me welcome you to another Session. You will already have heard from the Secretary in the Legislative Department that I am attempting this year to make the Simla Session more interesting, to admit resolutions, and to get forward with legislation. But all this, as I think Hon'ble Members will on reflection understand, can only be done under certain conditions. The administrative work of the departments has to be carried on and the situation of the Council Chamber is the reverse of convenient for the majority of Members. When you adjourn, you are far from your places of habitation, and any reasonable period of adjournment would practically be absorbed in passing to and fro. Hon'ble Members and Secretaries also have to get through their daily work, I propose therefore each day to sit approximately until 2 P. M. and then to adjourn until the next date of Session. In this way we shall get through, I hope, the greater part of our work and shall not put Members to an excessive amount of inconvenience. The large number of resolutions received will however make it difficult for us to achieve this unless, Members co-operate in expediting business. I have gone into the matter with the Secretary in the Legislative Department, who is, as you all know, exceedingly solicitous for the comfort and convenience of Hon'ble Members, and I hope that the arrangements he has made will meet with favour in your eyes. In any case, if Hon'ble Members are dissatisfied they have only to mention the matter to Mr. Muddiman and I shall be very happy to consider any representation which they may wish to make.

“Before I proceed to discuss larger questions, I should like to allude to the loss which the Council is shortly to sustain through the appointment of Mr. Bhupendranath Basu to the Council of the Secretary of State. Mr. Basu has been a conspicuous figure in this Council and has won for himself the esteem and regard of us all. The many Committees to which he was appointed, the attention which was always paid to his speeches, the cordial reception which has been accorded to his appointment, all testify to the high position which he had won for himself. Speaking for myself, my pleasure in suggesting his name to the Secretary of State was tempered by the sense of the loss which we should sustain through his appointment. On the other hand, I was most anxious that there should be on the Secretary of State's Council one who was in intimate touch with the latest political developments, and I am sure we can all agree that in Mr. Basu the Secretary of State has obtained an adviser who will be of eminent service.

“Sir Prabhashankar Pattani had only lately joined us, but equally I feel that in him the Secretary of State will find one whose long intimacy with Native States will enable him to advise with authority from the point of view of those States. His period of office also on the Council of the Governor of Bombay will have given him an insight into administration which cannot fail to be of value. I do not think that anyone who has come in contact with him can have failed to be impressed by his sagacity and earnestness of purpose.

“In recording then our sense of loss by the departure of these two eminent colleagues, we can, I think, congratulate ourselves that their services are not lost to India, but are merely translated to another and most honourable sphere

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of usefulness in the cause of their native land. I must remind you in this connection that the Secretary of State has now three Indian Members on his Council. The presence of these Members in London will, I think, secure the full representation of the current political views in India when momentous questions of policy have to be decided.

"I now come to larger questions. It is just a year ago since this Council came together as a new Council and I presided over you as Viceroy for the first time. It was then early days for me to put before you my hopes and fears, my aims and aspirations. Moreover, I laid down for myself as a principle of conduct that I would make no promises of which I could not see the prospect of early fulfilment. It is one of the accusations which is sometimes brought against the Government that lavish promises are made; that days and weeks and months and years pass, and that the promises are not honoured. I shall not argue the point whether this can or cannot be described as a true bill. But for myself I shall ask you to judge my administration on work accomplished and not on promises made. And now let me put before Hon'ble Members in as clear, succinct and unvarnished a manner as possible what has been done during the sixteen months of my administration and what we hope to do. Dismiss from your minds any preconceived ideas as to motives. It is an old legal maxim that the law does not enquire into motives, but judges of a man's intentions by his acts. This is the principle on which I would ask you to arrive at your conclusions. You, Gentlemen, are here to co-operate with Government in its policy and administration. It is before you then in the first place that I lay an account of what my Government has done and is hoping to do.

"I think I may outline our policy generally as follows:—We put before ourselves three main tasks—

First.—To secure that the services of the Indian Army should not go unrecognised or unrequited, and that rewards to them should hold the foremost place.

Secondly.—That we should endeavour to remove any grievances, either sentimental or material, which we found to exist.

Thirdly.—That we should define the goal of British rule in India and map out the roads leading to that goal.

Let me take these tasks in order and examine what progress has been accomplished.

"First, then, with regard to the Army. I venture to think that Hon'ble Members and India generally will approve our determination to mark in as signal a manner as possible the services of those gallant soldiers who are upholding India's honour on the battle-fields of three continents. The pay of Indian officers, sub-assistant surgeons and non-commissioned officers has been substantially increased. The rates of *batta* allowed on field service have been raised. Ordinary pensions have been improved, while wound and injury pensions have been enhanced and made admissible under more generous conditions. The soldierly qualities of the *personnel* of our Mule Transport Corps, who have rendered such excellent service on every front, have been recognised and rewarded by the grant to them of combatant status, thus placing them on the same footing as other Indian soldiers. In addition to the above, the grant of free rations, which, in the case of Indian ranks, was formerly restricted to those serving in the field, has now been extended to all combatants serving in India. The value of this concession is equivalent to an increase of over 30 per cent to the sepoy's pay, and is thus in effect, a handsome addition to the latter. This concession should prove of great benefit to the health and physical development of the soldier, and, to judge from the stimulating effect which it has on recruiting and the favourable reports which have reached us, it has met with very general approval.

"Recent gazettes have shown that the individual gallantry and good services of Indian officers and men have been liberally and promptly rewarded, and we

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have now under consideration a scheme for the bestowal of land grants, or equivalent alternative rewards, on Indian soldiers who have rendered specially meritorious service, and we hope that it will be brought into operation before long. We have accepted the Commander-in-Chief's recommendations for the improvement of the lines of Indian troops, including the quarters of Indian officers, and these reforms should, when carried into effect, add greatly to the comfort of all ranks. We also have before us proposals for the replacement of the regimental hospitals of Indian troops by well-equipped and adequately-staffed station hospitals. These proposals, besides increasing the efficiency of the Indian Medical Service, will secure for the patients a higher standard of comfort and attention than is possible under present conditions.

"Hon'ble Members will recollect that Captain Ajab Khan at our last Session put forward several suggestions, for the Commander-in-Chief's consideration, in regard to various minor details affecting the contentment and well-being of the Indian soldier. I am informed that many of these suggestions have been adopted, while others are receiving sympathetic attention.

"As a memorial to the services of the Indian Army in the present war, we contemplate the institution of a school for the education of the sons of Indian officers. There is no body of men which have rendered more faithful and loyal service, and we hope that this school may not only enable the next generation to prove themselves worthy sons of their gallant fathers, but to start their careers with educational advantages which will enable those who show special ability and character to rise high in the service of their King-Emperor.

"Last, but not least, I may mention that we have forwarded to the Secretary of State a despatch embodying our proposals for opening to Indians British Commissions in His Majesty's Army, and we have been informed by him that His Majesty's Government accept our proposals, of which they had received the main outlines by telegram, in principle. As a mark of his approbation of their services during the war, His Majesty the King-Emperor has been pleased to appoint nine Indian officers to British Commissions with effect from the 25th August. I would remind Hon'ble Members that the question of Commissions is one that dates back to what I may describe as prehistoric times. It has been the subject of discussion by Government after Government, and Lord Curzon hoped that, by the institution of the Imperial Cadet Corps, he had taken the first step towards solving the difficulty. Years slipped by however, and nothing was done until we took up the matter again. I do not disguise from you that the problem bristles with difficulties. Nevertheless, we have grappled with them with a sincere desire to arrive at some practical solution, and the appointment of the nine officers referred to may be regarded as an earnest of the favourable attitude of His Majesty's Government towards our proposals. We now trust that our efforts to dispose of a problem, of which the solution is long overdue, will be met by goodwill on all sides. We ask for loyal co-operation on the part of those who see danger and difficulty in our policy, as also on the part of those who may be impatient of mere beginnings.

"Let me now turn from the Army to the second task which we set ourselves. There have been outstanding for many years matters which have been regarded as grievances by Indians. We felt, as a Government, that it was our duty to endeavour to remedy those grievances, and that no policy of reform would be complete which did not include an honest endeavour to do away with them. I will proceed to narrate what progress has been made in this direction.

"The position of India within the Empire has obviously the first claim on our attention. You will perhaps remember what Lord Hardinge said in his speech of 22nd September 1915 to this Council—

"From this statement of the actual constitution of the Imperial Conference you will see that the ultimate decision upon the representation of India at the next meeting of the Conference rests with the Conference itself. It is of course premature to consider the manner in which the representation of India, if admitted, should be effected, but *prima facie* it would appear reasonable that India should be represented by the Secretary of State and one or two

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representatives nominated by the Secretary of State in consultation with the Viceroy, such nominees being ordinarily selected from officials resident or serving in India."

"The next step was taken when His Majesty's Government decided at the beginning of this year to convene a special War Conference in London, and the Secretary of State, in consultation with the Government of India, nominated His Highness the Maharaja of Bikaner, the Hon'ble Sir James Meston, and Sir Satyendra Sinha as his colleagues in the representation of India—a notable advance on the representation which Lord Hardinge foreshadowed. In alluding to this subject I said at our last Session—

"I am sorry to think that the enormous importance of the decision taken by His Majesty's Government stands in danger of being minimised and discounted by hasty and not very well-informed criticism. As the French proverb has it, 'it is the first step which counts,' and India has been admitted to-day for the first time to a place of honour at the Council table of the Empire. It marks a point in the history of India which, though it may not be seen in its true perspective to-day will, I have no hesitation in saying, be the beginning of a new chapter in India's history under the Imperial flag."

"I think I can claim to-day that events have proved me to be right.

"An Imperial Cabinet, it is now announced, is to meet once a year. India is to be represented in this Cabinet and one representative from India is to attend the Cabinet in the same way that one representative attends from each self-governing Dominion.

"The status of India in the Empire is thus fully recognised and an advance has been made such indeed as might have been hoped for, but was scarcely to be expected a year ago.

"Again, as regards the position of India in the Empire. The Dominion representatives have accepted the principle of reciprocity of treatment, and have commended to the favourable consideration of their Governments—three general principles.

First, that the facilities for settlement accorded to Indians should not be less advantageous than those allowed to subjects of other Oriental nations.

Secondly, that facilities should be accorded to educated Indians visiting the Colonies for travel and study as apart from settlement.

Thirdly, that Indians who have already been permitted to settle should receive sympathetic treatment.

"We in this country may regret that these principles do not go further, but I think Hon'ble Members will admit that a great advance has been made in this most important question. And let me bring to your notice in this connection a notable utterance in the Canadian Parliament. On 18th May last Sir Robert Borden said—

"I found it of very great advantage in discussing matters of common concern to India and ourselves that we had the representatives of India at the Conference. I invited the members of the Conference to meet informally at the hotel at which I was staying, and we had a free, full, and frank discussion of the whole situation in so far as the Dominions are concerned. India has had matters of difference, matters sometimes of controversy, with South Africa, perhaps also with Australia and New Zealand, and on some occasions with Canada. Sir Satyendra Sinha stated the case from the Indian standpoint with great ability and fairness, conspicuous moderation, and very deep feeling. His address to us was not the less impressive because it was so fair and so moderate. On our part, we spoke with equal freedom, equal frankness, and, I hope, with equal moderation. The net result was the resolution at which we arrived, and which I have read. Its basis is the idea that the self-respect of India shall be maintained by an agreement that whatever measures we enforce in regard to the emigration or the visits of Indians to Canada shall also prevail with regard to the emigration or visits of Canadians to India.

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" I do not think that any one in this House can dispute the fairness of that proposal. Upon certain other matters which we discussed I need not dwell to-day. I see nothing but good in the presence of India at that Conference, and I believe that there will be no objection in this House or in this country to having that great dependency of the Empire represented at future meetings. India has been splendidly loyal in this war and has contributed of her manhood and of her treasure for the purpose of enabling us to win it. We must take that all into account. Her civilisation is different from ours; it is more ancient, in some respects it may be said to be on a higher plane. There is more of idealism in their civilisation; more perhaps of materialism in ours. I am not disposed to discuss the question as to whether one or the other civilisation is superior; but I do say that the Indian civilisation is entitled to our respect, and that we must do our part in making the inhabitants of that great dependency of the Empire feel that they are not treated with contumely or injustice by the people of any of the Dominions. I believe that purpose will be carried out; I believe it will be materially assisted by the Conference which we had with the Indian representatives."

" I think we may congratulate ourselves on Sir Robert Borden's sympathetic speech and see in it a happy augury for the future.

" Again, in the abolition of Indentured Immigration we may claim to have satisfactorily dealt with another grievance. I think Hon'ble Members in the past scarcely realised the difficulties with which the Government of India had to contend in relation to this matter. Pledges had been given with regard to the maintenance of the system until a substitute had been found, which, though understood in India to mean abolition within a very short period, were understood in a very different sense in the Colonies. I had to be jealous of India's good faith in this matter, but I am glad to say that the action which we took in prohibiting emigration under the Defence of India Act, thus leading to abolition, is now fully accepted and understood by the Colonies and the Colonial Office, and for this removal of any misunderstanding we have to thank our delegates to the Imperial Conference, Sir James Meston and Sir Satyendra Sinha, who by their explanation of India's attitude at a meeting held at the Colonial Office were able to remove any suspicion of bad faith which might have attached to our action.

" I need not dwell at length on the well-worn theme of the cotton duties. This matter has been a source of grievance upon which British and Indians have alike expiated for the past twenty odd years. That grievance has now in large measure been removed, and while of course we know that the action taken is to be subject to reconsideration when the fiscal arrangements of the different parts of the Empire come to be reviewed at the end of the war, I venture to prophesy, as I did in the case of Indentured Emigration, that such things, when once abolished, cannot be revived, and I need hardly say that the Government of India would offer the most strenuous opposition were such a course proposed. I think you may take it, that, in any fiscal changes which may be introduced after the war, the interests of India will be fully considered.

" There still remain two subjects of grievance, *viz.*, Indian Volunteering and the administration of the Arms Act. In my speech on the Indian Defence Force Bill I said that " Volunteering, as we have known it under the Volunteers Act, 1869, is dead. It is useless to spend money on a military force which is bound to be ineffective under the conditions and nature of its existence." But under the Indian Defence Force Act we offered an opportunity for Indians to enlist and men have been enrolled and University Companies have been established at Calcutta, Bombay and Allahabad. These corps, though not nearly as strong in numbers as we could have wished, will afford us some useful guidance as to the future. I can only regret that the experiment has not been more successful.

" And here, though the subject is not strictly germane to the matter in hand, I should like to congratulate Bengal on the battalion of regular soldiers which

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it has raised and those—Dr. Mullick in particular—who have been instrumental in raising it. I hear the very highest praise given to the keenness and zeal of the men, and I look forward to their proving their prowess against the foe.

“The question of the administration of the Arms Act is one which requires considerable and detailed examination. We have had it under examination now for some time and we are still awaiting the views of Local Governments on our proposals, but this much I can say that we as the Government of India will not accept any solution of this question which continues to base exemption on racial distinctions.

“I now turn to the third task, *viz.*, Constitutional Reforms. At the very first Executive Council which I held as Viceroy and Governor-General, I propounded two questions to my Council—

- (1) What is the goal of British Rule in India?
- (2) What are the steps on the road to that goal?

“We came to the conclusion, which, I trust most Hon'ble Members will agree, was inevitable—that the endowment of British India as an integral part of the British Empire with self-government was the goal of British Rule, and His Majesty's Government have now put forward in precise terms their policy in respect of this matter, a policy which I may say that we as the Government of India regard in substance as practically indistinguishable from that which we put forward. With regard to the second question, after a careful and detailed examination of the ground, we arrived at the decision that there were three roads along which an advance should be made towards the goal. The first road was in the domain of local self-government, the village, the rural board, and the town or municipal council. The domain of urban and rural self-government is the great training ground from which political progress and a sense of responsibility have taken their start, and we felt that the time had come to quicken the advance, to accelerate the rate of progress, and thus to stimulate the sense of responsibility in the average citizen, and to enlarge his experience.

“The second road, in our opinion, lay in the domain of the more responsible employment of Indians under Government. We felt that it was essential to progress towards the goal that Indians should be admitted in steadily increasing proportion to the higher grades of the various services and departments and to more responsible posts in the administration generally. It is, I think, obvious that this is a most important line of advance. If we are to get real progress, it is vital that India should have an increasing number of men versed not only in the details of everyday administration, but in the whole art of government.

“I doubt whether there is likely to be anyone who will cavil at the general conclusions at which we arrived as to these two roads of advance; but agreement must not blind us to their importance. There is no better source of instruction than the liberty to make mistakes. The first and foremost principle which was enunciated in Lord Ripon's Self-government Resolution of May 1882, and was subsequently emphasised by Lord Morley and Lord Crewe in their despatches of 7th November 1908 and 11th July 1913, respectively, was that “the object of local self-government is to train the people in the management of their own local affairs, and that political education of this sort must take precedence of mere considerations of departmental efficiency.” We are in complete accord with that principle, hence our advocacy of an advance along the first road.

“Equally we realise the paramount importance of training in administration, which would be derived from an advance along the second road. There is nothing like administrative experience to sober the judgment and bring about an appreciation of the practical difficulties which exist in the realm of administration, and it is from this source that we may look forward in the future to an element of experienced and tried material for the legislative assemblies.

“We come now to our third road, which lay in the domain of the Legislative Councils. As Hon'ble Members will readily appreciate, there is no subject on

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which so much difference of opinion exists and with regard to which greater need is required for careful investigation and sober decision. I may say frankly that we as the Government of India recognise fully that an advance must be made on this road simultaneously with the advances on the other two, and His Majesty's Government, in connection with the goal which they have outlined in their announcement, have decided that substantial steps in the direction of the goal they define should be taken as soon as possible. Some criticism has been directed against the Government of India on the score that we have not disclosed the policy outlined in our despatch. I must remind Hon'ble Members that the decision on such a question rests, not with the Government of India, but with the authorities at home. Moreover, on the larger question of a declaration of policy, in view of its unique importance, I have steadfastly refused, in the face of much adverse criticism, to anticipate by any statement of my own the decision of His Majesty's Government, who alone could make a final and authoritative statement, and I was careful to warn Hon'ble Members in my opening speech to them last February of the likelihood of delay, owing to the grave pre-occupations of the Cabinet at home. Well, this however is, I hope, now immaterial, for His Majesty's Government have announced their policy and have authorised the Secretary of State, with His Majesty's approval, to accept my invitation to visit India and to examine the issues on the spot. I had invited Mr. Chamberlain to visit India some time back. He was on the point of accepting when his resignation took place. Immediately on Mr. Montagu's assumption of office, I expressed the hope that he would see his way to accept the invitation which I had extended to his predecessor, and I am delighted that the Cabinet have decided that he should accept. Some apprehension has been expressed lest the Government of India is about to be superseded temporarily by the Secretary of State. There need be no anxiety on that score. As I have told you, Mr. Montagu is coming on my invitation to consult informally with myself, the Government of India and others. He will make no public pronouncements of policy, and business between the Government of India and the Home Government will be conducted through the regular channels and the Council of India. There is no question of supersession, but the outstanding advantage of Mr. Montagu's visit is that he will now have the opportunity of making at first-hand an examination of the questions in issue, and for my part I shall leave nothing undone to enable him to receive all the suggestions of representative bodies and others which he may desire. In these circumstances and in view of Mr. Montagu's assurance that there will be ample opportunity for public discussion of the proposals which will be submitted in due course to Parliament, I would suggest to Hon'ble Members that the intervening time before his arrival might be spent in the quiet examination of the arguments to be placed before Mr. Montagu. For myself I am anxious that, when Mr. Montagu arrives, we—and in that pronoun I include all those representative bodies and others mentioned in the announcement—should have ready to place before him all the material which will enable him to form a reasoned judgment.

“I hope Hon'ble Members will not regard my advice as suspect, but I would press it on their attention. Is it too much to ask that, when Mr. Montagu arrives in India, he should find a calm atmosphere, suggested policies carefully thought out and supported by sober arguments and concrete facts, and a spirit of sobriety dominating everyone worthy of the issues to be examined?”

“I had intended to deal in my speech with Mrs. Besant's internment, but the answer to the question on the subject which you have just heard makes this unnecessary. I would only add that Lord Pentland's Government took action against her with the greatest reluctance, and after Lord Pentland had personally attempted to dissuade Mrs. Besant from the course which she was pursuing.

“There the subject must rest for the present and I revert to a survey of the practical activities of Government. I have described in former speeches our policy with regard to Industrial Development. In dealing later with the activities of the Munitions Board, I shall show what great hopes we entertain in this direction, and when on the termination of the war we have in our hands

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the report of the Industrial Commission, which we shall be able to compare with the experience we have derived from the working of the Munitions Board, I am confident we shall be in a position to make a great move forward.

“I had hoped to find an opportunity to deal at some length to-day with our plans in regard to Agricultural Education, but important as the subject is, it must give a place to more important matters. For the present I will confine myself to mentioning the fact that a Conference was held in Simla last June under the presidency of the Hon'ble Sir Claude Hill whose absence from Council I may say we all regret; that conclusions were reached as to the means by which a real and permanent improvement in agricultural methods could be effected through the medium of education at schools and colleges; and that the recommendations of the Conference will be shortly referred to Local Governments.

“My summary of our activities would be incomplete if I did not allude to the subject of education. We are all agreed that a definite advance must be made in the sphere of education—especially of primary education. There is no direction in which an advance is more urgently needed, and it is especially essential in relation to real political progress; but for that very reason, as I think Hon'ble Members will readily see, it is not possible to indicate the actual line of advance. But I can assure you that we are fully alive to the urgency of the problem, and it is only the fact that there are other problems—intimately connected with this—awaiting solution, which prevents me from indicating our policy in this most important question.

“So far Hon'ble Members in listening to my speech might imagine that there was no such thing as a war in existence, and that my Government's time had been solely occupied with internal problems and had devoted no time or thought to the problem what India could do to help in the great struggle. I will now explain what we have done and what we are trying to do. In my opening speech to you at Delhi I said our motto must be “effort and yet greater effort.” During the past six months that motto has been ever before us, and I can confidently say that we have done our best to act up to it. There are three directions in which we can help—materials, men, and money.

“As regards materials, we set up some six months ago a Munitions Board under Sir Thomas Holland, who reports progress to me every week. I am able therefore to give you of my own knowledge some account of the activities of the Board, and, if it proves somewhat long, you must excuse it on the ground of the real importance of people generally knowing the scope of our activities.

“Although certain scientific and technical services had been organised before the war, and individual experts had been employed by Local Governments for the purpose of facilitating the development of our natural resources as well as industrial enterprises, the Government of India have for some time been conscious of the fact that these efforts were more sporadic than systematic. They were nevertheless not without value as experiments necessary to establish the data required to formulate a more comprehensive policy. The marked success which has followed the organisation of research and demonstration work in scientific agriculture, and the assistance which has been given to the mineral industries by the Geological Survey are striking examples that encourage a bolder policy on similar lines for the benefit of other, and especially the manufacturing, industries.

“With the object of gathering together the results of recent attempts to assist industrial development, and for the purpose of formulating schemes for a more systematic policy, my predecessor appointed a Commission which has commenced its survey and expects to complete its investigations during this next cold weather.

“Meanwhile, special conditions arising directly from the war—the shortage of ocean transport facilities, the cutting off of supplies of many manufactured articles, and the necessity of economising man-power in the United Kingdom—

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have induced my Government to anticipate the findings of the Industrial Commission by organising at once, so far as is possible under present circumstances, the resources of the country, with a view of making India more self-contained and less dependent on the outer world for supplies of manufactured goods.

“The Munitions Board was founded five months ago, with this main object in view, and its organisation has grown so rapidly along the lines originally planned that its activities now exceed in bulk those of most Government departments. Of the two main objects kept in view when this organisation was planned, the supply of essential stores for the armies in the field has necessarily been given precedence to the ultimate object of developing established, and of inaugurating new, industries in India. The primary object of the Munitions Board was immediately essential, while the accessory object was regarded as more distantly important. But experience has demonstrated the inventive fertility of necessity; and success beyond expectation has already followed attempts to manufacture in the country articles that formerly could be obtained only from abroad.

“In carrying out its primary object, the Munitions Board has gathered together the hitherto isolated fragments of other purchasing departments, and has welded them into a single organised machine for the purpose of regulating contracts and amalgamating demands, thereby buying on a larger scale, and preventing the competitive buying between various Government agencies which previously caused those disturbances of local markets that were neither good for Government nor for the commercial community.

“The early activities of the Board were necessarily confined to a re-grouping of the centrally controlled official machinery. In co-operation with the Local Governments, however, outposts have now been instituted in every province, and the frame-work having thus been established, the development and consolidation of the whole body should proceed on sound lines. It has been necessary hitherto largely to employ existing official agencies; but with the foundations now laid, it is hoped to be possible to obtain the co-operation of representatives of the non-official community in so far as this is consistent with their own competing commercial interests. A few members of the commercial community have already offered their full-time services, and others have undertaken part-time duties as members of local priority committees. With the consolidation of the organisation it is hoped that further representatives of the unofficial community will be able to take part in this new institution.

“In revising the indents made by Government officials on the Stores Department of the India Office, and in controlling the applications made by private importers for permission to import articles on the English list of prohibited exports, it has been found practicable to curtail numerous demands that were formerly made in ignorance of Indian resources, and thus to bring the would-be importer into touch with the local manufacturer. The centralisation of information in this way has revealed the fact that numerous isolated demands, each made on a scale too small to tempt local enterprise, often form in the aggregate markets of a size sufficient to justify the organisation of new industries. To detect the existence of these and to assist private enterprise, a special branch of the Board is devoted to the collection and distribution of industrial intelligence. In extension of work of this nature, arrangements are being made for the distribution to colleges of research problems having a direct industrial value, the distribution of the problems being controlled so as to prevent unnecessary overlapping and duplication of work.

“It would take too long to recite all the activities of the Board, but I will give you one example to show the way in which our present war necessity is being turned to account for industrial development of a kind likely to become permanent. The simultaneous export of raw hides and raw tanning materials has often suggested to economists the desirability of developing the tanning industry in India. Hitherto, enterprises in this direction have been attended with but limited success. In order, however, to meet the War Office demand for leather, tanners in India have now been given orders on a scale that has

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encouraged them to reform their methods, and, by having to work regularly to a rigid standard of high quality, striking improvement in their work has already taken place. In order more fully to turn to account the various natural tan stuffs of India, the Munitions Board, with the generous consent of a group of Central Indian States, has taken over the tannery at Maihar to test new tan stuffs, new combinations of known materials, new processes, and the manufacture of concentrated tan extracts. The experimental work at this tannery is controlled by a Committee composed of members of the tanning industries and expert leather chemists. Those results which, on an experimental scale, appear to be successful, are being tested on a commercial scale at the Allahabad tannery, recently purchased for the purpose. The results, as they become established, will be published for the benefit of tanners in other parts of India, any of whom will be welcome to inspect the processes in actual operation at Allahabad. In co-operation with the Forest Department, the Munitions Board has organised the collection of those materials that are shown by the experimental work to be promising tan stuffs, and has arranged with the Railway Companies for their distribution at uniform and low rates of freight. A certain number of students are already being entertained as apprentices, and it is hoped later on to develop this side of the work by the formation at Allahabad of an institute in which the scientific aspects of tanning will be taught in conjunction with practical work on a commercial scale in the tannery itself.

“ It is in directions like this that the work of the Munitions Board will grow until, at the end of the war its machinery should be ready to be utilised with practical effect in carrying out the recommendations of the Industrial Commission.

“ Such in brief summary is the work of the Munitions Board, vital as regards our present necessities and pregnant with promise for the future, but I should be ungrateful if I were to pass on without recording my grateful recognition of the services of Sir Thomas Holland. His drive, the unusual width of his scientific knowledge, his business capacity and industry have converted what might otherwise have been a futile experiment into a practical working success. I sincerely trust that his services may long be spared to India, and that, after this war is over, he may be willing to inaugurate, what I believe has always been the dream of his heart, the industrial regeneration of India.

“ I have outlined the activities of the Munitions Board. I will pass on to some details of our material output in other directions. The shortage of river craft, which hampered operations in Mesopotamia in the earlier phases of the war, has been overcome and a numerous and well-equipped fleet now plies on the Tigris between Basrah and Baghdad. The War Office has done much in the way of providing its *personnel* and equipment; but of the actual vessels now in commission, no less than 57 per cent have been supplied by India. Besides requisitioning existing river craft, we have been able to build or re-construct a number of steamers, launches and barges in India, and with improved arrangement for the towing of these vessels, the proportion of losses in transit to Basrah has now greatly diminished.

“ It is an open secret that the last few months have witnessed great activity in the way of railway construction in Mesopotamia. The whole of the rails, sleepers, bridging material, engines, rolling-stock, and *personnel* required for the construction and working of these lines have been provided by India. We have also provided technical *personnel* and railway material in large quantities for Egypt and East Africa.

“ Besides meeting the heavy demands of oversea railways, we have drawn largely upon India's limited resources in the matter of electrical plant and *personnel*, in order to equip the power stations which have been established at various places in Mesopotamia and provide the generating plant required for the electric lights and fans of general hospitals in the field.

“ The Telegraph Department is another branch of our civil administration which has been called upon to meet the demands of the army in Mesopotamia

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and East Africa. Some 9,000 miles of line, with all the posts, stores, tools, instruments, officers and *personnel* required for their construction, maintenance, and working have been provided by it since the beginning of the war, and the workshops of the department have, in addition, carried out a great deal of miscellaneous work for the army.

“ Our Farms Department has provided the experts, *personnel*, cattle and plant required for the military dairies which have been established in Mesopotamia, as well as the *personnel*, implements and seeds required for vegetable cultivation on a considerable scale. These measures, which illustrate how varied and numerous are the requirements of a modern army in the field, should, when fully developed, have a beneficial effect on the health of the troops which has already improved in a marked degree. General Maude reported, only a few days ago, that the general opinion of officers and men is that “ they have never seen troops so well fed.” The great decrease of scurvy, which is now almost a negligible cause of inefficiency, and the absence of other diseases due to malnutrition, afford eloquent testimony to the success achieved. I hesitate to be dogmatic in such a matter, but the evidence which comes to me from many sources justifies me, I think, in saying that our troops are now well cared for and liberally supplied; and the knowledge of this will, I feel sure, cause the liveliest satisfaction throughout India.

“ Coming now to men; last October the Hon'ble Sir Michael O'Dwyer furnished me at my request with a memorandum on military and civil co-operation. It was full of valuable suggestions, and His Excellency the Commander-in-Chief at once on his arrival took the matter into consideration; and after the question had been carefully examined by Army Headquarters, we determined to establish a Man-Power Board, whose duty it would be to collect and co-ordinate all the facts with regard to the supply of man-power in India. In close touch with this body, similar bodies have been set up in all the provinces with the object of keeping the central body informed as to local conditions.

“ These measures, you will be glad to hear, have proved highly successful, for whereas before the war the annual intake of recruits for the Indian Army could be reckoned in thousands, it has now to be reckoned in tens of thousands, and to judge from the number of men now offering themselves for enlistment, there is every prospect of the present rate of recruitment being maintained. The extent to which our recruiting activities have increased will be appreciated when I tell you that, previous to the war, our average enlistment for the army did not exceed 15,000 per annum.

“ The briskness of recruiting has enabled us to maintain a steady flow of reinforcements to the various fronts, and facilitated the raising of a number of new units. With the increase of combatant units, there has, of course, been a corresponding expansion of departmental services, such as engineer, medical, transport, ordnance, and supply *personnel*, to say nothing of organised labour which is now represented by some 20 labour corps in Mesopotamia and another 25 in France. Besides the above, upwards of 60,000 artisans, labourers and specialists of various kinds have been enlisted for service in Mesopotamia and East Africa, and some 20,000 menials and followers have been recruited and despatched overseas.

“ To meet the demands created by wastage in the field, the raising of new units and the ever-increasing numbers of soldiers and followers under training in depôts, we have had to provide for a corresponding increase in officers. This has been, and is still, one of our greatest difficulties; but the Indian Army Reserve of Officers which consisted of 40 members at the beginning of the war now numbers over 3,000, and I take this opportunity to express my high appreciation of their services. Besides the demand for more combatants, there has been a great demand for additional medical officers. This has been met, partly by the withdrawal of some 350 officers from civil employment and, I am glad to say, by the utilisation of the services of Indian

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practitioners, of whom no less than 500 have accepted temporary Commissions in the Indian Medical Service. These satisfactory results have been largely due to the energetic efforts of Surgeon-General Sir Pardey Lukis, assisted by the Inspectors-General of Civil Hospitals serving under Local Governments. The Civil Medical Department has also rendered valuable assistance to the Army in the manufacture and supply of stores, drugs, vaccines, sera, and quinine for oversea expeditions, most of which, but for the assistance so promptly and efficiently rendered, would have been imported from Europe or America.

“ But I must not pass from this subject without alluding to the continued loyal and effective services rendered by the Ruling Princes and Chiefs.

“ Their Imperial Service Troops, to which must now be added the Imperial Service Camel Transport Corps from Bhawalpur and Khairpur, are serving beside our own in almost every theatre of our operations, while money and contributions in kind are constantly being offered for the acceptance of Government. The Nizam's munificent gift of £100,000 towards the anti-submarine campaign shows how truly His Highness has appreciated the important factors in the struggle and the conditions which have brought the peril by sea to the very gates of India. His Highness the Maharaja of Patiala has presented a flotilla of motor launches for Mesopotamia at a cost of over one lakh of rupees, and His Highness the Maharaja of Kapurthala has given motor ambulance launches for the same destination. Aeroplanes have been purchased for Government by the Feudatory Chiefs of Bihar and Orissa, while contributions towards the cost of the war have been made by the Maharajas of Indore and Bharatpur, the Maharana of Danta, the Raja of Dewas, and many other Princes. It was with very keen pleasure that I was able to announce that, in recognition of the great place which the Indian Princes hold in the Empire, His Highness the Maharaja of Bikaner had been selected to be one of the representatives of India at the Imperial War Conference recently held in London. Those of us who know His Highness will agree that no better choice could have been made, and what we have heard from England amply confirms our opinion. Since his return to India, His Highness has again been called upon to assist Government in its deliberations, and as Members of the Central Recruiting Board, both he and His Highness the Maharaja Scindia have been engaged with my officers in solving the difficult problem of obtaining adequate numbers of recruits for all branches of the Indian Army. His Highness the Maharaja of Patiala as representative of the Chiefs of the Punjab, whose people have hitherto led India in the matter of recruitment, has also helped the board with his presence and advice. While sharing with us these Imperial interests, the Princes and Chiefs have also their own State questions and problems, and for the discussion of some of these I have invited Their Highnesses to another Conference at Delhi early in November next. I look forward to that opportunity of thanking them in person for the loyal, consistent, and generous support which they have ungrudgingly given to the Government of India in these times of stress and anxiety.

“ I may mention a question of great importance affecting particularly the interests of the maritime States in Kathiawar, which has recently been under the consideration of the Government of India. Hon'ble Members are, no doubt, aware that some years ago, it was found necessary in order to protect the revenues of British India to institute a preventive customs line at Viramgam. Complaints have been received from time to time of the detrimental effect of this line on the trade of the country and of the hardships caused to the travelling public. Negotiations were therefore undertaken with the Baroda Durbar and the Kathiawar States with a view to their adopting measures which would safeguard Imperial interests. These negotiations, I am glad to say, have now been successfully completed, and I hope that it may now be possible to take immediate steps for the abolition of the customs line. I would point out that this question has been outstanding for some twenty years and it is a great satisfaction to me to see it finally settled.

• “ I will now conclude with a brief survey of Finance and of Foreign politics.

“ At the close of the Delhi session I emphasised the fact that it was the duty of all of us to secure the maximum response to the Indian War Loan. I can

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now express my satisfaction at the result achieved, the total receipts (including the Post Office section of the Loan and the Cash Certificates, but excluding Treasury Bills received in England) amounting to over £32 million. I hope that a substantial amount will still be added to this figure, as the Post Office section of the Loan does not close till the 15th October, while the Cash Certificates will remain on sale throughout the year. Apart from sums subscribed in British India, very handsome subscriptions have been received from many Ruling Chiefs and States, the largest contributions from Princes or Durbars being, Gwalior Rs. 88 lakhs; Hyderabad Rs. 75 lakhs (besides Rs. 38 lakhs otherwise subscribed in this State); Mysore Rs. 35 lakhs (in addition to Rs. 37 lakhs otherwise subscribed in the State and in the Civil and Military Station of Bangalore); Bhawalpur Rs. 40 lakhs; Baroda Rs. 31½ lakhs, and Patiala Rs. 25 lakhs, while nearly Rs. 2 crores in the aggregate have been received from Chiefs and States other than those mentioned above. Not the least satisfactory feature of the Loan has been the response to the Post Office section of it: the amount received through this channel already exceeds £6 million (of which the Post Office Cash Certificates account for £4 million), or a sum larger than has been raised in India by the Government in any one year before the war. I am grateful to the efforts of the various workers who have contributed to this result, and I trust that, so far as the Post Office section is concerned, they will not relax their efforts.

“As you are aware, the proceeds of the loan will be remitted to the Home Government in London as part of India's £100 million contribution to the war; but a few words are necessary as to the manner in which the Loan receipts in India have been utilised. As I said in March last, every million that comes from India helps to ease the exchange difficulty, and the assistance which we have obtained has been of great value to us, particularly in view of the large increase in the war expenditure which it has been necessary to meet in India and Mesopotamia on behalf of the Home Government. This will greatly exceed the amount allowed for in the Budget estimates, which were based on the best data then available, and we now expect that the excess will practically swallow up the whole of the amounts so far received on account of the Indian War Loan over and above the £10 million assumed in the estimates for budget purposes. But for these additional receipts, therefore, the difficulties in arranging for the finance of the special expenditure which it has been necessary to meet, as well as for the finance of trade, would have been even greater than those we have now to face.

“Moreover, the heavy military disbursements which we are making by no means exhaust our share of the financial burden which the war imposes. As indeed has been shown by the various urgent and insistent appeals for financial assistance which we have received, India is the financial pivot of the British Empire in the East. Thus apart from the expenditure in India and Mesopotamia to which I have just referred, she is also undertaking the finance of large quantities of wheat, jute manufactures, hides and numerous other essential commodities which she is supplying to Great Britain, to the Dominions and to the Allied Governments. She is also providing funds on a considerable scale to East Africa and Persia, and has had on various occasions to assist Ceylon, Mauritius and Egypt by remittances of specie and otherwise. Of course, we receive repayment for these services, but as it is not made in India, they necessarily constitute a continuing tax on our present resources here. While we are anxious to continue to meet these obligations to the limit of our capacity, the strain is necessarily a very heavy one; and in spite of the substantial receipts from the War Loan, it has been necessary to reduce the weekly allotment of Council Bills from 120 lakhs to 90 lakhs with effect from the 1st August. I very greatly regret the difficulties to trade which this further restriction of facilities must necessarily entail. We are, however, doing what we can to alleviate the position by the measures which we have adopted for controlling the import of gold and silver. We have, I am glad to say, been able already to acquire a substantial quantity of gold under the Ordinance. This has helped to strengthen the reserve against our Currency Note issue and, in so far as it is in the form of

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sovereigns, will also be available for direct issue as currency if necessary. Where the gold is in the form of bullion, arrangements have been made with the Australian Government under which it can, if necessary, be coined into sovereigns for us in Australia. This arrangement is, however, obviously not economical, and I have great pleasure in announcing that the Home Treasury have agreed as a provisional measure, subject to reconsideration after the war, to our undertaking the coinage of sovereigns at Bombay, a branch of the Royal Mint being constituted there for the purpose. These arrangements will be given effect to as soon as possible, but the settlement of details will necessarily take a little time.

“ Speaking last February of the North-West Frontier, I told you that the only discordant elements for the time being were the Mahsuds and the Mohmands; that the punishment of the Mahsuds must stand over till we had the leisure to deal conclusively with them, and that the Mohmands were paying for their misdeeds by a close blockade. Since then the Mahsuds by flagrant acts of hostility, by attacks on our posts and convoys, and by incessant raiding, made it impossible for us to hold our hand longer, and an expeditionary force under the command of Major-General Beynon was in consequence recently pushed into the heart of the Mahsud country. The result of these operations was entirely satisfactory and the Mahsuds speedily tendered their complete submissions, accepting in full the terms dictated by my Government, even to the extent of surrendering the Government rifles which had fallen into their hands in the course of their previous engagements with our troops and Militia—a very real proof of their contribution. I trust a settlement so effected may relieve us from anxiety in this quarter for some time to come. In this connection it would be an ungrateful and ungracious omission on my part were I to fail to express our deep obligations to His Majesty the Amir, whose friendly influence served not only to discourage the Mahsuds, but also to steady the whole situation. Indeed, one of the very few happy results of this deplorable world-wide war has been that the ties of friendship between the Afghan Government and ourselves have been drawn closer, and our relations with His Majesty the Amir are marked by greater frankness, greater confidence and greater co-operation than ever before.

“ The Mohmands, too, chastened by the rigour of our blockade, have come to their knees and accepted the terms dictated by my Government.

“ Now although these two elements of discord have been so satisfactorily laid to rest, it would be obviously the height of folly to regard the frontier as no longer a potential source of danger or to relax our vigilance. So long as the disturbing influence of the war continues, so long as enemy agents can find their way into tribal territory, so long as fanatical preachers can play on the feelings of inflammable tribes, the situation must require careful handling and special measures of precaution.

“ It is for this reason that I have been constrained to rule out, during the present session of this Council, a number of questions touching the administration of the North-West Frontier. The connection between the peoples of the settled districts and their wild neighbours across the border is so intimate, the reaction of feeling between them is so acute, that often special measures are necessary to nip incipient trouble in the bud and for the maintenance of peace on our borders. The discussion of such measures in this Council would obviously be out of place at the present time and could only serve to hamper the frontier administration; apart from the fact that to call for reports from our frontier officers on the various points raised, would be to burden already overworked officers at a time of anxiety with considerable avoidable labour. But I wish to assure you that the administration of the North-West Frontier is carried on under my own supervision, and that I am satisfied that no special measures have been adopted which are not justified by the peculiar circumstances of the province.

“ Well, gentlemen, that concludes my review of the policy and the activities of my Government in some of the many aspects in which our energies have been employed. The recital has necessarily been long, but I feel assured that

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all the questions dealt with have interest for some of you, while certain of the subjects I have touched upon are of vital importance to every Member of this Council, whether he sits as a Government official or whether he comes here as representing that great unofficial India now stirring into fuller political consciousness.

"Perhaps I need hardly tell you that my task in addressing you today has been easier, and more congenial to me personally, than on any previous occasion. My Government, through no fault of their own, but by the force of circumstances, have till recently occupied a position of much difficulty. Criticisms and misunderstandings have beset us, yet we were not in a position to speak. Now I am able to lift the veil and I feel that Hon'ble Members here, and those whom they represent outside, will realise from my narration that our administration has not been sterile, nor our policy illiberal.

"To-day I can point to something accomplished, something done. The announcement now promulgated is a landmark in the constitutional history of India. It is not an edict which fixes and crystallises the Indian polity in a mould of cramped design. It is an announcement resonant with hope. It invites you forward at once along a stage of political progress and points you to a goal ahead.

"At this great epoch in your national evolution I earnestly appeal for co-operation. Let us look upon the bitternesses of the past merely as the growing pains of a great people straining towards fuller development. Believe me, the years of guardianship and tutelage have not been so barren as some would have us think. The pace of India's political growth as measured by the development of her political machinery may have seemed slow, but who would deny that meanwhile her intellectual, economic, and national faculties have gone on from strength to strength?

"For while the tired waves, vainly breaking,

"Seem here no painful inch to gain,

"Far back through creeks and inlets making,

"Comes silent, flooding in, the main."

"So much for the past, but what of the future? Do you for one moment think that in their relations with India the British people and the British Government will be guided otherwise than by those standards of justice and good faith which alone have kept India attached to the Empire and on which you have learnt to rely? From the King-Emperor down to his humblest subject, the British people are proud of the bonds which link them to India, and never more so than at this moment when the sons of India are fighting the battles of the Empire with such courage and devotion.

"Can anybody doubt that the persistence of these ties of affection is a matter of vital importance to the future well-being of India, and that it will be an evil day when those who are working together in this country are no longer inspired by their common share in a great and glorious page of history? But forgive me if I warn you—and this warning has no special application to any community, but includes British and Indian alike, the public leaders, and particularly the press representing every interest, and every class—forgive me if I warn you that sentiment is a delicate plant which withers beneath the rude breath of uncharitableness. It is only by constant and watchful regard for the feelings of others that a sweet and healthy sentiment for the Empire can be brought to blossom and bear fruit on Indian soil. Let it not afterwards be laid at the door of this generation that in these spacious times of Imperial regeneration we allowed the sense of imperial attachment, through any fault of our own, to lose its vitality.

"Of the Indian leaders I have a special request to make. It is that at the present juncture and throughout the difficult stages of transition which

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lie ahead of us they will believe in our good-will and in our sincerity of purpose. After all, whatever our differing points of view, we all have at heart the same thing—the welfare of India.

“The task we have to approach is no easy one: There are conflicting interest to adjust, grave difficulties to overcome. Who knows them better than yourselves? Heroic remedies endanger the body politic no less than the human organism. I doubt if there is among us here any man who could propound a scheme of reform in which he felt full confidence and satisfaction as possessing exactly what the best interests of India require with due regard to the circumstances of her development and her present position. The questions at issue must be approached in a spirit of reason and in an atmosphere of mutual confidence and co-operation. Let us then sit down together as friends, mindful of old historic associations, harbouring no mistrust, and let us examine these great problems solely from the standpoint of what is judicious, what is practicable, and, above all, what is right.

“It is indeed meet and proper that we should seek to put our house in order, but beyond our gates, stern and insistent, there still stands the great imperative of the war, Hon'ble Members will, I trust, realise from my words today that I have not in the past, nor shall I in the future, minimise the importance of the great question of reform. But we must not allow ourselves to forget for one moment that, far from India's shores, a question far more vital to the future of India is being desparately fought out; that the Empire is still calling upon her sons for their help, and that it is our first and paramount duty to throw our all into the scale. It is perhaps only natural from our remoteness from the scene of conflict that the call should sometimes seem faint and far-away, but I know that it has only to be sounded in clear notes for India's response to be as great and as ungrudging as of yore.”

CINEMATOGRAPH BILL.

The Hon'ble Sir William Vincent :—“My Lord, I move for leave to introduce a Bill to make provision for regulating exhibitions by means of Cinematographs. I do not propose to deal with the necessity for this legislation at any great length for the increase of cinematograph exhibitions all over the world is a matter with which the Council is familiar; in fact the cinematograph is in many countries and will be soon in this country almost ubiquitous. Most other civilized countries have found it necessary to revise and supplement the existing law for the control of spectacular entertainments with special reference to this form of exhibition, and the position in India certainly calls for the introduction of similar legislation here:

“There are really two points to be considered. Firstly, the safety of the audience, and, secondly, the prevention of objectionable films being exhibited. As to the second of these questions, it is obviously necessary to guard against the exhibition of indecent and improper films or those which wound religious or racial feeling; indeed the Council probably knows that we have had experience in this country of films which are open to objection from one or other of these aspects. There is further the question of children to be considered. My Lord, it has been estimated that in the United Kingdom the daily average attendance at these cinematograph shows is about 3½ million, and a very large proportion of the spectators are children. For this reason strong representations have been made from time to time to His Majesty's Government to counteract the possible evil influence of these exhibitions upon children, the more so as the recent increase in juvenile crime has been directly attributed to their influence and the London County Council has already taken action to prevent the exhibition of films which may possibly have injurious results to children. The danger of these results in this country is not very apparent at present, but as at some of these

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exhibitions the charge for admission is only one anna it is quite obvious that the risk of children in this country being affected similarly must tend to increase. We have then again to consider the question of the safety of the audiences in the matter of accommodation, ventilation, overcrowding, prevention of fires and the provision of suitable means of exit, the danger of fire being a matter of particular importance, having regard to the inflammable nature of the apparatus that is used in these exhibitions. These are the considerations which have prompted us to follow in respect of these exhibitions, though somewhat tardily, the example of Great Britain where a Cinematograph Act has been in force since 1909. I may say further that the adequacy of our law in India was challenged in Parliament so long ago as 1914. Since that time the Government of India has been in correspondence with the Secretary of State and local Governments on the subject. I think if it had not been for the preoccupation of the war the Bill which I shall shortly move for leave to introduce would have been brought before the Council before.

“It follows from what I have said that the legislation which we now propose has really two main purposes, to insure the safety of the audiences and to prevent the exhibition of objectionable films. I will endeavour to explain the existing law on each of these two points very shortly.

“The existing laws which enable local authorities to enforce protection against overcrowding fire and other dangers in places of assembly are scattered over a number of provincial enactments, the most comprehensive being found in the rule-making powers under the various Police Acts of the presidency towns and Rangoon. There are one or two provincial Police Acts and provincial Municipal Acts which also contain rule-making powers giving the authorities some powers of control. The provisions are however diverse and unsuitable to deal with the numerous travelling exhibitions which go about the country at present; nor do they cover the whole of India. We propose now to enact that no cinematograph exhibition shall be given in future except in licensed buildings and in conformity with the terms of the license, and that no license shall be granted unless the licensing authority is satisfied that adequate precautions are taken for the safety of the persons attending the exhibition. It is also proposed to give power to the Governor-General to make such general rules as may be necessary to give effect to these provisions of the law.

“Turning to the second object of legislation, we propose to take power to constitute authorities at certain centres to examine all films that may be imported into or manufactured in this country and to certify them as fit for exhibition or not, as the case may be. The existing law on the subject, to which I have already referred, was for the most part framed long before the cinematograph was dreamt of and is altogether inadequate to deal with films which for one reason or another may be objectionable. It is true there are certain general provisions of the law—I may refer to sections 292 and 298 of the Penal Code and section 144 of the Criminal Procedure Code—which enable the authorities to exercise a certain amount of control in respect of this matter. We have also rules under the Presidency and Rangoon Police Acts but the whole of these provisions are unsatisfactory and ineffective for various reasons. In some cases they are punitive and not preventive and in others the authority which decides whether an exhibition is objectionable is a single local official whose judgment may differ very widely from that of a similar authority in another town. In the United Kingdom the difficulty is countered by public opinion. There is an unofficial Board of Censorship, to which it is said 50 per cent of the managers of cinematographs submit their films. There are also Vigilance Committees and the National Board of Censorship. In India, however, public opinion is not at present, at any rate, strong enough to undertake this duty in many places. We also feel that it is not satisfactory that the control over these matters should be entirely in the hands of local officials, and it is partly because we are averse to purely official control that we have refrained from amending the Dramatic Performances Act of 1876, so as to cover the cinematograph. The Act does give some powers of censorship, but it contains no provisions for the

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safety of audiences, and if we had attempted to amend it to meet modern requirements it would really have been necessary to recast it altogether.

“The intention of the present Bill is to constitute central boards of censorship with powers to examine and certify all films and to provide for licenses to exhibit only such films as have been certified as suitable for exhibition by the licensing authority. We propose tentatively to insert in the rules a stipulation that not less than one-half of the Board shall be non-officials. The Boards will be set up at important centres, at first mostly at seaports, but subsequently will be constituted at other places, if necessary ; but the object which will be kept in view throughout is a central and independent censorship in a few important places.

“I have now explained the broad lines and objects of the Bill and I need not go into details except to explain the object of one clause, clause 10. We think it is not unlikely that the system which we now propose for the cinematograph may ultimately be found more suitable for other forms of dramatic exhibitions and more suited to modern requirements than the somewhat antiquated Dramatic Performances Act of 1876. We have accordingly inserted this clause which will enable the Government of India to extend all or any of the provisions of the Bill with such modifications and adaptations as may be necessary to other classes of dramatic or spectacular performances. It is not the intention of Government to take any steps to utilise this power until the Act has been in operation for some time and we are in a position to ascertain how it works. The object of the clause is merely to provide a simple means of bringing our legislation on the subject of dramatic performances up to date, if, as we hope, the scheme which we now propose proves to be a success.

“In conclusion I may say that we do not intend to do anything more than introduce this Bill during the present session, and if the motion which I shall now make is accepted, the Bill will be published and circulated to all Local Governments for information, and it will again be examined in this Council, I hope, in the cold weather session in the light of the criticisms that are received. With these remarks, my Lord, I now beg to move for leave to introduce the Bill.”

The motion was put and agreed to.

The Hon'ble Sir William Vincent.—“My Lord, I beg to introduce the Bill and to move that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the *Gazette of India* in English.”

The motion was put and agreed to.

POST OFFICE CASH CERTIFICATES BILL.

The Hon'ble Sir William Meyer :—“My Lord, I beg to move for leave to introduce a Bill to restrict the transfer of Post Office 5-year Cash Certificates and to provide for the payment of certificates standing in the name of deceased persons.”

The motion was put and agreed to.

The Hon'ble Sir William Meyer :—“A few words only are necessary by way of explanation in regard to the Bill I have obtained leave to introduce. As I stated in paragraph 89 of my speech introducing the last Financial Statement, in view of the special privileges attached to these certificates, and in order to keep them in the hands of the class for whom they are meant and prevent them from being bought by speculators or large capitalists, Government will not allow transfers of the certificates except under the special permission of

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a Postmaster General. The condition of non-transferability therefore attached to the certificates from the first and each certificate has printed on it a statement to the effect that it is not transferable except with the permission of the Postmaster General. The position, however, is that in the absence of specific legislation the above condition would not be operative against the general right of transfer of all actionable claims conferred by section 130 of the Transfer of Property Act, and we have thought it desirable, in order that this restriction may not be a mere *brutum fulmen*, to validate it by legislation. I may mention that the same condition applies in the case of the very similar War Savings Certificates in England where a restriction on transferability is provided for in regulations made by the Treasury under the Statute which authorised the borrowing. I should also perhaps add that from the point of view of the holder this restriction on transfer does not impose any real disability inasmuch as he can obtain repayment of his certificate on demand at any time within its 5 years of currency at the post office at which it was issued. On the other hand, the restriction greatly increases his security as it enables us, in the event of the loss of the certificate, to give him a duplicate without risk to ourselves and without insisting on troublesome formalities. This would not have been the case if the certificates were readily transferable, and it was partly for this reason that we decided, when devising the certificates, not to adopt a bearer type of security which is necessarily not a very suitable form for the small private investor because of the risk of loss by theft, fire, etc.

"I may add that the sanction of the Postmaster General will be given to transfers for which satisfactory reason can be shown. But it will be withheld whenever attempts are made to take advantage of the ignorance of holders, e.g. (I quote an actual case) where a man was offered Rs. 3 for a Rs. 10 certificate.

"The restriction, as will be seen from the bill, merely applies to transfer *inter vivos*, and does not include transfers by operation of law, for example, in the case of insolvency. We have taken the opportunity to place the procedure for the payment of certificates forming part of the estates of deceased persons on the same footing as that prescribed by the Government Savings Banks Act for the payment of the amounts at the credit of deceased savings bank depositors.

"I now move that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the *Gazette of India* in English."

The motion was put and aged to.

INDIAN PAPER CURRENCY (AMENDMENT) BILL.

The Hon'ble Sir William Meyer :—" My Lord, I beg to move for leave to introduce a Bill to amend the Indian Paper Currency Act, 1910, and the Indian Paper Currency (Temporary Amendment) Act, 1917, which was passed at the end of last session."

The motion was put and agreed to.

The Hon'ble Sir William Meyer :—" My Lord, the Bill, which I have obtained leave to introduce, deals with three different matters—

- (1) The continuance of the Indian Paper Currency Amendment Ordinance, 1917, which was promulgated in April last.
- (2) The extension of the provisions of the existing Paper Currency Act in order to permit of gold being held as part of the Paper Currency Reserve, when held by us or on our behalf in any of the British Dominions, or in transit between a British Dominion and India in either direction.
- (3) The issue of Re. 1 and Rs. 2½ notes.

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[*Sir William Meyer.*]

“ As I shall explain shortly, the third measure differs from other paper currency legislation which it has fallen to me to lay before the Council since the war began, inasmuch as we do not propose the provisions relating to Re. 1 and Rs. 2½ notes as a purely temporary or emergency measure, but intend to place them permanently on the Statute Book. Before dealing with this question, I will, however, first refer to the two emergency measures embodied in the bill.

“ The legislation with regard to these will as usual have operation only during the continuance of the present war and for a period of six months thereafter. It may be noticed that clause 1 (2) of the Bill only specifies clauses 6 and 7 as having this limited duration. The same limit will, however, also apply to the provisions of clause 2 as the Indian Paper Currency (Temporary Amendment) Act, 1917, which it is there proposed to amend, it itself a temporary measure.

“ With regard to the first matter with which the Bill deals I may explain that we are not here taking any fresh power to make investments against our note issue, but are merely regularising the existing situation, as the Ordinance which was issued in April last ceases to be in force six months after its promulgation and it is desired to continue the powers which it confers. The present position with regard to the increased investment powers which we have taken during the war and the causes which have made them necessary are, I think, well known to Honourable Members and were summarised in my speech in this Council on 20th March last introducing the Bill which subsequently became law as Act XI of 1917. As I then said, the kernel of the situation is that the present conditions of Indian trade oblige us to satisfy large Council drawings by the Secretary of State at a time when we are also incurring heavy expenditure on behalf of His Majesty's Government, we are unable to meet these Council drawings from our Treasury balances, while it is impossible, by reason of the necessity for conserving the stock of gold in London for war and exchange purposes, to allow gold to be put into our Currency Reserve there as a substitute for rupees paid out in India, and though we are now getting some gold out here, this is not nearly enough to meet the situation. Section 3 of Act, XI of 1917, which we now propose to amend, prescribes a limit of Rs. 30 crores up to which currency notes may be issued against Treasury Bills held by the Secretary of State as part of the Paper Currency Reserve. These powers are supplementary to our regular powers of investment of Rs. 20 crores, of which 10 crores may be held in sterling securities. The Ordinance which it is now proposed to continue increased these supplementary powers by a further 12 crores, thus bringing the total permissible limit of our Paper Currency investment up to 62 crores, against our present note circulation of over 100 crores.

“ To turn to our next proposal, the circumstances in which we desire to extend the power to hold gold as part of our Currency Reserve are briefly as follows. As is generally known, one of our great difficulties for several months past has been the heavy absorption of metallic currency in this country. We have met this to some extent by the purchase and coinage of large quantities of silver, but as those who have followed the recent course of prices will readily realize, the extent to which further purchases can be made at the present time is necessarily limited, and we have therefore been simultaneously endeavouring to strengthen our reserves by additions in the form of gold. By an Ordinance, which we propose to continue in the form of a Bill which I shall shortly move for leave to introduce, we have taken power to acquire gold imported into India, and have already obtained a considerable amount of gold in this manner. As Your Excellency has mentioned to-day the British Treasury has agreed to the opening of a branch of the Royal Mint in India for the coinage of sovereigns, but it will take a little time before arrangements are complete for the minting of sovereigns in India. In the meantime it may be convenient for us that banks or firms shipping to India gold (other than sovereigns) in

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order to place themselves in funds here to pay for exports from this country, should divert their gold to Australia where it can be coined into sovereigns for us at one of the Australian mints, and then forwarded to India. It will obviously facilitate such transactions and also the acquisition of gold generally if we are in a position to buy it in anticipation of its arrival. The object of the present measure is to enable us to treat gold so acquired as part of our Paper Currency Reserve as soon as it is tendered to the Australian Government on our behalf and before it actually arrives in India we shall then be able to pay for it without delay by the issue of currency notes. But at present we can, under the Indian Paper Currency Act, 1910, only hold in our Paper Currency Reserve gold coin and bullion which is either in India or in England or is in transit from India to England, or *vice versa*; and though we might in the first instance pay for the gold I have been speaking of from our treasury balances in India, such a course may not be feasible in present conditions especially during the busy season when we shall certainly have to face renewed pressure on our treasury funds. Clauses 6 and 7 of the Bill will therefore empower us to hold gold not only in Australia, but in any British Dominion or Colony, should occasion arise, as part of our Paper Currency Reserve, and will similarly enable us to retain as part of that Reserve any gold which we may ship to Australia or conceivably to any other part of the Empire in order to have it minted before arrangements have been completed for the coinage of such gold in India.

“The remaining clauses of the Bill legalise the issue of one rupee and two and a half rupee notes. I mentioned when I was introducing the Financial Statement last March how much we had been assisted by the expansion of our note circulation since the outbreak of the war. This expansion has since continued at an even more rapid rate. Figures for active circulation during the last month or two are not yet available, but during the last three years our gross circulation has increased by more than 50 per cent, namely, from Rs. 66 crores to over Rs. 100 crores. This expansion is largely due to the fact that the popularisation of our note issue has been part of our deliberate policy during this period, the most important factor, doubtless, having been the increased facilities for encashment which we have provided. Our smallest denomination of note, however, is at present the Rs. 5 note, and though this is of a considerably lower value than the smallest note in vogue in England, namely, that for 10 shillings, we think that the time has now come when we should take a step further forward and issue notes of the denominations of Re. 1 and Rs. 2½.

“I do not suppose that notes of these small denominations will be a prompt panacea for our currency difficulties, as is suggested in some quarters, but they should at any rate afford a real convenience, and it may reasonably be hoped that they will to some extent take the place of the silver rupee, not only in commercial centres and the larger towns, but also eventually outside these limits. Even our five rupee notes are too high a currency medium for the numberless petty transactions which take place daily all over the country; and the new notes will, we hope, supply the cultivator, the petty trader and the mill hand with denominations more suited to their requirements. It may be hoped, also, that the new notes will be in demand not only for payments of small amounts but also for rather larger transactions where our silver rupees are at present employed not merely because they are coin, but also because of the difficulties that must inevitably exist outside the larger centres in changing notes of the higher denominations. At the same time we must, as we have been warned in various quarters, proceed cautiously, at the outset lest our new notes should meet with suspicion and not with liking. Accordingly our intention is, as I explained to the Committee of the Bengal Chamber of Commerce the other day, to commence with the Presidency towns, keeping the notes in the first instance at the head office of the Presidency Banks who will be instructed not to force them in any way on payees but to give payees the option of taking payments in this form, and I repeat the hope I then expressed that business firms

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will co-operate materially with Government in giving the notes a good send-off by demanding them from the Presidency Banks. If the notes are found to be in demand we shall subsequently take similar steps at the larger branches of the Presidency Banks, and finally, if the results at these centres come up to our expectations, we shall extend the supply to district treasuries.

“We propose also to send supplies of the new notes to Mesopotamia where the population has for some time been accustomed to the use of minute paper money and where our existing notes have already obtained a widespread popularity.

“I may further mention that the bill expressly provides that the one-rupee and 2½-rupee notes shall be universal notes, that is to say, they will be legal tender throughout British India and will be encashable at any currency office.

“We shall also extend to them the extra legal facilities for encashment at district treasuries which are at present enjoyed by our existing notes. We have also under consideration, with a view to assisting the popularity of the new notes, the possibility of allowing their encashment, up to a limited amount by any individual, at post offices within the area of their original issue. The production of the notes has been put in hand, and it is at present expected that the first consignments will be ready for issue in India by about the beginning of November. I trust that, when they are issued, they will not merely be successful in themselves, but will also serve a useful educative purpose with regard to the conveniences of a note issue generally, and that they will consequently conduce to a further expansion of our note circulation as a whole.

“I now move that the Bill, together with the Statement of Objects and Reasons relating thereto be published in the *Gazette of India* in English.”

The Hon'ble Rao Bahadur B. N. Sarma :—“My Lord, it is with considerable diffidence that I venture to make a few remarks at this stage, in connection with the Bill. I am perfectly well aware that it is a subject outside the range of my ordinary activities and, if I make any remarks, it is more with the object of getting new light thrown upon the matter, than in any spirit of hostile criticism. The outstanding feature of the situation seems to be this :—just before the outbreak of the war the total currency circulation is computed to have been between 240 and 250 crores of rupees and after the war we have increased it by 40 crores in the shape of notes and 36 crores in the shape of silver; that is 76 crores or about 33 per cent. In ordinary circumstances this would be an extreme step and would be bound to act in a very prejudicial manner upon prices and upon the trade of the country. But we are dealing with a situation which is critical and I hope therefore that it will be shown to us that it would have been impossible to meet the demands of the Government in the matter of purchases in India in any other manner than by inflating the currency which is likely to have a prejudicial effect upon the future. It is ordinarily understood that the total currency depends largely upon the volume and velocity of the trade. The foreign trade of the country has fallen considerably during the last few years. In 1912-13 it was 407 crores, in 1913-14 it was 431 crores, whereas after the war, in 1914-15 it fell to 318 crores and in 1915-16 to 328 crores. I am not aware of the figures for 1916-17, but there could not have been any improvement in ordinary circumstances, therefore, having regard to the total diminution in the foreign trade of the country, the existing currency was amply sufficient to meet the requirements of the country and any further increase would act prejudicially upon the trade prospects of the country, and even, taking a possible extension in the internal current trade of the country and in silver hoarding the increase was unnecessarily large; the absorption in 1915-16 was only 10 crores in notes and 9 crores in silver, that is, 19 crores, whereas we have increased it by 40 crores in notes and 36 crores in silver. The ordinary requirements of trade therefore could not have been the cause of this enormous increase in the currency of the country. The only way that I can look upon it is, I may be wrong—of course, but it is this, inasmuch as the British Government has not been able to send gold as would ordinarily have been done, the Government of India have had

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to find funds for large purchases; a mechanism had to be contrived; new money found by the addition of 40 crores of notes to the currency. If 40 crores was added, the recommendation of the Royal Commission had to be given the go-by; and the Government have increased their money by issuing notes in this country, resources against British treasury bills. In so far as India has assisted the government at home in any substantial degree we must put up with the inconvenience; as the Hon'ble Sir William Meyer has told us that is the price which India has to pay. But the question that I would respectfully ask is this:—Having regard to the enormous expenditure that has been incurred by Great Britain in this war, does the investment of 30 to 40 crores in treasury bills make such a considerable difference to her, whereas it does make a considerable difference to India? In the case of England it would be a mere flea bite, but in the case of India it has resulted in the extension of the currency by 33 per cent. If this policy is indulged in we should like to know where we are and where we are likely to be after the war. That is one of the questions on which I have not heard a satisfactory answer and I hope the Hon'ble Sir William Meyer will be able to guide me correctly. Then there is another point. The Royal Commission's Report shows that if in the slack season the treasury contains 12 crores and in the busy season 18 crores no fresh coinage need be undertaken; I have not been able to find that the treasury balances at any particular periods fell short of the required minimum; but excluding the consideration of these large purchases on behalf of Government, for ordinary purposes there seems to be no case for any large coinage of silver.

“There is one other point, my Lord, to which I desire to invite the attention of the Council. The Council which was in session in February and March gave the Government power up to thirty crores of rupees to be invested in Treasury Bills. We should now like to know naturally what was the emergency between March when the session came to a close and the 18th of April, which compelled the Government to take further powers to the extent of 12 crores of rupees, having regard chiefly to the fact that the war loan was proving a success and large sums of money were coming in to the Treasury. The matter might have rested there but for the fact that the Government now propose to circulate one rupee and 2½ rupee notes in the country at an early date. I for one, as a matter of currency reform, might have welcomed this measure in peace time, because if the theories that are propounded by the currency reformers are correct, the expansion of the token currency should be of great use especially in the absence of any real banking system in this country and of the practice of issuing cheques to any appreciable extent. But there is considerable danger in taking in hand the proposal for the circulation of small notes during the time of war, because it would tempt Government further and it might also weaken the position of the Government in the estimation of the general public. The public might lose their confidence,—I hope they won't and there is no necessity for it,—but still this rapid expansion of the note circulation and giving rupee notes of small value to the public might induce them to believe that there is something wrong. I think, therefore, that it is not absolutely necessary to undertake this experiment during the time of the war.

“One difficulty which I foresee, is that we have been taken further away from the golden currency which was recommended to the Government by previous Commissions. The solution of that question was left in abeyance during the pendency of the war and has not been ultimately decided upon by the Government one way or the other, but I think that if the Government should circulate rupee notes, they would be practically adopting the recommendations of the Chamberlain Commission with regard to gold currency. But I am very glad that we are in a position to congratulate the Government upon their success in inducing the British Treasury to allow us to mint gold coins in this country. I hope that will take us a long way towards solving some of our problems until the currency position of India is put on a firm gold currency and gold standard basis.”

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[*Pandit Madan Mohan Malaviya; Sir William Meyer; Rao Bahadur B. N. Sarma.*]

The Hon'ble Pandit Madan Mohan Malaviya:—"My Lord, I have no doubt that the Government have fully considered the advisability of introducing notes of the value of one rupee and of 2½ rupees before introducing this Bill, and in that view it would probably not be proper for us, non-experts as we are in these matters, to offer much criticism on the proposal at this stage. But I feel it my duty, my Lord, to emphasise the need for caution to which the Hon'ble the Finance Member has referred. If we were passing through ordinary times, the experiment of introducing notes of the value of one rupee and 2½ rupees might have been tried like any other experiment, but we are passing through critical times, and I do not wish that there should arise at this juncture a feeling in the minds of the general public regarding these small notes which would be the reverse of what the Government would like. The ignorance of the great mass of the people, we know, is very great. Notes of the value of five rupees have been in use, and I venture to submit that it would have been much better if the Government had met the requirements of the situation by multiplying the number of 5 and 10 rupee notes rather than introduced this experiment at the present time. But as the Government have decided upon that course, all I would say is that the experiment should be carried on with the utmost caution in order that the general public should be educated up to regarding these notes as legal and useful tenders and that there should not be any apprehension in their minds regarding the value of these notes. With these remarks I support the motion before the Council."

The Hon'ble Sir William Meyer:—"I am in emphatic agreement with my Hon'ble friend the Pandit in regard to his suggested caution in introducing the new notes. I think I made it quite clear in my speech that we should at the outset proceed with caution and confine the issue of the notes in the first instance to the head offices of the Presidency Banks. If they prove successful there, we shall gradually extend the supply to important branches of the Presidency Banks, and finally to the District Treasuries."

"The Hon'ble Mr. Sarma, I think I may say, made some rambling remarks. The Hon'ble Member is a great student of statistics, but often brings them out in a form that surprises one. He told us for instance just now that the note circulation had gone up to 240 crores before the war."

The Hon'ble Rao Bahadur B. N. Sarma:—"I said the note and rupee circulation."

The Hon'ble Sir William Meyer:—"Note and rupee circulation. That, as my Hon'ble friend is aware, is a very different thing. I accept his explanation and need only add that the rupee circulation can only be very vaguely estimated. The note circulation was 66 crores before the war and is now about a hundred crores. But the Hon'ble Mr. Sarma shivered at the idea of inflation. I may remind him that one of the accepted doctrines of economists is that artificial inflation of paper currency only exists when the note circulation is not fully covered. Now we have covered every rupee of our note circulation—about 40 crores in metal and about 60 crores (I use round numbers for the sake of simplicity) in securities. The latter include short term Treasury Bills of the Home Government which we can realise practically at any time that we want to. As I explained to this Council on previous occasions, we regard this as the next best thing to gold. We cannot get gold for reasons which I have already explained more than once and I won't detain the Council by explaining them again."

"Then the Hon'ble Mr. Sarma says is the investment of all this money in Home Treasury Bills such a great thing to the wealthy British Government; might they not give it back to India? He has entirely misapprehended the situation. It is because we cannot in the face of the present war ask the British Government to send us out many crores in gold or ear-mark many crores in gold in London that we make this arrangement as regards Treasury Bills."

INDIAN PAPER CURRENCY (AMENDMENT) BILL;
INDIAN TRANSFER OF SHIPS RESTRICTION BILL.

[*Sir William Meyer; Sir George Barnes.*]

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“ Finally he asked why in April last, not so very long after the Council had dissolved, we issued an Ordinance. He would have liked us to have been prophetic and brought the necessity for this legislation before the Council. I will only say that we have to live very much from hand to mouth in these matters. If I had anticipated before the Council dissolved that we should have to invest more money I should certainly have brought in a Bill on the subject. It was an unexpected drain of rupees, and at the same time large Council drawings by the Secretary of State, which obliged us to take this course by Ordinance. The Hon'ble Member asks why could we not have taken the money from the War Loan which has accumulated in the Banks. For the very simple reason that we have promised, and I think the commercial members approve the promise, that we would not embarrass trade any more than we could help. We knew we were temporarily embarrassing trade in the interests of patriotism by this War Loan. We said we won't embarrass it further by suddenly drawing off the loan and that is why—much to the disquietude of the Hon'ble Mr. Sarma but I believe with the general approval of the rest of the members of this Council—we left the money in the Presidency Banks.”

The motion was put and agreed to.

INDIAN TRANSFER OF SHIPS RESTRICTION BILL.

The Hon'ble Sir George Barnes :—“ My Lord, I move for leave to introduce a Bill to restrict the transfer of ships registered in British India. This Bill is another of the series of war measures which have been brought before this Council. Like the other war measures, its object is to bring the legislation of this country into harmony with that of the United Kingdom. In 1915 an Act was passed in the United Kingdom to restrict the transfer of British ships to persons not qualified to own British ships. The persons so qualified under the British Merchant Shipping Act of 1894 are, speaking generally, British subjects and Companies registered within the British Empire. The United Kingdom Act of 1915 applied to British ships registered in the United Kingdom and at foreign ports of registry and in any British Possession other than those mentioned in the Schedule to the Act. The exceptions named in the Schedule are British India, the Commonwealth of Australia, the Dominion of New Zealand, the Union of South Africa and Newfoundland. Thus the British Act of 1915 does not apply to British ships registered in India. In August 1916 the British Act of 1915 was extended so as to apply to mortgages of ships as well as to actual transfers of ships, and among the persons not qualified to own a British ship or to hold a mortgage on a British ship was included a company which was in effect foreign controlled although registered within the British Empire. Now, my Lord, the object of this Bill is to extend the British Acts of 1915 and 1916 to British ships registered in India. The substantive part of the Bill is contained in the 3rd clause which provides that no interest in a British ship registered in British India under the Merchant Shipping Act, 1894, shall without the previous consent in writing of the Governor-General in Council be transferred to a foreign-controlled company or to persons other than persons qualified to be owners of British ships.

“ The only other clauses to which I need draw any attention are, I think, clause 4 which is a penalty clause, clause 5, which gives power to require particulars in certain circumstances, and clause 6 which deals with forfeiture. The second clause is entirely occupied with definition, a lengthy definition of the words

INDIAN TRANSFER OF SHIPS RESTRICTION BILL.

[5TH SEPTEMBER, 1917.]

[*Sir George Barnes; Pandit M. M. Malaviya; Mr. G. R. Lowndes.*]

'British subject' and 'foreign-controlled company,' and the first clause deals with the duration of the proposed Act and provides that it shall remain in force during the continuance of the present war and for three years thereafter.

"I beg to move for leave to introduce the Bill."

The motion was put and agreed to.

The Hon'ble Sir George Barnes :—"I beg, my Lord, to introduce the Bill and to move that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the *Gazette of India* in English."

The Hon'ble Pandit M. M. Malaviya :—"My Lord, I would like to say a word about the definitions which have been put in this Bill so that when the Bill goes before the Select Committee the matter may be borne in mind. I am sure the Hon'ble Member will agree that a definition in a Bill by a reference to other enactments creates a difficulty in understanding it. For instance in section 2 'British subject' is defined as a person who is a natural born British subject within the meaning of the British Nationality and Status of Aliens Act, 1914. All the members of this Council have not an opportunity of looking up Acts 4 and 5 Geo. V to compare what the provision there is, and they cannot therefore comprehend what the definition means. So also in the same section in clause (d), "persons qualified to be owners of British ships" has the same meaning as in section 1 of the Merchant Shipping Act, 1894. There again 57 and 58 Vict. are not so easy to refer to. So also in the third section.

"I would request the Hon'ble Member and the Secretary to the Legislative Department to note this fact and consider whether it would not always be better considering that we are enacting a statute here, to reproduce the language of those sections in our Bills so that anybody who looks at the Bill may be able to understand what it means. I do not know, my Lord; I have not had time to look up these enactments; I do not know whether 'British subject' as defined here will include His Majesty's Indian subjects or not. I should like to be instructed on that point. I merely ask the question in order to have the matter cleared up."

The Hon'ble Mr. G. R. Lowndes :—"My Lord, the Hon'ble Pandit has raised a point as to what is called legislation by reference to another Act, which is often inconvenient but sometimes is almost a necessity. To take the first of the cases he has referred to, the definition of 'British subject' in the British Nationality and Status of Aliens Act, 1914, it is at least possible that very shortly after this Bill of ours is passed, the British Act, which is an Act for the whole Empire, will be amended. In fact we have considerable hopes that it may be. If so, it will be very convenient to be able to follow this amended definition rather than to have immediately to amend the definition in our Act in order to bring it into line with the amended British Act. As a matter of fact this is probably one of the most convenient instances of legislation by reference because supposing we expand the definition section in the Bill, which is already very long, by putting in the definition from that Act, I am afraid even the Hon'ble Pandit would be tired of it before he got to the end."

The Hon'ble Pandit M. M. Malaviya :—"May I know if 'British subject' as defined there includes an Indian subject of His Majesty?"

Hon'ble Mr. Lowndes :—"Certainly."

The motion was put and agreed to.

USURIOUS LOANS BILL.

[*Sir William Vincent.*]

[5TH SEPTEMBER, 1917.]

USURIOUS LOANS BILL.

The Hon'ble Sir William Vincent :—“ My Lord, I move for leave to introduce a Bill to give additional powers to Courts to deal in certain cases with usurious loans of money or grain.

“ My Lord, the Bill which I now move for leave to introduce relates to a subject which is of very general interest, namely, the question of empowering our Civil Courts to afford relief in cases of unconscionable bargains between money-lenders and their debtors. The subject has been frequently before the Government of India and I think it will be useful if I explain very shortly some of the legislation in regard to it. Prior to 1855 under the Regulating Act, an English Statute of George III and various regulations of the Provincial Codes of Madras, Bombay and Bengal the maximum rate of interest leviable in this country on loans was 12 per cent. There were also similar enactments limiting the rate of interest on loans in Great Britain. In 1855 (a year after the Usury Laws were repealed in the United Kingdom) the Usury Laws Repeal Act was passed in this country and all statutory restrictions on the rate of interest on loans were thereby repealed.

“ Further, Section 2 of that Act definitely provided that in suits in which interest was recoverable, it should be decreed at the rate agreed to between the parties, or in the absence of any such agreement at a reasonable rate. This enactment is in force up to the present day and, as far as I know, it is the only provision in the general law relating to interest on loans. My Lord, even if it is admitted that the usury laws were ineffective, it has also often been doubted whether their repeal effected any improvement in the situation. It has indeed been said by a writer of some repute that the 45 years between the repeal of the usury laws in England and the passing of the Moneylenders Act of 1900 may well be regarded as the golden age for unscrupulous moneylenders in the United Kingdom. And the same author tells us that in most of the countries, including England, where the usury laws were repealed, it has since been found necessary to afford borrowers some protection against unscrupulous moneylenders. It is not surprising therefore to find that this question was again agitated in India and in 1891 Lord Lansdowne's Government thought it necessary to direct the Commission appointed to enquire into the question of the Dekkan Agriculturists Relief Act, also to make special enquiry as to the expediency of amending the general law relating to contracts between creditors and debtors. That Commission recommended—

- (1) an amendment of the Contract Act so as to make a contract voidable when the creditor had taken undue advantage of the simplicity or necessity of his debtor;
- (2) an amendment of the Evidence Act throwing, when the parties were not on an equality, the burden of proving the good faith of the transaction on the person who had an advantage; and
- (3) an amendment of the Usury Laws Repeal Act, so as to give the courts power to re-open unconscionable contracts.

Government did not accept these recommendations in their entirety, but after prolonged enquiries, in 1899, they introduced and passed the Indian Contract Amendment Act. This provided that a contract, consent to which was obtained by undue influence, was voidable at the option of the person whose consent was so obtained. The new law also defined what undue influence was, providing that when the relations between two parties to a contract were such that one party was in a position to dominate the will of the other and used that advantage unfairly, then the contract might be said to be induced by undue influence. My Lord, this legislation

USURIOUS LOANS BILL.

[5TH SEPTEMBER, 1917.]

[*Sir William Vincent.*]

relieved the situation somewhat, but it was not really effective, and practical experience has shown that it does not afford sufficient protection to debtors. In 1906, this was brought to the notice of Government by Mr. Justice Mitter of the Calcutta High Court in a minute, in which four Judges concurred, on this question of usury. He pointed out that the experience of 50 years had shown that even in Great Britain interference by law was needed to give relief against exorbitant interest and he referred to the report of the Committee appointed in the United Kingdom to investigate the subject and also the Money-lenders Act of 1900 in proof of this assertion. He described the mischief caused in India by the repeal of the usury laws, particularly in suits between money-lenders and ryots and he showed, if I may say so, conclusively, that the amendment of the Contract Act to which I have just referred was absolutely inadequate to meet the requirements of the situation. He urged, therefore, that civil courts should be empowered to grant relief in cases of extortionate demands by reducing the interest to a reasonable rate and by re-opening and adjusting accounts on the basis of these rates. The Government of India, however, even then decided that the time was not ripe for legislation. In 1913 the question was again agitated in the United Provinces Legislative Council by the Hon'ble Khwaja Ghulam-us-Saqlain who described in vivid language the mischief which resulted to the body politic from it. He quoted numerous flagrant instances in which extortionate interest had been decreed and represented that the result of the law had been the ruin of hundreds of families in the United Provinces within the last two or three years. About the same time the Government of India were moved by the Administrator General of Bengal to reconsider the question of legislating on this subject, and Local Governments and various authorities were thereupon consulted. I think I may say that the result of these enquiries revealed a very serious state of affairs. I will only quote one or two opinions received by the Government of India. The Madras Government said that there was an overwhelming preponderance of opinion in favour of the view that our courts are at present compelled to give effect to unconscionable transactions and to enforce the payment of inequitable and extortionate demands. The Government of Bengal and the Calcutta High Court said that usury was a crying evil which called for immediate remedy, and I think I may say that these remarks really represent the considered opinions of most of the Governments consulted. Such a state of affairs is, in the opinion of the Government of India, not only morally indefensible but a source of grave political danger in that it seriously shakes public confidence in our administration and in our courts of justice. In this connection I may say that I read recently a review of a work by a German who was commenting on our administration. He stated that the failure of Government to deal with this question was one of the main blots on our administration and that it could not fail to have very serious political effects. My Lord, *fas est et ab hoste doceri* and I think there is great force in this argument. Theoretical arguments based on the sanctity of solemn contracts appeal very little in such cases, to a debtor. He argues that the judges have powers to do justice or if they have not that Government should vest them with the necessary powers.

“ My Lord, if the opinions which I have cited have not convinced the Council, I should like to quote a few specific instances of the kind of decrees our courts are constantly forced to give. I will take some from the speech of the Hon'ble Khwaja Ghulam-us-Saqlain to which I referred. Here is one, a suit of 1906. I will not cite the name of the creditor, though he deserves little sympathy, but the principal advanced was Rs. 800, and for this advance the creditor obtained a decree for no less than Rs. 2,06,365 or very nearly 258 times the principal advanced. Here is another case decided in the Court of the Subordinate Judge of Shahjahanpur in 1910. The principal advanced was Rs. 1,000 and the amount claimed and decreed was Rs. 17,000. Here is another one from Budaon in which Rs. 2,500 was advanced and the creditor obtained a decree for Rs. 39,000.

USURIOUS LOANS BILL.

[Sir William Vincent.]

[5TH SEPTEMBER, 1917.]

"In a letter which is on record, Sir Amir Ali, now on the Judicial Committee, refers to a case from my own province, Bihar and Orissa, in which a claim for Rs. 32,000 was successfully made on the basis of a loan of Rs. 4,000 made eight years before the suit. I have recently examined some cases from the High Court of Bihar and Orissa which also show the ineffectiveness of our present law. Here is one. In 1900 a bond was given for Rs. 1,400. In 1912 a decree was obtained for Rs. 35,421 after the decree holder had been good enough to give up an additional claim to Rs. 11,000. Here is another case. A suit in which Rs. 1,375 was borrowed and Rs. 1,700 was repaid within three years of the loan. Nevertheless the plaintiff was able to get in the Subordinate Judge's Court a decree for Rs. 15,000 on the basis of his bond. I am glad to say this last suit was dismissed in the High Court on a technical plea of misjoinder of parties.

"My Lord, the evil is not confined to the agricultural classes. The enquiries made reveal that it is equally prevalent amongst others, including land owners of all classes and the domiciled Anglo-Indian community in particular.

"Similarly many young European officers in the service suffer severely from such demands, and the case quoted by the Administrator General is a very good illustration. The facts in that case were that on the 30th January 1907, Rs. 1,500 was advanced by a moneylender of Lahore to a Subaltern. The debtor repaid Rs. 1,460 of this sum in the same year, but on the other hand it is fair to say that the creditor paid certain insurance premia for some years on account of the debtor amounting to Rs. 812. The total amount advanced was thus Rs. 2,312. In return for this the creditor recovered altogether Rs. 4,700, and nevertheless in 1913 put in a claim to the Administrator General against the estate of the deceased officer for Rs. 24,177 in addition. I may remark that his claim for interest during one month of 1912 amounted to Rs. 1,419 or very nearly the full amount of the principal originally advanced.

"My Lord, I could multiply *ad infinitum* these instances of unconscionable bargains, to which the Courts are compelled to give effect under the present law, but I think that the cases I have cited are quite sufficient to show that some remedy is necessary if our Courts are not to be made instruments of oppression.

"My Lord, I have been told by some persons that even if the Courts may give wrong decisions in a few cases, they have at present all the powers that they need, and that all that is required is the effective administration of the law. This is disproved by practical experience and the fact is that unless the unfortunate debtor can prove definitely "undue influence," *i.e.*, that his case comes under section 16 of the Contract Act, or that interest is claimed by way of penalty, under section 74, he has no remedy; or at least this is the interpretation placed upon the law by many of our best Judges and I think the tendency in this direction has been the more marked since the decision of the Judicial Committee in the case of *Sundar Koer vs. Rai Sham Krishen*, I. L. R. 34, Cal. 150. My Lord, in this connection I may say that I took the opportunity of consulting my Hon'ble colleague, Sir Sankaran Nair, on this question. He had, as the Council knows, a very distinguished career both at the bar and on the bench of the Madras High Court and speaks with great authority. He expressed his opinion (and I have his permission to quote it) that the law at present is inadequate to meet the requirements of the case, and that the legislation which is now proposed is urgently needed in the interests of justice.

"If anything further is needed to controvert this suggestion that the law as at present is sufficient, I venture to say that the cases which I have cited before the Council themselves are a sufficient answer. If the Courts find it incumbent on the evidence to give decrees of this kind, can it be argued with any show of reason that the law as it stands meets the requirements of the situation?

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[*Sir William Vincent.*]

“ Proceeding to the question of remedies for this state of affairs I may say three methods of dealing with this question have been suggested by various authorities :—

- (1) an amendment of the law limiting the rates of interest ;
- (2) a law embodying the principles of (what is known as) ‘damdupat’ ;
and
- (3) a Bill giving the Courts in certain instances equitable powers to reopen contracts between moneylenders and their debtors and to ascertain what return was equitably repayable for loans made.

“ For reasons into the details of which it is unnecessary to enter at any rate at present, the Government of India have decided that the first two remedies proposed were neither suitable nor likely to be in any way effective, and that the best chance of success lay in giving the Courts the equitable powers described in the third proposal. In taking this course the Government have followed the principle adopted in the United Kingdom in the Moneylenders Act of 1900. I do not think that it is necessary or expedient that I should waste time in discussing the details of the Bill at present. It will be circulated for opinion and ample opportunities will be given to all those who are interested in the subject to examine and criticise it. The details will also subsequently be carefully considered in Select Committee : all that I think it is necessary to do at present is to explain the general principle, which is a very simple one, namely that in proceedings for the recovery of a loan, or for the enforcement of an agreement or security, the Court, if satisfied by evidence that the return claimed is excessive, and that the transaction is substantially unfair, may reopen the contract and award the plaintiff a decree for that sum only which is equitably due, having regard to the circumstances of the case. I want the Council to note the fact that action under the law is not obligatory but discretionary, and that the Court can only take such action when it is satisfied that the transaction is substantially unfair, and that the return is excessive.

“ I draw special attention to these provisions of the law, as they illustrate a point of great importance, namely, that it is not in any way the intention of Government to interfere with the ordinary business of the honest moneylender. The Government fully recognise that moneylenders are not only necessary but very useful members of society. In fact it may be said that without them the whole business of the country would be paralyzed. My Lord, moneylenders who are satisfied with a fair and reasonable return for their money have nothing to fear from this Bill and will not come within the purview of its provisions at all. It is only the extortioner who takes advantage of the needs of the borrower to force him to an unequitable bargain who will be penalised, and I do not think any one in this Council will maintain that such persons are entitled to any sympathy.

“ It may be argued that the Bill places too much power in the hands of our Courts and that it will be impossible for them to administer it effectively and justly. But I think that the answer to this objection is contained in the letter of the Calcutta High Court, which I take leave to quote. Their Lordships say :—

“ To use the language of the Parliamentary Select Committee the Courts should have power to go behind any contract with a moneylender, to enquire into all the circumstances of the original loan and of the subsequent transactions, and to make such order as may be considered reasonable. This will give the Courts full discretion to deal with each case according to its circumstance. It has been observed that this will lead to a variety of judgments. This is a difficulty which arises even where the Courts have no discretion. There must be some inconvenience attending every proposal, and the advantage of giving the Courts a free hand to deal with each case on the lines of natural justice

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greatly outweighs, in the opinion of the Chief Justice and the Judges, any objection to such a course.

“Speaking for myself, I may say also that those who take the view indicated above, in my opinion underestimate the capacity of our civil Courts the great majority of which are presided over by Indians of high educational and legal attainments and proved ability and integrity. I do not however for a moment seek to minimise the difficulties of finding a satisfactory solution of the problem, or to make out that the Bill which I propose to introduce will prove a panacea for the evil it is designed to remedy. But I do say, however, that it will at least in many cases prevent our Courts from being made instruments of oppression, and I believe that in the great majority of cases it will enable them to do justice between man and man.

“My Lord, there are many difficult questions in connection with this Bill which will be discussed at a later stage but I do not wish to detain the Council any longer to-day and in conclusion wish only to say that I honestly believe that this Bill is one which will prove of real benefit in the administration of justice and that it will contribute to the prevention of oppression. I believe myself that it will remove a very serious blot on our present administration and I earnestly hope that it will commend itself to this Council.

“My Lord, I now move for leave to introduce the Bill which is entitled “A Bill to give additional powers to Courts to deal in certain cases with usurious loans of money or grain.”

“It is not intended to do anything more than circulate the Bill at present, and when we receive the opinions of the various authorities consulted, I think that the Council will be in a better position to criticise it than at this stage.”

The Hon'ble Dr. Tej Bahadur Saprū :—“My Lord, I welcome the Bill which has just been introduced in this Council as a piece of beneficent social legislation. Coming as I do from the United Provinces which has been frequently mentioned in the speech of the Hon'ble Mover, I can also add from my own personal experience a few examples just to show that this measure is urgently needed. My Lord, not many years ago in the Allahabad High Court I had a case in which it was found that as a matter of fact a sum of only Rs. 106 had been advanced while the bond mentioned that a sum of Rs. 916 had been advanced, and within a period of about twenty years the interest had swelled up to Rs. 2,93,000. It is difficult for me to calculate the rate of interest; but the lower court had granted the creditor a decree for only Rs. 1,100, and I was glad that the High Court set aside that decree altogether. Immediately after that there arose a case in which an Anglo-Indian member of the subordinate staff of the United Provinces Secretariat was the defendant. In that case a sum of about Rs. 1,500 or Rs. 2,000, I am not sure which, had been advanced by the creditor, who brought a suit within seven years for a sum of Rs. 35,000; and the poor man had to compromise for a sum of about Rs. 5,000.

“My Lord, I could quote a number of instances like these from my own province but I refrain from doing so as a number of them were carefully collected by my late friend Khwaja Ghulam-us-Saqlain and they have been referred to by the Hon'ble the Home Member in the course of his speech. My Lord, as regards the question of remedy, there are various remedies which have been suggested from time to time, I do not think that it is desirable, either legally or economically, to adopt an artificial rate of interest as it may not meet the ends of justice in every possible case. I think the best example that this Council can follow is the English Moneylenders Act. I don't think there is any, the least, danger in investing courts with the discretionary powers proposed to be given. If the lower courts will go wrong there are the courts of appeal to set them right. There is only one thing more which I wish to say and, that is,

USURIOUS LOANS BILL ; PATNA UNIVERSITY BILL.

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[*Dr. Tej Bahadur Sapru ; His Excellency the President ; Sir C. Sankaran Nair.*]

that I feel that the Bill as drafted by the Hon'ble the Home Member does not go as far as I should like it to go. In fact, I should like to go the whole length of the English Moneylenders Act, I should like all moneylenders to be registered as in England, and I should also like a provision in the Bill that if an unregistered moneylender brings in a suit, the suit shall be dismissed ; this is a crying evil and in dealing with this matter I am glad to be able to bear out every single remark that has fallen from the Hon'ble the Home Member. I am an enthusiastic advocate of the Bill and I do not think that the doctrine of freedom of contract can be left to run its course uninterruptedly in a matter like this ; I think the stronger the measure is the better it will be for the protection of the masses and for the land owning classes. With these few words, my Lord, I strongly support the motion."

His Excellency the President :—" I understand that a good many Hon'ble Members would like to address the Council on this subject, and I therefore propose to adjourn the Council, but before the adjournment, the Hon'ble Sir Sankaran Nair has to present the Report of the Select Committee on the Bill to establish and incorporate a University at Patna. Unless the Hon'ble Member presents that Report today the Bill will not be able to be discussed on the 12th September. I will call upon the Hon'ble Sir Sankaran Nair."

PATNA UNIVERSITY BILL.

The Hon'ble Sir C. Sankaran Nair :—" My Lord, I beg to present the Report of the Select Committee on the Bill to establish and incorporate a University at Patna.

"The Bill has been published for information and will be taken into consideration on the 12th instant,"

The Council adjourned to 11 A. M. on Wednesday, 12th September, 1917.

SIMLA ;

The 13th September, 1917, }

A. P. MUDDIMAN,

Secretary to the Government of India,

Legislative Department.

Statement showing the number of permanent superior gaseled appointments in the Government of India Secretariat held by officers other than those belonging to the Indian Civil Service.

| Department or Office. | No. of appointments. | Designation. | Pay. | No. held by Indian. | REMARKS. |
|---|----------------------|-----------------------------|--|---------------------|--|
| Public Works Department | 3 | Secretary | Rs. 3,500 | ... | |
| | | Deputy Secretary | Rs. 2,000 plus Rs. 150 Special Allowance | ... | |
| | | Under Secretary | Grade pay of the Engineer Officer appointed to the post plus a local allowance of Rs. 300 a month subject to a maximum of Rs. 1,500 a month. | ... | |
| Foreign and Political Department | 1 | Assistant Secretary | On time scale in Political Department plus duty allowance of Rs. 150 subject to a maximum limit of Rs. 1,600. | ... | |
| Office of Financial Adviser, Military Finance. | 2 | Deputy Financial Adviser | Rs. 1,700 | ... | Status of Deputy Secretary to the Government of India. |
| | | Assistant Financial Adviser | Rs. 1,000-50-1,300 | ... | Status of Assistant Secretary to the Government of India. |
| Legislative Department | 1 | Legal Assistant | Rs. 1,200-1,500 | ... | 1 |
| Department of Education | 2 | Assistant Secretary | Rs. 1,000 50-1,300 | ... | 1 |
| | | " " | Rs. 900 plus Local Allowance Rs. 250 | ... | ... |
| Railway Department | 8 | 2 Members, Railway Board | Rs. 4,000 each | ... | ... |
| | | 1 Chief Engineer | Rs. 1,750-2,750 | ... | ... |
| | | 1 Secretary | Rs. 2,000-2,500 | ... | ... |
| | | 4 Assistant Secretaries | Rs. 800-1,500 | ... | ... |
| Finance Department | 1 | Assistant Secretary | When held by an officer of the General List of the Indian Finance Department, pay of regular line plus remunerative local allowance of Rs. 250. When held by an officer not on the General List, Rs. 750-50-1,000. | 1 | The incumbent is borne on the Railway Engineer list and draws the pay of his rank on that list. The incumbents are officers of the Accounts, Engineering and Traffic Departments and draw their grade pay plus a duty allowance of Rs. 200 a month each. |
| Home, Revenue and Agricultural and Commerce and Industry Departments. | NIL | | | ... | |

APPENDIX B.

No. 599-R. & A., dated Delhi, the 31st January 1916.

From—W. M. HAILEY, ESQ., C.S.I., C.I.E., I.C.S., Chief Commissioner, Delhi,

To—The Secretary to the Government of India, Department of Revenue and Agriculture.

I have the honour to acknowledge the receipt of your letter No. 2-C.-155-16 (Land Revenue), dated the 4th January 1916, dealing with the co-operative movement.

2. The Delhi Province as now created contains no co-operative society. During the late settlement of the district efforts were made by the staff to push the movement, and the Registrar of Co-operative Societies, Punjab, also made attempts to interest the agricultural community in the matter. These efforts met with no success, and the Deputy Commissioner has recently reported that conditions in the reduced area of the district are such that it seems unlikely that the need for starting societies will be recognized by the people concerned.

3. In the circumstances I do not feel that I can usefully reply to the question raised in the letter under reply.

No. 1399-R., dated Quetta, the 19th April 1916.

From—The HON'BLE LIEUTENANT-COLONEL SIR JOHN RAMSAY, K.C.I.E., C.S.I., Agent to the Governor General and Chief Commissioner in Baluchistan,

To—The HON'BLE MR. L. J. KERSHAW, C.I.E., I.C.S., Secretary to the Government of India, Department of Revenue and Agriculture, Simla.

I have the honour to acknowledge the receipt of Revenue and Agriculture Department Resolution No. 2-C.-155-16, dated the 4th January 1916, in which the views of the Local Governments and Administrations are invited on those portions of the Report of the Committee on Co-operation in India which deal practically with the Audit and supervision of Primary Societies and with Central and Provincial Banks.

2. In reply I have to say that no Co-operative Societies exist in Baluchistan, and I am therefore not in a position to offer any remarks.

No. ²³⁶XIII-14-2, dated Nagpur, the 27th June 1916.

From—The HON'BLE MR. J. HULLAH, I.C.S., Third Secretary to the Chief Commissioner, Central Provinces,

To—The Secretary to the Government of India, Department of Revenue and Agriculture, Simla.

With reference to the Government of India's Resolution No. 2-C.-155-16, dated the 4th January 1916, regarding the Report of the Committee on Co-operation, I am directed to forward, for the information of the Government of India, a copy of a letter No. C.-116, dated the 25th April 1916, from Mr. H. R. Crosthwaite, Registrar of Co-operative Societies in these Provinces, together with a copy of the Note accompanying it, which deals with those recommendations of the Committee which have been referred for the opinion of Local Governments. I am to say that the Chief Commissioner agrees generally with Mr. Crosthwaite's remarks, and this letter will therefore be confined to a few supplementary observations which Sir Benjamin Robertson desires to make.

2. In recommendation No. 8 the Committee remark that Government backing to a central cattle reinsurance society is unobjectionable. Mr. Crosthwaite's remarks are mainly a criticism of Recommendation No. 6, which has not been referred for opinion, and which questions the necessity of waiting for actuarial data before introducing cattle insurance. To give financial backing to any scheme thus started would, in the Chief Commissioner's opinion, be impolitic and unjustifiable, and would almost certainly result in heavy pecuniary loss to Government. It is understood that the Agricultural Conference which

met at Pusa this year also held this opinion. But in any case the people of the Central Provinces do not as yet sufficiently realize the importance of veterinary science to render a system of cattle insurance feasible, and the Chief Commissioner considers that a distinct advance in this respect must precede the initiation of any such measure.

3. Recommendation No. 18 deals with the question of special encouragement to societies among the poorer urban classes. The Chief Commissioner, while agreeing that poor industrial communities may well be assisted by Government in order to rehabilitate their industries, cannot agree that their members should be recognized as co-operative societies so long as they are thus charitably assisted. Philanthropy may well be a motive for the efforts of co-operative organizers, but actual co-operation must be developed on a sound basis of business and not fed by charity. Until therefore, the members of a community, helped at the outset by charity, can show that they are capable of standing without such assistance, they should not be formed into co-operative societies under the Act or be financed by Central Banks.

4. Recommendation No. 51 has reference to the acceptance of deposits by primary societies. Mr. Crosthwaite does not deal specifically with the various suggestions contained in this recommendation, but he points out the difficulties of watching the action of primary societies in the acceptance of deposits from non-members. He shows that the present practice in the Central Provinces is to disallow absolutely the acceptance of such deposits, and the Chief Commissioner would recommend that no primary society be permitted to accept deposits from non-members until the Registrar considers it fit to do so, and then only subject to such rules and restrictions as the Registrar may lay down.

5. In recommendation No. 88 it is suggested that primary societies should be allowed to use their reserve funds in their own business. I am to commend to the particular consideration of the Government of India Mr. Crosthwaite's remarks in opposition to this suggestion. The Chief Commissioner would strongly uphold the Central Provinces practice under which the reserve funds are placed with the Provincial Bank, thus increasing the fluid resources of the co-operative movement as a whole. With reference to the Committee's remarks in the concluding part of paragraph 83 of their Report, it seems to the Chief Commissioner that the importance of fluid resources, and the desirability of extending the movement by increasing the resources of the central and distributing institution, namely, the Provincial Bank, are of much greater weight than the earning of larger interest by the primary societies by lending their reserve funds to their own members.

6. In Recommendation No. 183 it is suggested that officers of the Indian Civil Service should report, and withdraw when opportunity offers, any deposits which they may have in the Central Bank of the district in which they are serving. The Chief Commissioner is unable to concur in this suggestion. Apart from the inadvisability of excessive and invidious restrictions, inconsistent with the high reputation of the Indian Civil Service, Sir Benjamin Robertson would also urge the consideration that, especially in backward districts, private deposits by officers will give encouragement to and induce confidence in the co-operative movement. The effect of the withdrawal of an officer's deposit in the local bank, on his being posted to a district, could hardly be otherwise than unfortunate locally.

7. Recommendation No. 185 seems to be covered by the Government Servants' Conduct Rules, but there is no objection to re-enunciating the principle of the rule, with special reference to co-operative societies and banks.

8. In Recommendation No. 196 it is suggested that Local Governments should issue a rule empowering Registrars to rescind any resolution or act which deals with controversial opinions of a political or religious character. Mr. Crosthwaite promises, in his Note, to submit a draft rule, but, on reconsideration, the Chief Commissioner understands, he would prefer for the present not to have any rule on the subject. He has found that his control of the general working of societies is on the whole quite satisfactory and effective, and he suggests that,

so long as matters work smoothly, prominence should not be given to the subject dealt with in the Committee's recommendation by the issue of a formal rule. The Chief Commissioner agrees that no rule of the kind indicated is at present advisable in the Central Provinces. Local Governments may be allowed a discretion to issue such a rule, but need not be required or advised to do so.

9. As regards Recommendation No. 197, the Chief Commissioner agrees with Mr. Crosthwaite in opposing the appointment of an expert co-operative adviser with the Government of India. In paragraph 202 of their Report the Committee observe that "the appointment of a single agent of this kind is naturally less expensive than a separate arrangement for each province." But obviously such an appointment will in no way meet the absolute need of an expert for each province. Further, when the stage of having either a State bank or an All-India Federal Bank, as the apex of the movement, is reached, the position of the Government of India's expert, if he intervenes, as he inevitably will, between the provinces and the apex bank, may very likely prove to be most embarrassing to the provinces.

No. C.-116, dated Pachmarhi, the 25th April 1916.

From—H. R. CROSTHWAITE, ESQ., Registrar, Co-operative Societies, Central Provinces,

To—The Secretary to the Hon'ble the Chief Commissioner (Agriculture Department), Central Provinces.

In reply to Mr. McDonald's letter No. 41-XIII-14-2 of the 2nd of February 1916, I have the honour to submit a note which I have prepared for the information of the Hon'ble the Chief Commissioner. As the Hon'ble the Chief Commissioner is aware I was attached to the Committee when the report was being written; and I must point out that very great difficulty was experienced in framing a report suitable for all Provinces. Indeed, a few of the Committee's recommendations are, to very great extent, influenced by existing practice in Burma or elsewhere, and cannot be maintained against informed criticism or in the light of experience gained in other countries such, for instance, as Japan,—even if continental practice be put on one side on the score that East is not West.

2. In general, the recommendations of the Committee are sound enough in so far as they deal with the lower stages of co-operative organization. But far too little is made of the absolute necessity for training non-officials themselves to do much of the work that is now being done for them in the higher branches of co-operative activity by the Registrars and their subordinate officers; and it is not clearly indicated that, if progress is to be sound and business safe, the scope of co-operative effort must be restricted until the structure of credit and banking has been consolidated and the Registrars have had time to educate a large number of *co-operators*. The tendency of the Report is to create the impression that a Registrar's control and guidance is an efficient substitute for national enthusiasm and for the control and guidance furnished by Federations of co-operative institutions, which, of course, it can never be. Supervision by Government, for the protection of its own particular interests and those of the community at large, there must always be. But if the trend of development in India is to be in the direction of a co-operative State bank, then Government is embarking upon a course which will, in a few years, saddle it with the gravest responsibilities in the shape of top-heavy finance based on hastily prepared foundations. The multiplication of co-operative concerns may, of course, be accelerated by the creation of a State bank; that is Prussian experience. But it is also Prussian experience that a State bank is not an unmixed blessing either to its founder, the State, or its clients, the co-operative institutions. Nor can we hope that typically Prussian methods, in keeping with the rest of the Imperial German picture, will mingle well with British ideas. The object of the Committee, namely the discount and re-discount of co-operative paper would be attained equally well, and even better, by an All-India Federal Bank after the Italian model; but before there can be such a bank there must be, down below, far more capital owned and accumulated by the members of co-operative societies themselves as well as firmly established provincial co-operative banks to federate and,

also, in my opinion, non-official co-operators sufficiently trained and experienced to take a large share in the control.

A further serious difficulty lies in the nature of the paper which is to be re-discounted. The promissory notes of Agricultural Credit Societies are not sufficiently capable of speedy realization to furnish, by themselves, a convenient banking medium, and the advance bill of exchange, the transferable bond and the debenture find a welcome place in the co-operative banker's portfolio. Even these latter securities are only accepted where the co-operative idea is spread widely amongst the people and the machinery of co-operative banking is well understood by the private investor as well as by the big commercial banks. Before there can be any general co-operative system of advance bills of exchange, transferable bonds, or debentures, the Indian co-operator has a long distance to travel along the path of economic and educational development; and, further, much legislation will be necessary. On the one hand, in fact, the Committee inculcate caution and prudence; on the other hand, they end their report with a proposal which runs very far ahead of existing development, and leaves out of account intermediate ground that has still to be won and consolidated.

3. The recommendations of the Committee very frequently endorse or follow co-operative practice in the Central Provinces, and where they do so, it would serve no useful purpose to examine them. Accordingly, I have only included in my note recommendations with which it is necessary to express disagreement, or upon which comment may prove to be useful.

Note on the Recommendations specified in clause (b) of the Appendix to the Government of India's Resolution No. 2-C-155-16 of the 4th of January 1916.

Recommendation No. 8.—"A central cattle reinsurance society is necessary, and Government backing to such an institution is unobjectionable."—There is a radical difference between the views expressed by the Committee on Co-operation and those expressed by the Agricultural Conference recently held at Pusa. The Committee on Co-operation urge that cattle insurance societies should be formed without any attempt to collect actuarial data of the mortality of cattle beforehand, with empirical premia, and without adequate means for applying prophylactic measures against contagious disease. The Agricultural Conference of Pusa took exactly the opposite view of the case. The Conference pointed out that no scheme of cattle insurance would be likely to prove successful unless it included insurance against rinderpest; that if rinderpest was included the rates of premia would probably be prohibitive; that the danger of rinderpest was so great in India that the risk of financial loss on a large scale was very formidable; and that climatic and other conditions in Burma, being peculiar to that country, rendered the results of any experiments in Burma of little value as a guide to a successful system of cattle insurance in India. Quite apart from the view of the case taken by the Agricultural Conference, with which I agree, I am firmly of opinion that the time is not ripe, as far as the Central Provinces and Berar are concerned, for any scheme of co-operative cattle insurance. What the people must master first of all are the elementary principles of co-operation; and there is no better school for teaching them than that of co-operative credit. We have only just begun to make progress with the co-operative education of the people. Further, the history of co-operation in other countries shows quite clearly that co-operative credit, when successfully organised and developed, itself leads to a demand for other forms of co-operation. The greatest danger which the co-operative movement has to face at present in India is one which it has also had to contend with in other countries. The tendency is to look to co-operation as a palliative, if not a remedy, for every economic ill. In particular, I would point out that experience in Austria has shown that when the State attempts to push co-operative cattle insurance on a big scale, heavy financial losses are incurred in every case in which the ground is not sufficiently reconnoitred and prepared beforehand. We are not yet ready in the Central Provinces and Berar for any scheme of co-operative cattle

insurance. As regards hail insurance, however, we have actually begun to feel our way, and we are making an experiment on a small and cautious scale in the Sihora Tahsil this year.

Recommendation No. 12.—“*The Agricultural Department should assist societies for distributing improved seed and implements provided experimenting is avoided. Control of such societies to rest for some time with the Registrar and not with Director of Agriculture.*”—Provided the liability of agricultural non-credit societies be kept absolutely distinct from that of Central Banks and credit societies, paragraph 13 of the Committee's Report (to which Recommendation No. 12 refers), embodies the result of the best continental experience. I do not quite see how the Director of Agriculture is ever to take over the control of the agricultural co-operative societies, and our aim should be to transfer the control not from one Government-officer to another but to central co-operative organisations. In these provinces the liability of banking and credit institutions is kept strictly apart; that is to say, credit and non-credit liabilities never overlap. Central Banks sell agricultural implements as agents without any financial risk. They buy pure seed on behalf of credit societies as the agents of the societies, and in compliance with definite orders given by the societies. The society gives the order, the Central Bank advances the money to the society on the security of the unlimited liability, and then the Central Bank, acting as a convenient centralised agency, purchases pure seed in bulk on behalf of its constituent societies. The Registrar works in close touch not only with the Director of Agriculture but with each one of the Deputy Directors.

Recommendation No. 18.—“*Societies among the poorer urban classes need special encouragement. Government help in the maintenance of an efficient clerical staff is justifiable.*”—This recommendation scarcely applies to the Central Provinces. In Bombay City the servants of India have organized, and are supervising and instructing a number of societies, the members of which belong to the poor castes. Class societies are, however, financially dangerous, because the loans advanced are all subject to the same kind of risk. That is to say, a society composed entirely of weavers is subject to special dangers which may threaten the society as a whole. In the case of mixed societies the risks are more evenly distributed. In the Central Provinces and Berar we have only two cities of over one hundred thousand inhabitants, *viz.*, Nagpur and Jubbulpore, and only 76 per mille of the total population reside in towns. One point which the Committee on Co-operation appear to have overlooked is that though societies for poor castes might be organised, it would, as a rule, be extremely difficult to persuade Central Banks to regard them as sound business propositions. I am strongly opposed to the grant of money by Government to such societies. In the first place, the fact of such a grant would be made use of by other co-operative institutions in search of financial assistance: and, secondly, I do not think that philanthropic motives ought to influence the decision as to whether a society is fit to be entrusted with a loan or not, no matter whether the money available be public or private money. Private philanthropists are, of course, at liberty to organize societies for poor castes and to finance them with the help of their friends. In brief, I would not stand in the way of the formation of societies for poor castes in the Central Provinces and Berar, but I would not recommend Government to interfere in the matter, nor would I advise co-operative banks to lend money to such societies.

Recommendation No. 50.—“*A limit should be fixed to the borrowing power of society by the General Meeting once a year in the manner described in paragraphs 141-2 and this should be subject to Registrar's control.*”—Co-operative credit societies in the Central Provinces have from the very first fixed their borrowing power once a year in the General Meeting in the manner described in paragraphs 141 and 142 of the Committee's Report. This limit has not been subject to the Registrar's control. The whole object of this recommendation is to place authority in the hands of the Registrar; he is to reduce the limit, or in the words of Mr. English, the Burma Registrar, “to yield the money stick.” The practice originates from Burma. I doubt whether the path to self-help lies this way. People must make mistakes if they are to learn; at the same time, Registrars generally appreciate the fact that this is so, and the plan makes for safety and obedience. The Congress of the Central Provinces Union

of Co-operative Banks has now decided that in future the limit shall be subject to the Registrar's control. The Registrar will fix the maximum limit only and within this limit perfect freedom of action will be allowed to central banks and credit societies.

Recommendation No. 51.—“ Deposits which the society is unable to use in loans to members should be transferred to Central Banks which should offer specially favourable rates for such money. Societies should not be prohibited from accepting deposits within their maximum borrowing power although in excess of the limit fixed for the local borrowings of individual members. They must be responsible to the depositors and cannot transfer their liability to Central Banks which however in event of their inability to accept such deposits should notify primaries. All deposits above their maximum borrowing power should be refused by societies.”—We have not yet been able to devise a system by which our co-operative credit societies can accept deposits from non-members with safety to themselves and to the whole banking system of which the societies form a part only. There is a serious practical difficulty in the way, *viz.*, that of obtaining sufficiently reliable information as to the liabilities incurred by the credit societies in respect of the deposits accepted by them. Sufficient cover must, of course, be provided for all deposit liabilities incurred, whether by the primary societies, or by the Central Banks, or by the Provincial Bank. As we perfect our machinery we shall no doubt be able to allow credit societies to accept deposits from non-members. At present we have made a move in this direction, and have framed a by-law which allows primary societies to accept deposits from non-members subject to such rules and restrictions as may be laid down from time to time by the Registrar. Our present practice is not to allow primary societies to accept deposits from non-members at all but to refer all non-member depositors to the Central Bank which serves the area concerned.

Recommendation No. 78.—The rate of interest at present charged by societies on loans of their members is 12 per cent. No profits are distributed to the members of the rural societies and one-quarter of the interest charged is carried to reserve funds.

Recommendation No. 80.—“ Punctuality in repayment vital. The system of accounts should show clearly what loans have been extended and which have become overdue. Extension for good reasons justifiable. System for showing overdues outlined.”—In the Central Provinces a member is supplied with a separate account for every loan he takes; and he has in his pass book clear information, which is kept up to date by the travelling accountants employed and paid for by the primary societies themselves. At the same time, I would point out that the remarks of the Committee on co-operation, as contained in paragraph 74 of their Report, omit to note the fact that the only reliable guide to the financial condition of a society is its turnover, that is to say, the total of its receipts and repayments from year to year and over a number of years. A glance at the two sides of a simple ledger account will generally reveal the truth. As regards the periods for which loans are granted, a guide to these is now embodied in our by-laws for primary societies. In general, we have not the least difficulty in stating exactly what sums are overdue. The whole question of punctuality bristles with difficulties which have again and again been the subject of comment on the part of expert authority. Excessive strictness in collection is held by some to be even more harmful than extreme leniency. If the credit society as a whole is made to keep its promises to the Central Bank—the failures of defaulting members being made good by their fellow members—then the society itself is likely to turn out what it is intended to be, *viz.*, an efficient agency for the collection of dues from individuals. It is now the practice in the Central Provinces to refuse a Registrar's award to any society against one or more of its individual members, unless the society asking for the award is itself free from arrears due to the Central Bank. By-law 21 of the standard by-laws now adopted by the Congress of the Central Provinces Union of Co-operative Banks for all primary societies in the Central Provinces and Berar is reproduced below :—

“ By-law 21.—As regards the period for which the society may grant loans to its members, the Panchayat shall observe the following principles :—

- (1) when a loan is made for a non-productive purpose it shall be repaid within two years ;

- (2) loans for seed, food, cultivation expenses, cattle fodder or the payment of rent or revenue shall be repaid immediately after the next ensuing harvest ;
- (3) loans for the purchase of carts or cattle or industrial or agricultural implements, for the liquidation of small debts, or for house building must be repaid with two or at the most three years ;
- (4) loans for liquidation of large debts, the purchase or redemption of land, or for expensive improvement of land must be repaid within three or at the most four years. The Panchayat shall scrupulously observe these principles and shall not grant more than one extension of an overdue kist ;
- (5) should it be necessary in the opinion of the Panchayat to grant a loan or to make an extension for a period not in accordance with the principles above expressed, the Panchayat shall refer the matter for the orders of the Circle Union or the Central Bank to which the society is affiliated and shall obtain and obey such orders which must be in writing.

Recommendation No. 88.—“ *Primary societies should be allowed to use their Reserve Funds in their own business, provided their ability to repay deposits on due date is secured.*”—In the Central Provinces it is recognized that co-operation does not begin and end inside the village and that the individual primary society is merely a single unit in a great credit organization. It is held, therefore, that it is the duty of each unit to contribute to the stability of the whole organization. There can be no stability unless adequate fluid resource is maintained. This adequate fluid resource cannot possibly be maintained without the co-operation of the primary societies, of the Central Banks, and of the Provincial Bank. Accordingly, *vide* paragraph 83 of the Committee's Report, it is in the Central Provinces that the reserve funds of primary societies are concentrated at the apex of the system. The Committee on Co-operation say that “ assuming that co-operative societies are secure in respect of their fluid resources, everything points to the desirability of a primary society using its surplus assets in loans to members.” In the Central Provinces, if the primary societies use their surplus assets in loans to members, the movement, as a whole, will be stripped of a very necessary part of its fluid resources ; and the inevitable result will be that the primary societies will collapse. The system followed in the Central Provinces is that followed in all continental countries, and is that recommended by Sir Frederick Nicholson and by every other authority on Co-operation. Personally, I am entirely opposed to the recommendations of the Committee is so far as they concern the employment of the reserve funds of primary societies. And not only am I personally opposed to its recommendation, but I am authorised, as the Governor of the Central Provinces Union of Co-operative Banks, to say that it is the deliberate opinion of the Union that a reserve fund invested in loans to members ceases to be a reserve fund at all. It is obvious that fluid resource, if it is to be of any use at all, must be absolutely fluid or, in other words, immediately realizable. Without the assistance of our reserve funds we cannot maintain sufficient fluid resources, therefore we cannot possibly invest reserve funds in loans to members.

Recommendation No. 89.—“ *To ensure the reserve fund growing as quickly as possible the margin of interest should be kept as high as possible until a society becomes independent of outside assistance.*”—By-laws 30 and 31 of the revised standard by-laws for primary societies as now adopted for universal use in these provinces are reproduced below :—

“ By-law 30.—All net profits shall be put aside as the permanent and indivisible reserve fund of the society. The reserve fund of the society shall be invested in such manner as the Registrar of Co-operative Societies may direct from time to time. The purpose of the reserve fund is not only to provide the society and its future members with a permanent pledge on which to obtain credit but is to protect the present creditors of the society, against loss, to build up a fund from which an annual income may be derived to cheapen the rate of interest on loans to members of the society, to provide an emergency fund and, in the end, to furnish the society with its own working capital. Members of the society must clearly understand what the purposes of the reserve fund are, and they

must also understand that it is only by patient and gradual steps that the society can attain to the ultimate goal of being in possession of its own working capital.

"By-law 31.—The reserve fund shall not be drawn upon without the sanction previously obtained of the Registrar of Co-operative Societies, Central Provinces and Berar. The reserve fund is the permanent and indivisible fund of the Society and in the event of the society's dissolution it cannot be shared out amongst the members but it will be utilized in accordance with the rules framed by the Administration under the Act which are given below:—

XIX.—The reserve fund of a registered society shall be indivisible and no member shall be entitled to claim any specified share in it.

XX.—On the dissolution of a registered society, the reserve fund shall be applied to discharging such liabilities of the society as may remain undischarged after the enforcement in full of the liabilities of the individual members of the society.

XXI.—Any balance of the reserve fund which may remain after making the payments specified in rule XX shall be applied to such local objects of public utility as may be selected by a majority of the votes of the members of the society (as they existed on the date of dissolution) assembled in general meeting and approved of by the Registrar. If within 3 months of the dissolution of the society the members fail to make a selection which is approved of by the Registrar, the latter shall credit the above mentioned balance of the reserve fund to the reserve fund of the co-operative society, if any, to which the society was affiliated or, if the society was not affiliated to any other society, shall place the said balance on deposit in some co-operative or other bank until a new co-operative society with a similar area of operations is registered, in which event it shall be credited to the reserve fund of such society."

Nowhere in their Report have the Committee on Co-operation made the proper distinction between *reserves and reserve fund*. In the Raiffeisen society—and the Raiffeisen model is that which we accept in the Central Provinces—the reserve fund proper is never invested in loans to members. Part of the profits, it is true, is devoted to a fund called the *Foundation Fund*, the purpose of which is to provide the society with its own working capital. We hope, in the end, that our societies will be able to provide their own working capital out of their profits. But before this distant goal can be reached, we have to provide, as I have already noted, adequate fluid resource for the protection of the whole movement. The rate of interest which is charged to members of rural societies is 12 per cent, and the present margin of profit all goes to the reserve fund. At present the tendency of money generally is to become dearer; and though the Provincial and Central Banks have not increased the rates of interest offered to depositors, no decrease in rate has been possible. Nor does such a decrease seem probable in the near future. 12 per cent, therefore, appears to be the rate at which members of societies will continue to borrow for the next few years.

Recommendations Nos. 94—105.—Recommendations Nos. 94—105 deal with the question of audit and supervision of primary societies. The paragraphs of the Committee's Report which are referred to are 88 to 98. These paragraphs embody our practice in the Central Provinces; and I have nothing to say except that I agree with the recommendations of the Committee. I would, however, like to point out that our non-official staff paid for by the movement itself out of its own funds and not by Government, is increasing with great rapidity. On the 30th June 1915, the Central Provinces Union of Co-operative Banks was employing 126 men and paying a monthly salary bill of Rs. 5,926. It must not be imagined that the detailed control of the supervising staff is centralized either in the hands of the Registrar or of the Union. On the contrary, our aim in these provinces is to secure autonomy as far as possible in respect of primary societies and of Central Banks alike. The Central Provinces Union corresponds to the

big Federations which exist on the continent. These are guiding, organizing, advising and co-ordinating institutions; but they do not attempt to carry out local work in detail which can only be performed efficiently by local agency in full possession of local knowledge.

Recommendations Nos. 107—162.—Except as regards Recommendation No. 107, which concerns the system of guaranteeing Unions, paragraphs 101—161 of the Committee's report which are covered by the recommendations above referred to, are in no way inconsistent with co-operative practice in the Central Provinces. For instance, our primary societies seek loans and cash credits from Central Banks which are members of the Central Provinces Union of Co-operative Banks and are, therefore, under co-operative control; not only that, but the societies themselves are shareholders in the Central Banks to which they are affiliated (Recommendation No. 109). Membership in our Central Banks is not confined to societies only but includes individual members of the middle classes (Recommendation No. 110). There is provision in the by-laws of all our Central Banks for the resumption of shares held by the individual shareholders (Recommendation No. 111). All servants of Central Banks must be licensed by the Governor of the Central Provinces Union of Co-operative Banks who is at present the Registrar. The Governor refuses to license any servant unless his salary is adequate (Recommendation No. 115). The staff employed by Central Banks does assist voluntary applicants in forming new societies (Recommendation No. 115). Central Banks do not grant loans to societies which are not shareholders in the Bank (Recommendation No. 116). Central Banks finance neither insurance societies nor non-credit societies (Recommendation No. 117). Our Central Banks are independent units and do not work as book banks. They handle cash, and must do so in order to do their work at all (Recommendation No. 118). Every shareholder in the Central Bank has one vote only (Recommendation No. 123). All our shares are fully paid up (Recommendation No. 124). The rate of dividend is not limited by rule but by by-law, and limitation of dividend is a condition prior to registration. Bonuses are, of course, not allowed (Recommendation No. 126). I have, I think, said enough to show that our practice is generally in accordance with the recommendations of the Committee on Co-operation.

Recommendation No. 122—*Societies should ordinarily be required to take shares in their Central Bank in proportion to the amount of their borrowings from it.*—In the Central Provinces we are attaining the object of the Committee but in a slightly different way. In order to spread the sense of association amongst the members of primary societies, every member of a primary society is bound to purchase one share of Rs. 5 in the Co-operative Central Bank to which his society is affiliated, for every complete Rs. 50 or fraction of Rs. 50 which he may owe to his society. In this way, the proportion of owned capital will maintain a steady relation to the borrowings from outside. This system has, after very long and careful discussion, been adopted by the Congress of the Central Provinces Union of Co-operative Banks, and it cannot now be upset. It has the advantage, in my opinion, of enlarging the horizon of the individual co-operator and of teaching him, as I have already said, that co-operation does not begin and end inside his own village society. Stability of share capital is also secured.

Recommendation No. 132—*To meet all charges entailed by ours recommendations Central Banks require a 3 per cent margin and primary societies the same*—I do not think that if primary societies co-operate, as they do in the Central Provinces, in the accumulation of fluid resources for the protection of the movement as a whole, that the 3 per cent margin indicated by the Committee is necessary in the case of the Central Bank as well as of the societies. As a matter of fact, our Central Banks have a margin of more than 3 per cent because, in calculating the margin, share capital and deposits must be taken into consideration as well as funds borrowed from the Provincial Bank. The smallest margin which Central Banks enjoy is that they earn on loans from the Provincial Bank. These they take at 7 per cent and pass on to their constituent societies at 9 per cent. On fixed deposits for one year they pay 6 per cent; deposits for a period of less than one year are not accepted by Central Banks.

Recommendation No. 138—*Share capital plus reserves should be at least 12½ per cent of total liabilities.*—In the Central Provinces share capital plus

reserves must according to Union convention (which is binding on all Central Banks) be at least $12\frac{1}{2}$ per cent of total liabilities. It must, however, be understood that temporary divergencies from this standard are almost inevitable in any system of rural credit banking. I should be disposed to fix a standard of 10 per cent as quite adequate, but the effort to increase owned capital should be continuous, and it must be understood that the greater the proportion of owned capital the greater the financial stability of the movement.

Recommendation No. 150—“*Central Banks should not ordinarily institute proceedings against defaulting societies in Civil Courts, but should exercise pressure through their staff and finally apply to the Registrar to take action under section 36 of the Act.*”—I must confess I cannot follow this recommendation. It appears to me that Co-operative Central Banks are purely private institutions, and that the purport of the Committee's Report is to declare them to be private institutions. Why then should the civil courts be closed to Central Banks, if they wish to make use of them in order to recover dues from defaulting societies? I consider it most undesirable that pressure, of the kind indicated by the Committee, should be brought to bear upon the societies by the paid staff of Central Banks. And I also object to the suggested consequence of the Registrar's enquiry, namely, liquidation. The Central Bank is placed in the unenviable position of having to ask the Registrar to liquidate a society which might, quite probably, be brought to its senses by the use of milder means. Frequently the mere fact that the Registrar has issued an award against a society is sufficient to cause immediate payment of arrears. In making this recommendation the Committee are, I think, forgetting that Central Banks are expected to make recoveries from societies without the help of the Registrar. A too frequent use of the procedure laid down for the liquidation of societies would be just as pernicious in its effects as too frequent recourse to the civil courts. Why not leave the matter to the discretion of Registrars and of Central Banks instead of trying to lay down meticulous rules for the guidance of institutions which are based on independent self-help?

Recommendation No. 161—“*The audit of the accounts of Central Banks may be entrusted to expert outside agencies or made by the Registrar's staff. Such banks should bear the expense of their own audit.*”—Central Banks are, in the Central Provinces, composed mostly of primary societies as shareholders. They pay extremely moderate dividends and, in fact, in some cases very small dividends. No other system of audit could satisfy the Registrar at present, except a system conducted by his own audit staff; for the audit of Central Banks is not only most important but is a special business with its own technicalities attached to it. A knowledge of local conditions and of local facts is also essential to the correct interpretation of figures. Moreover, there is, at present, no non-official agency available for the audit of Central Banks. In course of time, Central Banks will be audited by the Central Provinces Union of Co-operative Banks, that is to say, by their own Federation, but that time has not yet come; and meanwhile I am strongly opposed to that part of the Committee's recommendation which suggests that Central Banks should immediately bear the expense of their own audit.

Recommendations Nos. 164—178 deal with the subject of Provincial Banks. The only recommendations which appear to me to require comment are Nos. 167, 169, 175 and 176.

Recommendation No. 167.—In course of time societies will take a more intelligent interest than they do at present in the management of the Central Banks in which they are all shareholders. It would, at present, be most undesirable to attempt to give Central Banks representation in the management of the Provincial Bank. Before this is done our Central Banks must become far more co-operative than they are.

Recommendation No. 169.—On the advice of Sir Lionel Abrahams and of the Directors of the Allahabad Bank reserve liability was made a feature of the Provincial Bank on its first flotation. This reserve liability will, in due course, be turned into share capital paid up by the Central Banks themselves; for the by-laws of the Provincial Bank provide for the redemption of shares held by individual shareholders. I very much doubt whether reserve liability is unobjectionable in the case of shares held by Central Banks and societies. The guarantee

afforded by reserve liability is always of an unsatisfactory nature, and any attempt to enforce it, would cause disturbance. The Central Provinces Union of Co-operative Banks will prefer not to have any dealings in shares which carry reserve liability.

Recommendation No. 175.—This recommendation simply embodies the present practice in the Central Provinces; but I would add that the Provincial Bank makes no charge whatsoever to Central Banks for providing the necessary cover. Such a charge becomes unnecessary if the reserve funds of the Central Banks and societies are made available for use as working capital to the Provincial Bank; but, it must, of course, be pointed out that such an arrangement necessitates the deposit by the Provincial Bank with the Registrar of gilt-edged securities, such as Government Paper or War Loan Scrip, to cover the responsibility incurred by the Provincial Bank in respect of the receipt of reserve funds by it.

Recommendation No. 176.—I doubt whether this prohibition will, in the course of a year or two, prove to be practicable. There is not a single Provincial Co-operative Bank in the world which finds "co-operative business alone sufficient" (to use the words of Mr. H. W. Wolf) "to keep the pot boiling." It is, however, in the case of our own Provincial Bank premature to consider the question; and I do not advocate any extension of business beyond strictly co-operative limits for the present.

Next with respect to Recommendations No. 180—187.—I do not agree with Recommendation No. 181. If the object of Government be to economise the use of money, then I recommend that the example of Germany be followed and that cheques be exempted from stamp duty. The cheque system makes for economy in many ways; and it would be a great pity to take any step which might stand in the way of the commercial education of the people.

The next Recommendation which I take objection to is No. 183. I do not see why officers of the Indian Civil Service should be compelled to report the state of their private banking accounts with purely private banking institutions. The sooner we have done with the idea that an officer of Government must necessarily show undue official favour to a concern with which he has strict business dealings, the better. As a matter of fact, the inside business of every co-operative institution is known to the Registrar, and shady practices of any kind would speedily come to his notice. Any formal report by an officer of the Indian Civil Service appears to me to be superfluous.

As regards Recommendation No. 185.—This appears to me to be covered by the existing rules for the Conduct of Government Servants.

Recommendations No. 194—195 do not require any comment from me as these have already been the subject-matter of proposals by the Administration to the Government of India (*vide* the Administration's letter No. 527—XIII-14-33, of the 30th of October 1915).

With respect to Recommendation No. 196, I have framed a rule which will be submitted to the Administration, together with the proposed new rules under the Act.

As regards Recommendation No. 197, it must be remarked that the Committee contemplate the appointment of an expert co-operator "whose duties would be confined to making enquiries and tendering advice" (*vide* paragraph 203 of the Report). This officer would be available for the use of Local Governments, but would be attached primarily to the Government of India. "Such an officer would in no sense be entitled to give orders to Registrars and much less to Local Governments." "It would be more important for him to have a thorough knowledge of co-operation and actual experience of co-operative work in this country than an acquaintance with the details of banking methods." Personally, I do not think that enough is known yet about the trend of the co-operative movement in India, its possibilities, and its tendencies, to justify the immediate appointment of this expert officer. In the development of the co-operative movement it is necessary to work from the outer fringe inwards, to build from the bottom and not from the top. Thus the success of the primary societies has led to the successful development of Central

Banks. The development of Central Banks has, in turn, led to the establishment of Provincial Banks; and in due course of time it may be expected that Provincial Banks will combine to form an Imperial Federation and an Imperial Federal Bank for the whole of India. In Germany, the Prussian Co-operative State Bank has not been altogether successful, and the most powerful Federations are now breaking away from what has been found to be its cramping influence. In Italy, on the other hand, the great co-operative banks have themselves combined to establish a Federal Bank, as well as a Federation for the purpose of mutual inspection, control, guidance, support, and representation. Of the two lines of development, the Italian is much to be preferred; and, although the two institutions just mentioned were only established in October, 1913, they have already met with very great success. On the other hand, the Prussian Co-operative State Bank, established by the German Government to prop up industrial co-operative societies with which the Schulze-Delitzsch People's Bank would have no concern, is compelled, against its will, to do six-sevenths of its business with agricultural institutions which are in open revolt against its bureaucratic and centralised authority. Even in Germany, the tendency has been to follow the school of Haas which advocates local autonomy (with, of course, Unions and Federations for general purposes) rather than the school of Raiffeisen which centralises the control of branch banks in one parent institution. Provided Registrars know their work and really understand the science and the business of co-operation the appointment of an expert involves dangers which cannot be overlooked. On the other hand, it cannot be too strongly impressed upon Local Governments and Administrations that the study of co-operation is in itself work which requires the attention of professional experts. Co-operative business and co-operative administration are matters which cannot be considered from the same point of view as the usual routine work of Government. I am certain that unless the proposed co-operative expert kept himself and his activities very much in the back ground, the whole vitality of the co-operative movement would be rapidly destroyed. First of all, the enthusiasm of Registrars would be sapped; and, secondly, non-official workers would cease to lend their support to an over centralized movement. It may indeed be possible for a time to give co-operative institutions a semblance of natural life, even when the control (resembles that exercised by the owner of a theatre of marionnettes. But true progress is not to be found in that direction, and I am afraid that the problem before Government cannot be solved by the substitution of a single co-operative adviser for the number of absolutely efficient experts necessary to fill the posts of Registrars in the various provinces. I must confess, however, that I find considerable difficulty in stating to Government my views, reasons and arguments in connection with co-operative matters of a technical nature, simply because the understanding of co-operation involves long study and much special knowledge. A doctor called upon to justify his views before other members of his profession would do so in language and by means of illustrations and references which the layman would find it difficult to comprehend. A Registrar, who is not an amateur, finds himself hampered in a discussion of co-operative questions, because if he expresses himself technically he becomes unintelligible. And unless he does express himself technically, and by means of references to well known systems and institutions, he finds it hard to make his points and yet avoid writing at intolerable length.

H. R. CROSTHWAITE,

*Registrar, Co-operative Societies,
Central Provinces and Berar.*

Dated the 25th April 1916.

No. 2159-R., dated Shilling, the 26th June 1916.

From—The HON'BLE MR. A. W. BOTHAM, I.C.S., Second Secretary to the Chief Commissioner of Assam, Revenue Department,

To—The Secretary to the Government of India, Department of Revenue and Agriculture.

I am directed to refer to the Government of India's Resolution No. 2 C.-155-16,* in the Department of Revenue and Agriculture, dated the 4th January 1916.

*L. R. A. Progs.
January 1916, Nos. 22-24.

2. The Chief Commissioner has carefully considered such of the recommendations made by the Committee on Co-operation in India as are placed by the Government of India in the Resolution under reference in classes (a) and (b). These recommendations seem to him to be eminently reasonable and practical, and they will be of the greatest assistance in the task of reorganising co-operative work in Assam and placing it on a sound basis. It was a matter of the utmost regret to the Chief Commissioner that he was not able in the current year's budget to find funds for the creation of the new post of Registrar, sanction to which was communicated in the Government of India's letter No. 1765,* dated the 15th October 1915, as no marked advance in the movement can be expected under existing arrangements.

*L. R. A. Progs.
October 1915,
No. 26.

3. The only remark which the Chief Commissioner desires to make on the recommendations included in class (a) is in connection with the latter part of recommendation No. 85. He submits that the issue of instructions to Courts by the executive Government, which appears to be suggested would be liable to be regarded as an encroachment on the independence of the Courts.

4. The Chief Commissioner endorses all the recommendations included in class (b) subject to the following remarks regarding recommendations Nos. 8, 187 and 195 :—

(a) Recommendation No. 8 is to the effect that a central cattle reinsurance society is necessary and that Government backing to such an institution is unobjectionable. The Chief Commissioner accepts this recommendation in principle, but considers that, in view of the special difficulties in the way of cattle insurance in Assam, it is very doubtful whether it will be possible to make any development in this direction in the near future. Assam cattle are generally very poor in quality and of low value. Rinderpest and other cattle diseases are endemic and often appear in epidemic form. In years of exceptional flood heavy mortality is liable to ensue. For these reasons it will be a matter of the greatest difficulty to devise a scheme which, while placing the insuring society on a sound financial basis, would tempt the ryot to insure. Until there has been a great improvement in the breed of cattle in this province and greater facilities have been provided for applying prophylactic measures, cattle insurance cannot, Sir Archdale Earle fears, take practical shape, and a central reinsurance society is, therefore, at present beyond the range of practical politics.

(b) The Chief Commissioner has ordered that Deputy Commissioners and Sub-Divisional Officers should ordinarily be *ex officio* on the management of central banks dealing with their district or sub-division. The Committee proposes in recommendation No. 187 that, while District or Sub-Divisional Officers may be Chairmen of central banks, they should not be given such a post *ex officio*, but should have a formal right to attend meetings of shareholders or directors. The Chief Commissioner regards it as undesirable on general principles that an officer in the position of a Deputy Commissioner or Sub-Divisional Officer should subject himself to election, and he is therefore of opinion that if such an officer is to be on the management of a central bank at all he should be given a place on it *ex officio*. If he is not placed on the management *ex officio*, he should, in Sir Archdale Earle's opinion, be merely given the formal right to attend meetings of shareholders and directors.

(c) As regards recommendation No. 195, I am to refer to my letter No. 4464 R., dated the 1st October 1913, in which it was explained that the post of a Development Commissioner was beyond the requirements of this province, and that the best means of securing co-ordination of effort between the Co-operative and Agricultural Departments in Assam would be by arranging that the same Secretary to Government should deal with both departments.

No. 1313-T.-R., dated Darjeeling, the 29th June 1916.

From—L. BIRLEY, Esq., C.I.E., I.C.S., Officiating Secretary to the Government of Bengal, Revenue Department,

To—The Secretary to the Government of India, Department of Revenue and Agriculture.

I am directed to refer to the Government of India's Resolution No. 2-C.—155-16, dated 4th January 1916, on the Report of the Committee on Co-operation, and to submit herewith the views of the Governor in Council on those recommendations of the Committee on which the Government of India invite opinions in paragraph 3 of the Resolution.

Views of Government on the Recommendations of the Committee on Co-operation.

| Serial No. | No. of Recommendation. | Committee's Recommendations. | Views of Government. |
|------------|------------------------|--|---|
| | | NON-CREDIT SOCIETIES. | |
| 1 | 8 | A central cattle reinsurance society is necessary, and Government backing to such an institution is unobjectionable. (<i>Paragraph 12 of the Report.</i>) | This Government agrees with the Committee. |
| 2 | 12 | The Agricultural Department should assist societies for distributing improved seed and implements provided experimenting is avoided. Control of such societies to rest for some time with Registrar and not with Director of Agriculture. (<i>Paragraph 13.</i>) | This Government agrees with the Committee and is following the policy recommended. |
| | | CREDIT SOCIETIES. | |
| | | A.—NON-AGRICULTURE. | |
| 3 | 18 | Societies among the poorer urban classes need special encouragement. Government help in the maintenance of an efficient clerical staff is justifiable. (<i>Paragraph 19.</i>) | This Government agrees with the Committee. |
| | | PRIMARY SOCIETIES. | |
| | | COMPOSITION OF CAPITAL. | |
| 4 | 50 | A limit should be fixed to the borrowing power of a society by the General Meeting once a year in the manner described in paragraphs 141-42, and this should be subject to Registrar's control. (<i>Paragraph 52.</i>) | <p>This Government agrees with the Committee. The borrowings of societies are at present limited by rule 8 of the Rules issued under section 43 of the Act, which runs as follows:—</p> <p style="margin-left: 40px;">"8. (1) A registered society may Borrowing. borrow, in accordance with law, from either members or non-members; and all borrowings shall be regulated by the by-laws:</p> <p style="margin-left: 40px;">Provided that the issue of debentures by any such society shall be subject to such conditions as the Registrar may prescribe.</p> <p style="margin-left: 40px;">(2) The maximum amount of borrowings of any registered society shall be determined annually at a General Meeting of the society, but may be revised at any subsequent General Meeting during the year. No registered society shall contract any loan beyond the maximum amount so determined and in force for the time being."</p> <p>To ensure control by the Registrar it is proposed to add a clause to this rule providing that the Registrar may revise the limit fixed by the General Meeting, and that, when he does so, the limit as revised by him shall not be exceeded.</p> |

| Serial No. | No. of Recommendation. | Committee's Recommendations. | Views of Government. |
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| <p style="text-align: center;">PRIMARY SOCIETIES—<i>contd.</i></p> <p style="text-align: center;">COMPOSITION OF CAPITAL—<i>contd.</i></p> | | | |
| 5 | 51 | <p>Deposits which the society is unable to use in loans to members should be transferred to central banks, which should offer specially favourable rates for such money. Societies should not be prohibited from accepting deposits within their maximum borrowing power, although in excess of the limit fixed for the local borrowings of individual members. They must be responsible to the depositors, and cannot transfer their liability to central banks, which, however, in event of their inability to accept such deposits, should notify primaries. All deposits above their maximum borrowing power should be refused by societies. (<i>Paragraph 52.</i>)</p> | <p>This Government agrees with the recommendation of the Committee, with the exception of the point about specially favourable rates for deposits by societies, which should in the opinion of this Government be left to the discretion of central banks.</p> |
| <p style="text-align: center;">EMPLOYMENT OF CAPITAL.</p> <p style="text-align: center;"><i>Loans to Members.</i></p> | | | |
| 6 | 58 | <p>The maximum borrowing power of a society, <i>i.e.</i>, the limit up to which the society will pledge its credit, should be fixed by the General Meeting. (<i>Paragraph 59.</i>)</p> | <p>This Government agrees, and has provided for this by a rule issued under section 43 of the Act.</p> |
| 7 | 59 | <p>The maximum normal credit for each member should also be fixed at the General Meeting. Loans in excess of this limit should not be granted by the Committee without reference to the General Meeting. (<i>Paragraph 59.</i>)</p> | <p>In the opinion of this Government the advantages of this proposal are outweighed by the disadvantage of the tendency which would result of members to claim loans up to the maximum normal credit when not required, and of Committees to sanction such excessive loans. This Government therefore does not support this proposal.</p> |
| 8 | 67 | <p>The period of loans should be fixed at the time when they are sanctioned. Loans for non-productive purposes should be for periods not exceeding two years. For productive loans the main factor should be the object of the loan, and standards based on this should be prescribed; but the amount of the loan and the circumstances and repaying power of the debtor may also be taken into account. (<i>Paragraph 64.</i>)</p> | <p>This Government agrees with the principles, and they are followed; but as pointed out in paragraph 64 of the Report, no special principle can be laid down for determining the period of non-productive loans: it is not therefore desirable to prescribe two years as the maximum.</p> |
| 9 | 78 | <p>Interest rates charged on loans should be included in the by-laws and made unalterable without the Registrar's sanction. As long as they are below those of the outside markets, they should not be pitched so low as to retard the growth of a reserve fund. (<i>Paragraph 72.</i>)</p> | <p>This Government agrees, and contemplates providing by a rule under section 43 of the Act that the rate of interest shall be included in the by-laws and be made unalterable without the Registrar's sanction.</p> |

| Serial No. | No. of Recommendation. | Committee's Recommendations. | Views of Government. |
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| | | <p>PRIMARY SOCIETIES—<i>contd.</i></p> <p>EMPLOYMENT OF CAPITAL—<i>contd.</i></p> <p><i>Loans to Members—contd.</i></p> | |
| 10 | 80 | <p>Punctuality in repayment vital. The system of accounts should show clearly what loans have been extended and which have become overdue. Extensions for good reasons justifiable. System for showing overdues outlined. (<i>Paragraph 74.</i>)</p> <p><i>The Reserve Fund.</i></p> | <p>This Government agrees, but does not recommend an additional return to show overdue loans. In this Province every bank has a separate ledger for each member, and in the ledger the period of repayment for each loan is noted as well as the date of actual repayment, and it is not therefore difficult to ascertain the amount overdue.</p> |
| 11 | 88 | <p>Primary societies should be allowed to use their reserve funds in their own business, provided their ability to repay deposits on due date is secured. (<i>Paragraph 83.</i>)</p> | <p>This Government differs from the Committee, and thinks that permission for primary societies to use their reserve funds in their own business will unduly impair their ability to repay deposits on the due date. Having given due weight to the arguments that depositors in primary societies being in close touch with agricultural affairs can frequently be induced to agree to temporary renewals of deposits, and that by utilizing their surplus profits in their own business primary societies will more speedily build up their own capital sufficient for their needs, the Governor in Council prefers that the reserve funds of primary societies should be invested through central banks in a readily realizable form and as far as possible outside the co-operative movement.</p> |
| 12 | 89 | <p>To ensure the reserve fund growing as quickly as possible, the margin of interest should be kept as high as possible until a society becomes independent of outside assistance. (<i>Paragraph 84.</i>)</p> <p>AUDIT AND SUPERVISION.</p> | <p>This Government agrees.</p> |
| 13 | 94 | <p>Constant audit and supervision is essential to success, and should be provided for. (<i>Paragraph 88.</i>)</p> | <p>This Government agrees.</p> |
| 14 | 95 | <p>The term auditor and its derivatives should be confined to the staff chiefly engaged in audit, and the term supervisor and its derivatives to the staff chiefly engaged in supervision. The terms "inspection" and "enquiry" should be confined to the processes mentioned in sections 35 and 36 of the Act. (<i>Paragraph 89.</i>)</p> | <p>This Government agrees.</p> |

| Serial No. | No. of Recommendation. | Committee's Recommendations. | Views of Government. |
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| PRIMARY SOCIETIES— <i>contd.</i> | | | |
| AUDIT AND SUPERVISION— <i>contd.</i> | | | |
| 15 | 95 | Two controlling officers should be employed in each Province, and there should be a Registrar or Joint Registrar for every 1,000 or fraction of 1,000 societies registered. They should be well versed in co-operative literature relating to all countries, and should, if possible, have gained some personal experience of the subject in Europe. Necessary assistance should be given, but Assistant Collectors seconded for training not to be looked on as assistants. (<i>Paragraph 90.</i>) | The opinion of this Government has been reported in Revenue Department letter No. 1607 T.—R., dated 13th October 1915. The Governor in Council is not at present ready to accept the view that a Registrar or Joint Registrar is required for every 1,000 societies, but is inclined to think that when the number of societies has further increased there may be need for a Joint or Assistant Registrar for each of the five Divisions of the Presidency. For the present the Governor in Council considers it desirable to create a temporary appointment of Joint Registrar for the double purpose of providing the requisite superior supervision and of training an officer to take the place of the Registrar. The Governor in Council regards experience in Europe as valuable but not essential. |
| 16 | 97 | The clerical staff of the Registrar and his assistants should be adequate. (<i>Paragraph 90.</i>) | This Government agrees. |
| 17 | 98 | The audit should go beyond the bare requirements of the Act, and include an enquiry into all the circumstances which determine the general position of a society. (<i>Paragraph 91.</i>) | This Government agrees. |
| 18 | 99 | The audit staff should be responsible to the Registrar and mainly controlled by him. Its primary object should be to assure Government that the societies started through its agency are developing on sound lines. (<i>Paragraph 92.</i>) | This Government agrees. |
| 19 | 100 | A staff should be maintained by Government for undertaking super-audit, <i>i.e.</i> , a separate and complete audit made at periods of two years or more. A Government auditor should audit about 100 societies per year, and should not be given educational or propagandist work to do. Recess and variety of work, however, are essential to prevent staleness. (<i>Paragraph 93.</i>) | This Government agrees that Government should maintain a staff for undertaking super-audit. By a "complete audit made at intervals of two years or more" it is understood that on the occasion of his periodical audit the super-auditor will make a complete audit of the accounts of one year only. This Government agrees with the view expressed in paragraph 93 of the Report, that "super-audit" should consist of a separate and complete audit, and not of the mere testing of a previous audit by a percentage check; and, on the understanding that the periodical super-audit will be the audit of one year's accounts, agrees that a Government auditor could audit about 100 societies in a year. This however will afford full occupation |

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| | | <p>PRIMARY SOCIETIES—<i>contd.</i></p> <p>AUDIT AND SUPERVISION—<i>contd.</i></p> | |
| 20 | 101 | <p>A staff should be maintained by the societies themselves for making the original audit. It should be such as the Registrar can rely on, and be controlled by him in consultation with the contributing societies. A single cadre should be formed for a whole Province, and maintained by a levy on the societies or by an enhancement of the interest charged to societies. (Paragraph 94.)</p> | <p>throughout the year, and to prevent routine habits and staleness the Governor in Council thinks that the Government auditors should be partially employed in the work which is technically described as "supervision" and "inspection", and that 80 societies should therefore be the maximum number which a super-auditor should be expected to audit in one year. The Governor in Council therefore doubts whether in the near future it will be desirable to have less than one auditor for every 200 societies: he deprecates however any proposal to prescribe a fixed number: much will depend on the results of the experiment of society-paid auditors, and until such auditors have been appointed everywhere the Government auditors will be required to carry out original annual audits for societies who have not their own auditors.</p> |
| 21 | 102 | <p>Educational qualifications are not at present considered necessary for auditing and supervising staff. (Paragraph 95.)</p> | <p>This Government agrees that it is not desirable to specify minimum educational qualifications for auditing and supervising staff.</p> |
| 22 | 103 | <p>A regular form of audit report should be prescribed; but details should not be too minute. A copy in vernacular should be supplied to every society, and the original should be seen both by the financing agency of the society and the Registrar. (Paragraph 96.)</p> | <p>This Government agrees.</p> |
| 23 | 104 | <p>Government would be justified in contributing to the cost of the audit of societies with unlimited liability among low castes. In ordinary urban societies and in intricate cases Registrar should make special arrangements. (Paragraph 97.)</p> | <p>This Government agrees.</p> |

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| 24 | 105 | <p>PRIMARY SOCIETIES—<i>concl'd.</i></p> <p>AUDIT AND SUPERVISION—<i>concl'd.</i></p> <p>The societies themselves should provide the staff required for their own supervision. It should be controlled by them and not by the Registrar. (<i>Paragraph 98.</i>)</p> | <p>In the opinion of this Government central banks should provide the staff for the supervision of the societies affiliated to them. The degree of control which is exercised by the Registrar over the supervising staff is shown clearly in the Registrar's Circular No. 19 of 1914 on this subject, a copy of which is attached. The system described in this circular is working well, and the Governor in Council does not consider that it would be safe under present conditions to relax the control of the Registrar.</p> |
| 25 | 107 | <p>CENTRAL BANKS.</p> <p>The decentralization of supervisory work secured by unions employing their own paid Secretary is very valuable. The system of guaranteeing unions employed in Burma as a link between primary societies and central banks is full of promise and should be tried elsewhere. Such unions should supply mutual supervision, assessment of credit, an agency for the recovery of loans and some form of joint guarantee for loans taken through them. (<i>Paragraph 101.</i>)</p> | <p>This Government accepts the principles of this recommendation, but in view of the fact that the policy followed in Bengal is to create a central bank in each subdivision in which there are sufficient societies, the Governor in Council does not expect a rapid growth of unions.</p> |
| 26 | 108 | <p>It is advisable that primary societies should seek loans and cash credits not from joint stock banks but from central banks, which should be under co-operative control. (<i>Paragraph 102.</i>)</p> | <p>This Government agrees.</p> |
| 27 | 109 | <p>CONSTITUTION AND MANAGEMENT.</p> <p>Central banks of which the shareholders are individuals should not be registered if they propose to grant loans to any other persons or institutions except to co-operative societies, or to undertake any outside banking business. The bye-laws should include provisions limiting dividends, and the directors should maintain an independent staff for assessing the credit of borrowing societies. It is the Registrar's duty to see that the contract between the central banks and societies is not unfavourable to the latter. In any case, this type of central bank should gradually disappear. (<i>Paragraph 105.</i>)</p> | <p>This Government agrees.</p> |
| 28 | 110 | <p>Central banks of which membership is confined to societies, though desirable in themselves, are seldom competently managed and do not leave room for the help of the middle classes, and should therefore be postponed to a later stage. (<i>Paragraph 106.</i>)</p> | <p>This Government agrees generally. There are however six such central banks in Bengal, and they are efficiently managed.</p> |

| Serial No. | No. of Recommendation. | Committee's Recommendations. | Views of Government. |
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| CENTRAL BANKS—contd. | | | |
| CONSTITUTION AND MANAGEMENT— concl'd. | | | |
| 29 | 111 | Central banks of which the membership includes both individuals and societies will usually be best fitted to Indian conditions, but provision should be made for gradually reducing the number of non-working individual shareholders. (<i>Paragraph 107.</i>) | This Government agrees. |
| 30 | 112 | The area served by a central bank should be defined, and, as far as possible, should coincide with some administrative division, such as a district or tahsil, but should ordinarily be prepared within a reasonable time to deal with 200 or 250 societies. (<i>Paragraph 108.</i>) | This Government agrees. |
| 31 | 113 | Provincial banks may possibly open local branches in places of independent central banks in areas where guaranteeing unions are well-developed, but as a rule a system of central banks will be found more efficient. (<i>Paragraph 109.</i>) | This Government agrees. |
| 32 | 114 | The management of co-operative finance being simpler than that of joint stock banks, a central bank may be competently managed by lawyers and professional men, though trained bankers should be secured on the Board when available. (<i>Paragraph 110.</i>) | This Government agrees. |
| 33 | 115 | The manager and staff of a central bank, if paid, should be adequately paid. The Registrar should be satisfied that the supervising staff maintained by it is adequate and efficient. Such a staff may properly assist voluntary applicants in forming new societies. (<i>Paragraph 111.</i>) | This Government agrees, and considers that to secure the conditions as regards staff the degree of control described in the remarks on Recommendation No. 103 is essential. |
| 34 | 116 | Central banks which admit societies as shareholders should grant no loan to any credit society which has not subscribed to a share. (<i>Paragraph 112.</i>) | This Government agrees. |
| 35 | 117 | Non-credit societies should only receive loans if they subscribe to an adequate number of shares and offer sufficient security. Central banks should not finance insurance societies. (<i>Paragraph 112.</i>) | This Government agrees. |
| 36 | 118 | There is no objection to central banks working as book banks, provided that they are exempt from undue responsibility for losses incurred in transit of funds. (<i>Paragraph 113.</i>) | This Government agrees. |

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| | | CENTRAL BANKS—contd. COMPOSITION OF CAPITAL. | |
| 37 | 119 | There is no objection to the discontinuation on the part of the central banks of the practice of levying affiliation fees. (<i>Paragraph 115.</i>) | This Government agrees, but would leave this to the discretion of central banks. |
| | | <i>Shares.</i> | |
| 38 | 120 | All shares in a central bank should preferably be on one footing. But if it is absolutely necessary in order to attract local capital, the shares assigned to individuals may carry preference as regards dividend but not cumulative dividend. (<i>Paragraph 117.</i>) | This Government agrees. |
| 39 | 121 | It is simpler if the shares held by societies and individuals are of uniform value. (<i>Paragraph 118.</i>) | This Government agrees. |
| 40 | 122 | Societies should ordinarily be required to take shares in their central banks in proportion to the amount of their borrowings from it. (<i>Paragraph 119.</i>) | This Government agrees. |
| 41 | 123 | Every shareholder in a central bank should have one vote only. If there is a difficulty in raising capital, Local Governments may properly authorize individuals to hold shares in excess of the statutory maximum of Rs. 1,000, but otherwise the limit fixed by the Act should be adhered to. (<i>Paragraph 120.</i>) | This Government agrees. In Bengal the statutory maximum has been raised to Rs. 5,000. |
| 42 | 124 | All shares held by individuals should be fully paid up. Reserve liability is permissible in the case of shares held by societies. (<i>Paragraph 121.</i>) | This Government agrees in principle, though experience in Bengal has not been unfavourable to reserve liability for individuals. |
| 43 | 125 | Reserve liability should be restricted to the face value of the shares, and not to some multiple of it. (<i>Paragraph 122.</i>) | This Government agrees. |
| 44 | 126 | The rate of dividend should be limited by rule. When most of the shares are held by societies, the maximum should be the same as the average lending rate. When the shareholders are chiefly individuals it should not exceed the average rate paid on deposits by more than 2 or 3 per cent. Bonuses should be prohibited. (<i>Paragraph 123.</i>) | This Government agrees that the rate of dividend should be limited by rule and that bonuses should be prohibited. As regards the maximum rate of dividend (which is now fixed by rule at 12½ per cent. in Bengal), the Governor in Council, while recognizing the necessity of keeping it within reasonable limits, is not prepared to adopt a fixed standard for calculating the maximum, but would leave it to Local Governments to decide by rule from time to time what should be the maximum rate with reference to the circumstances of the Province. In most districts in Bengal there are loan offices in which all the leading men hold shares, and dividends of 50 per cent. are sometimes paid. The Governor in Council anticipates difficulty in attracting adequate capital if the rate of dividend is restricted by a fixed standard. |

| Serial No. | No. of Recommendation. | Committee's Recommendations. | Views of Government. |
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| CENTRAL BANKS— <i>contd.</i> | | | |
| COMPOSITION OF CAPITAL— <i>contd.</i> | | | |
| <i>Deposits.</i> | | | |
| 45 | 127 | Deposits by primary societies in central banks should consist of (1) excess deposits received by them and passed on, and (2) small deposits for short periods. Reserve funds should not be deposited in them. (<i>Paragraph 125.</i>) | This Government agrees subject to the condition that primary societies should be permitted to deposit their reserve funds with central banks for investment in post office savings banks. |
| 46 | 128 | The opening of current accounts is deprecated, but in places where banking facilities do not exist may be permitted. A low rate of interest not exceeding 2 per cent. should be paid on such accounts, and the whole amount so held should be covered by cash or Government paper, irrespective of fluid resources kept to cover other liabilities. (<i>Paragraph 127.</i>) | This Government is not prepared to fix 2 per cent. as the maximum interest on current deposits, or to rule that the whole amount held as current deposits should be covered by fluid resource irrespective of fluid resources kept to cover other liabilities. In Bengal co-operative banks have to compete with the joint stock institutions known as loan offices, which freely accept current deposits and pay interest at from 3 to 4 per cent. The acceptance of current deposits by central banks has had the result of attracting fixed deposits. The Governor in Council therefore would not fix the maximum interest lower than 3½ per cent. He would also, as a result of experience, not insist on more than two-thirds of the amount held as current deposit being covered by fluid resource. |
| 47 | 129 | Savings accounts may be opened on behalf of members and non-members, provided that 75 per cent. of the amount so held is covered by cash or liquid investment, that the maximum accepted on one account is small, that notice of withdrawal is required, and that they are not allowed to become current accounts. (<i>Paragraph 128.</i>) | This Government agrees. |
| 48 | 130 | Central banks should make every effort to obtain deposits sufficient to meet all their needs, and may draw them from any area subject to such restrictions as may be found locally advisable. (<i>Paragraph 129.</i>) | In the opinion of this Government restrictions as to the area from which deposits may be drawn should be the rule and not the exception: the liability of outside depositors to panics makes restriction necessary. |
| 49 | 131 | The average period of deposits should not be less than the average period in which loans are repayable. In arranging to repay deposits, banks should not count on renewals or fresh deposits, but rely on stipulated repayments of loans, and should spread receipts and payments as far as possible over the whole year. (<i>Paragraph 130.</i>) | This Government accepts the principles of this recommendation, but they constitute an ideal which cannot always be attained. Loans are necessarily repaid chiefly at the time of the principal harvests, and this fact renders it impossible to spread receipts and payments evenly throughout the year. |
| 50 | 132 | To meet all charges entailed by our recommendations, central banks require a 3 per cent. margin, and primary societies the same. (<i>Paragraph 131.</i>) | This Government agrees. |

| Serial No. | No. of Recommendation. | Committee's Recommendations. | Views of Government. |
|------------|------------------------|--|---|
| | | <p>CENTRAL BANKS—contd.</p> <p>COMPOSITION OF CAPITAL—contd.</p> <p><i>Deposits—concl'd.</i></p> | |
| 51 | 133 | Special care should be taken to repay deposits punctually. The intentions of depositors with regard to renewals should be ascertained in advance. (Paragraph 132.) | This Government agrees. |
| | | <p><i>Loans to Central Banks.</i></p> | |
| 52 | 134 | Central banks should be allowed to regard the undrawn portion of any cash credit granted to them by a presidency bank as a fluid asset. (Paragraph 134.) | This Government agrees. |
| 53 | 135 | Cash credits with joint stock banks of recognized stability also constitute legitimate fluid resource. The Registrar should introduce central banks to joint stock banks and furnish the latter with any information they require. Joint stock banks should be expected to examine the position for themselves and not to rely on Government support for repayment. (Paragraph 135.) | This Government agrees with the recommendation, which is in accordance with the practice in force in Bengal. |
| 54 | 136 | Loans by central banks may with the Registrar's sanction be made to other central banks. Loans between central banks should cease as soon as a provincial bank is started. (Paragraph 136.) | This Government agrees with the recommendation subject to the substitution of the words "be discouraged" for "cease." |
| 55 | 137 | Banks should raise capital by means of long-term deposits rather than debentures, unless in very special cases they are in a position to secure debentures on immovable property. (Paragraph 137.) | This Government agrees. |
| | | <p><i>Proportion of Capital owned by Central Banks.</i></p> | |
| 56 | 138 | Share capital plus reserves should be at least 12½ per cent. of total liabilities. (Paragraph 138.) | This Government is not at present prepared to insist on a higher proportion than 10 per cent. |
| | | <p>EMPLOYMENT OF CAPITAL.</p> <p><i>Loans to Affiliated Societies.</i></p> | |
| 57 | 139 | Central Banks should not grant loans to individuals, nor should they undertake any outside banking work. (Paragraph 139.) | This Government agrees. |

| Serial No. | No. of Recommendation. | Committee's Recommendations. | Views of Government. |
|------------|------------------------|--|--|
| | | CENTRAL BANKS— <i>contd.</i> | |
| | | EMPLOYMENT OF CAPITAL— <i>contd.</i> | |
| | | <i>Loans to Affiliated Societies—contd.</i> | |
| 58 | 140 | A central bank should assess the credit of an affiliated society after re-examining and testing either by its own staff or through a union the society's own estimate of its borrowing power and the data on which the society has fixed the normal credit of its members and considering the society's needs and its own existing funds. (<i>Paragraph 140.</i>) | This Government agrees. |
| 59 | 141 | The data required by a central bank should include a valuation of (1) the movable and immovable property of the members of a borrowing society, and (2) the earning and saving capacity of the same members. These data should be used to check conclusions based on the character of the society and on its past record. (<i>Paragraph 141.</i>) | This Government agrees, with the exception that it does not appear to be practicable to prepare a statement of the earning and saving capacity of each member. |
| 60 | 142 | Where a union exists, the valuation mentioned above should be made by it; where not, by the central bank. Responsibility for the making of the valuation should be undivided. The Registrar should have power to require the reduction of the credit of any society. (<i>Paragraph 143.</i>) | This Government agrees. |
| 61 | 143 | Loans should be sanctioned as far as possible all together at one or two main seasons of the year. (<i>Paragraph 144.</i>) | This Government agrees. |
| 62 | 144 | Central banks should accept the opinions of unions with regard to the purpose and amounts of loans, but in case of insufficiency of funds to meet all claims may refer back to the union. (<i>Paragraph 145.</i>) | This Government agrees. |
| 63 | 145 | Subject to the condition that the terms of loans must depend on the terms for which deposits are held and that repayments due within a given period should exceed the deposits falling due within the same period, central banks may grant loans either recoverable in fixed instalments or on promissory notes nominally payable on demand, the society's repayments corresponding with the repayments made by members. (<i>Paragraph 146.</i>) | This Government agrees. |
| 64 | 146 | Cash credits should be freely opened in favour of thoroughly well-managed societies. (<i>Paragraph 147.</i>) | This Government agrees. |
| 65 | 147 | The security taken from a borrowing society should ordinarily be a promissory note. Shares held by societies in central banks should not be accepted as security for a loan, though deposits may be. (<i>Paragraph 148.</i>) | This Government agrees. |

| Serial No. | No. of Recommendation. | Committee's Recommendations. | Views of Government. |
|---|------------------------|--|---|
| CENTRAL BANKS— <i>contd.</i> | | | |
| EMPLOYMENT OF CAPITAL— <i>contd.</i> | | | |
| <i>Loans to Affiliated Societies—concl'd.</i> | | | |
| 66 | 148 | Rates charged on loans should be below <i>basar</i> rates, but should be high enough to allow of a wide margin. Rates may vary on a definite system with reference to the character of the borrowing society and the length of the loan. (<i>Paragraph 149.</i>) | This Government agrees that rates should be below <i>basar</i> rates, but high enough to allow of a wide margin; but in view of the opportunities for favouritism afforded by varying rates of interest the Governor in Council prefers a uniform rate. |
| 67 | 149 | Money recovered from members should be at once available for repayment by a society to a central bank. The central bank should supervise recoveries, but need not prepare lists of overdue loans. (<i>Paragraph 150.</i>) | This Government agrees. |
| 68 | 150 | Central banks should not ordinarily institute proceedings against defaulting societies in civil courts, but should exercise pressure through their staff and finally apply to the Registrar to take action under section 36 of the Act. (<i>Paragraph 151.</i>) | This Government agrees. |
| <i>Reserve Fund.</i> | | | |
| 69 | 151 | After providing fully for fluid resources a central bank may legitimately use balance, if any, of reserve fund in its own business. (<i>Paragraph 152.</i>) | This Government agrees. |
| 70 | 152 | To meet contraction of credit central banks must keep fluid resources. (<i>Paragraph 153.</i>) | This Government, while fully realizing the necessity for keeping adequate fluid resources, considers that the standard proposed by the Committee is impossibly high in the case of banks with small capital. The two principal classes of depositors in central banks are (1) well-to-do investors who have put in their money as a permanent investment; and (2) local depositors who are in close touch with agricultural affairs and for that reason are not liable to panic. In these circumstances renewals are generally obtained without difficulty, and, fortified by the experience of the year 1914, when the co-operative societies in Bengal withstood successfully the effect of the crisis in the jute trade, the Governor in Council would restrict the application of the standard proposed by the Committee to banks with a working capital of 4 lakhs and over, and for banks with less than 4 lakhs working capital he would prescribe that the object to be aimed at should be to maintain fluid resources equivalent to one-fourth of the deposits due during the ensuing year, but he would not insist rigidly on this standard in the cases of societies which have not yet had time to build up fluid resources from their reserve funds. |
| 71 | 153 | These should be sufficient to meet half deposits due during the ensuing year, supposing no fresh deposits or renewals were made and no repayments received. (<i>Paragraph 155.</i>) | |

| Serial No. | No. of Recommendation. | Committee's Recommendations. | Views of Government. |
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| CENTRAL BANKS—contd. | | | |
| EMPLOYMENT OF CAPITAL—contd. | | | |
| <i>Reserve Fund—conclde</i> | | | |
| 72 | 154 | Fluid resources only to be utilized when other sources fail. (Paragraph 156.) | This Government agrees. |
| 73 | 155 | The fluid resources of a bank must suffice to meet its own requirements and those of societies which have entered into arrangements with it. (Paragraph 157.) | Subject to the acceptance of the views of this Government on Recommendation No. 88, the Governor in Council accepts this recommendation. |
| 74 | 156 | Standard of fluid resources to be readjusted quarterly. (Paragraph 158.) | This Government agrees. |
| <i>Superfluous Funds.</i> | | | |
| 75 | 157 | Superfluous funds to be passed on to provincial banks. (Paragraph 159.) | This Government agrees. |
| <i>Division of Profits.</i> | | | |
| 76 | 158 | In calculating net profits for purposes of distribution, central banks should always deduct interest accrued and overdue. Interest earned but not due should be shown separately in the profit and loss account. (Paragraph 160.) | <p>The Registrar has expressed his opinion in the following terms:—</p> <p>“ At present interest earned but not paid, including interest overdue, is taken into account in calculating the profits of a bank, in accordance with the practice followed by all the joint stock banks. At first sight this may appear to be an unsound policy, because the profit made by a central bank is derived from interest realized from affiliated societies, and to take into account unrealized interest in the calculation of profits would mean the payment of dividend out of the capital; but a little consideration will show that the policy is not unsound; for if a loan is good its interest is necessarily good; and if an unrealized loan is taken into account as an asset, there is no reason why unrealized interest should not be taken into account. At the time of audit and compilation of balance sheets the outstanding loans should be valued carefully, and while all bad loans, including the interest due on them, should be excluded, it is not unsound to take into consideration good loans together with interest earned. It may be noted here that in preparing balance sheets we must take into account interest which has been due to the depositors or payable by the central bank, for if this is not taken into account it will mean that the position of the bank has not been disclosed properly. If we must take into account interest payable by the central bank, it will be placed under a disadvantage if interest due to it is not taken into account. Another fact to be taken into consideration is that the dividend is limited by rule in the case of central banks. If in any year there</p> |

| Serial No. | No. of Recommendation. | Committee's Recommendations. | Views of Government. |
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| | | <p>CENTRAL BANKS—<i>concl'd.</i></p> <p>EMPLOYMENT OF CAPITAL—<i>concl'd.</i></p> <p><i>Division of Profits—concl'd.</i></p> | <p>has not been any collection of interest and if next year all arrear and current interests are realized, the central bank will not be able to pay any dividend beyond 12½ per cent. that year to make good the loss in dividend to the shareholders the previous year. I would close the working year of the central bank at the end of its repayment season so that a large amount of interest outstanding is not shown in the balance sheet, but in the case of all interest due on account of loans which are good, I would take into account the interest earned but not yet paid."</p> <p>The Governor in Council is advised that the practice of including in profits interest accrued but overdue is usually followed by commercial concerns as well as by joint stock banks, and he agrees with the Registrar.</p> |
| 77 | 159 | <p>The provision of contingent or bad debt funds is desirable in the case of banks which only place the legal maximum to reserve. (<i>Paragraph 161.</i>)</p> | <p>This Government agrees.</p> |
| 78 | 160 | <p>Building funds are permissible, provided that they are postponed to the provision of an adequate fluid resource. Where such buildings serve also as agricultural depots, Government may properly contribute to their cost. (<i>Paragraph 161.</i>)</p> | <p>This Government agrees.</p> |
| 79 | 161 | <p>AUDIT AND SUPERVISION.</p> <p>The audit of the accounts of central banks may be entrusted to expert outside agencies or made by the Registrar's staff. Such banks should bear the expense of their own audit. (<i>Paragraph 162.</i>)</p> | <p>This Government agrees.</p> |
| 80 | 162 | <p>Central banks should publish and distribute balance sheets and annual reports. They should contain more details than at present. (<i>Paragraph 164.</i>)</p> | <p>This Government agrees. In Bengal central banks are required by a rule under section 43 of the Act by publish their balance sheets in two consecutive issues of the vernacular newspapers having the largest circulation in the areas served by the banks within two months from the dates on which they are adopted by the General Meeting, and they are required at all times to keep copies of their balance sheets displayed in their registered offices.</p> |

| Serial No | No. of Recommendation. | Committee's Recommendations. | Views of Government. |
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| PROVINCIAL BANKS. | | | |
| <i>The Present Position.</i> | | | |
| 81 | 164 | It is necessary that a provincial bank should be started in each of the major Provinces. (<i>Paragraph 166.</i>) | This Government agrees, but in view of the present financial conditions does not consider this to be an opportune time for inaugurating a provincial bank. |
| <i>Future Requirements.</i> | | | |
| 82 | 165 | The provincial banks should not be started on an extravagant or unnecessarily large scale. (<i>Paragraph 169.</i>) | This Government agrees, but points out that although it has been found possible to start provincial banks on a small scale at Jubbulpore and Bankipore, to do so in Calcutta will be a different question, as it is doubtful whether commercial men of high standing will take a leading part in the promotion of a bank if it is not started on a large scale. |
| 83 | 166 | Share capital plus surplus assets fund should not be less than one-tenth of total funds borrowed from outside. (<i>Paragraph 169.</i>) | This Government agrees. |
| 84 | 167 | Societies and central banks should be represented in the management of a provincial bank, and should be placed in such a position that they are able within a reasonable time to secure a majority of votes in the general meeting. At commencement individual shareholders may have a preponderating influence. (<i>Paragraph 170.</i>) | This Government agrees. |
| 85 | 168 | It is not, however, necessary that societies and central banks should have a dominating voice on the directorate of the provincial bank. (<i>Paragraph 171.</i>) | This Government agrees. |
| 86 | 169 | Shares should ordinarily be of one class. Reserve liability not advisable on individual shares, but unobjectionable on society's shares. (<i>Paragraph 172.</i>) | This Government agrees. |
| 87 | 170 | All central banks should be affiliated to provincial banks, but where there is no central bank, a provincial bank may lend direct to primaries. (<i>Paragraph 173.</i>) | This Government agrees. |
| 88 | 171 | Deposits fixed for longest possible terms should be secured. (<i>Paragraph 174.</i>) | This Government agrees. |
| 89 | 172 | Deposits at call should be covered to 75 per cent. of their amount by fluid resources. (<i>Paragraph 174.</i>) | In the opinion of this Government the amount of fluid resources to be provided against deposits at call should be determined by the Board of Directors, who will be business men. |

| Serial No. | No. of Recommendation. | Committee's Recommendations. | Views of Government. |
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| | | <p>PROVINCIAL BANKS—<i>concl'd.</i></p> <p><i>Future Requirements—concl'd.</i></p> | |
| 90 | 173 | No prohibition should be placed on savings deposit accounts. (<i>Paragraph 174.</i>) | This Government agrees. |
| 91 | 174 | Provincial banks should not place too much reliance on cash credits, and should strive to accumulate good reserves and strong holdings of liquid securities in order to be more independent. (<i>Paragraph 175.</i>) | This Government agrees, but unless the provincial bank is started on a sufficiently large scale it is doubtful whether it will be possible for it to accumulate within a reasonable time good reserves and strong holdings of liquid securities, and for the first few years it will have to depend on backing in the form of cash credits from the Bank of Bengal or Government. |
| 92 | 175 | The provincial bank should maintain a fluid resource sufficient to cover all possible demands against itself for a period of one-third of the ensuing year, together with all the possible liabilities to be met by any central bank for which it has undertaken to provide cover within the same period. For this service to central banks it should charge a commission or higher rate of interest. It will be found convenient to concentrate whole fluid resource at apex of system. (<i>Paragraph 176</i>) | This Government agrees that it is desirable to concentrate fluid resource at the apex of the system, but would leave it to the Board of Directors to determine the amount of the fluid resource necessary. |
| 93 | 176 | Provincial banks should be prohibited from undertaking outside banking business except in so far as it is necessary to deposit spare funds for short periods in outside institutions. (<i>Paragraph 177</i>) | This Government agrees. |
| 94 | 177 | A provincial bank may legitimately be reluctant to lend its superfluous funds to another provincial bank, unless the borrowing bank has sufficiently proved its credit-worthiness, and the lending bank is able itself to examine and verify the financial position of the borrower. (<i>Paragraph 178.</i>) | This Government agrees. |
| 95 | 178 | A separate audit of the accounts by a Chartered or Incorporated Accountant authorized by the Registrar is desirable. The whole expense of it should be borne by the bank. Further duties of supervision and inquiry appertain to Registrar, and cost is debitable to Government. (<i>Paragraph 179.</i>) | This Government agrees. |

| Serial No. | No. of Recommendation. | Committee's Recommendations. | Views of Government. |
|---|------------------------|--|---|
| PUBLIC AID. | | | |
| <i>Concessions.</i> | | | |
| 96 | 180 | When Sub-Registrars of Deeds are paid by fees, Government should make good to them loss caused by the exemption of co-operative societies from registration fees. (<i>Paragraph 181.</i>) | This Government does not consider the proposed concession to be necessary in Bengal, as there are very few Sub-Registrars who are paid by commission, and shortly there will be none. |
| 97 | 181 | Exemption from stamp duty on cheques of individual members having current accounts unnecessary. (<i>Paragraph 181.</i>) | This Government agrees. |
| <i>Government Servants and District Officers.</i> | | | |
| 93 | 182 | Provided undue official influence is guarded against, co-operation ought not to be deprived of moral and financial support which Government servants give it. (<i>Paragraph 184.</i>) | This Government agrees subject to the opinion given on Recommendation 183. |
| 99 | 183 | Deposits by Government officers in provincial banks should be absolutely unrestricted and in central banks also, with the exception that in the district in which officers of the Indian Civil Service are serving they should be reported and withdrawn when opportunity offers. (<i>Paragraph 185.</i>) | Under the Government Servant's Conduct Rules (Rule XII), it rests with the Local Government to relax the existing prohibitions. This Government does not at present propose to take any action in that direction, but realizes that when a provincial bank is established the question will require reconsideration so far as that bank is concerned. |
| 100 | 184 | Membership of non-agricultural societies intended for Government servants only should be free to all Government servants. (<i>Paragraph 186.</i>) | This Government agrees. |
| 101 | 185 | As regards other officers it is a matter for local decision, but with the exception suggested in paragraphs 186 and 190, officers of the Indian Civil Service, Provincial Civil Service, and Subordinate Civil Service should be prohibited from accepting without special sanction any post in the Managing Committee or Executive Staff of any co-operative society or bank. (<i>Paragraph 187.</i>) | This Government agrees, subject to the condition that when the Local Government has given its consent to an officer holding a post in a society, it should not be necessary for that officer's successor to hold the same post. |
| 102 | 186 | Devolution of powers of Registrar on District Officers not recommended. (<i>Paragraph 189.</i>) | This Government agrees with the Committee on Co-operation and with the District Administration Committee in recognizing the danger of allowing societies to be so exclusively under departmental supervision as to place them outside the sphere of the District Officer's duties. The subject was discussed at length at the Provincial Conference of Co-operative Societies held in February 1915 on which occasion it was noted that the recent tendency had been for District and Subdivisional Officers to take a more prominent part in the co-operative movement both by unofficial support and by official inspections under section 17 (3) of the Act, and that the Registrar had under that section, authorized all Subdivisional Officers to inspect under that section. |

| Serial No. | No. of Recommendation. | Committee's Recommendations. | Views of Government. |
|------------|------------------------|--|---|
| | | PUBLIC AID—concl'd. | |
| | | <i>Government Servants and District Officers—concl'd.</i> | |
| 103 | 187 | District or Subdivisional Officers may be Chairmen with or without a place in Executive Committee of central banks, but should not be given such a post <i>ex-officio</i> . They should however have a formal right to attend meetings of shareholders or directors, and Local Governments may decide how best to arrange for this. (Paragraph 190.) | The Provincial Conference also recommended that duplicate copies of applications under section 8 of the Act should be submitted to Subdivisional Officers so that they might have opportunities of giving advice: effect has not yet been given to that recommendation, but the Governor in Council proposes to do so now. The Conference also recommended that selected Circle Officers and Khas Mahal Managers should be authorized under section 17 (3) to make inspections: such officers have been selected and will shortly be authorized. The Governor in Council is satisfied that what has been done as regards devolution of powers will suffice for the present. |
| | | <i>Registrar, Development Commissioner, Advisory Officer.</i> | |
| 104 | 194 | Registrar of Co-operation, Director of Agriculture, Director of Industries, and Director of Fisheries (when that post is concerned with development of the industry) should all be co-ordinated under a single superior authority. (Paragraph 198.) | A separate letter is being written on this subject. |
| 105 | 195 | | |
| | | That superior authority should, as soon as circumstances allow, be a whole-time officer, and be called the Development Commissioner. (Paragraph 199.) | |
| 106 | 196 | Local Governments should issue a rule, empowering Registrars to rescind any resolution or act of any officer, committee, or society which deals with controversial opinions of a political or religious character. Positive objects of societies might be defined by rule on lines obtaining in Raiffeisen societies. (Paragraph 201.) | This Government agrees. |
| 107 | 197 | An expert co-operative adviser with the Government of India recommended. (Paragraphs 202-203.) | This Government doubts the necessity of an expert co-operative adviser with the Government of India, and is of opinion that the creation of such an appointment would tend to hinder the development of the co-operative movement on the lines (necessarily divergent in detail) most suitable for each Province. |

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES,
BENGAL.

CIRCULAR NO. 19.

No paid official shall be employed to inspect co-operative societies unless he holds a licence in the accompanying form from the Registrar authorising him under section 17 (3) of the Co-operative Societies Act, II of 1912, to inspect co-operative societies.

The licence will be renewed annually.

At the beginning of every calendar year (*i.e.*, in January) central banks should apply for licences for the inspecting officers employed under their control.

The licence will not be granted unless the Registrar is satisfied that the officer has received a proper training and is qualified to inspect co-operative societies.

When a central bank wishes to appoint a paid officer it should first apply to the Registrar for the services of a trained man. If no trained man is available, the central bank will select a suitable candidate on probation for six months in consultation with the Registrar.

The Registrar will then arrange for his training in audit, inspection and organisation work; but till he is not furnished with a licence he should not be drafted off to independent work, and he should not be confirmed before the expiry of his probationary period. At the discretion of the central bank the probationary period may be extended.

If it is proposed to dispense with the services of a paid officer, the Registrar should be first informed. If the Registrar is of opinion that he is not guilty of any serious dereliction of duty but that he should be removed from the service of the central bank under which he is employed, the Registrar will arrange for his transfer under the control of another central bank.

To secure uniformity and to make the service under the co-operative central banks attractive so as to secure a good class of men the pay of the inspecting staff should be fixed according to the following scale:—

Grade I.

Rs. 75—100, rising by biennial increments of Rs. 5.

Grade II.

Rs. 50—75, rising by biennial increments of Rs. 5.

Grade III.

Rs. 30—50, rising by biennial increments of Rs. 4.

Grade IV.

Rs. 20—30, rising by biennial increments of Rs. 2.

Grade V.

Rs. 15—20, rising by annual increments of Re. 1.

Officers below Rs. 15 may be appointed under small unions working within a restricted area.

Every central bank should maintain a Provident Fund for all its employés in terms of Circular No. 2 of 1914.

Qualifications and not the actual length of service should determine promotions from a lower to a higher grade, and such promotions should not be

sanctioned without the previous approval of the Registrar. In sanctioning the periodical increments the Circle Inspectors should be consulted about the quality of the work of the officer.

In the interests of efficiency of work, transfers of the services of inspecting officers from the control of one central bank to that of another may be arranged for by the Registrar after consultation with the central banks concerned.

Officers working under the control of central banks, whose travelling expenses are paid by this Department, will draw travelling allowance under the Civil Service Regulations. In the case of those officers whose travelling expenses are borne by central banks their allowance need not be regulated according to the Civil Service Regulations. Central banks should draw up proper rules on the subject with reference to the cost of travelling at different seasons of the year in the locality. In framing the rules central banks should be guided by the principle that travelling allowance is not meant to be a source of profit. A fixed travelling allowance should, under no circumstances, be sanctioned.

A register of inspecting officers working under the control of central banks will be maintained in the Registrar's office, and in this register all particulars regarding his qualifications, educational as well as general, together with all remarks about their work made from time to time, will be entered.

The claims of central banks' officers who have done good work will receive special consideration for appointments in this Department.

CALCUTTA;

J. M. MITRA,

The 17th December 1914. }

Registrar, Co-operative Societies, Bengal.

FORM OF LICENCE.

_____ is hereby authorised

under section 17 (3) of the Co-operative Societies Act, II of 1912, to inspect

co-operative societies in _____

This authority will hold good till _____

CALCUTTA;

The

19 . }

Registrar of Co-operative Societies, Bengal.

No. 1925, dated Bangalore, the 30th June 1916.

From—MAJOR T. H. ST. GEORGE TUCKER, I.A., Secretary to the Chief Commissioner of Coorg,

To—The Secretary to the Government of India, Department of Revenue and Agriculture (Land Revenue).

I am directed to invite a reference to the Resolution of the Government of India in the Department of Revenue and Agriculture No. 2-C.-155-16, dated the 4th January 1916, on the Report of the Committee on Co-operation in India, and to enclose a copy of a letter Des. No. 107, dated the 23rd May 1916, from the Registrar of Co-operative Credit Societies in Coorg together with a copy of his note on the recommendations of the Committee under class (b). I am to state that the Chief Commissioner is in general accord with the views and suggestions expressed by the Registrar.

2. I am to add that the recommendations in class (a) are being considered and a separate communication will, if necessary, be made to the Government of India.

Des. No. 107, dated the 23rd May 1916.

From—The Registrar, Co-operative Credit Societies, Coorg,

To—The Commissioner of Coorg.

In acknowledging your endorsement No. 3020, enclosure I, dated 21st January 1916, I have the honour to submit the following report.

2. I have tried to deal carefully with all the recommendations and it will be kindly seen that I agree with most of them. The cases, which appear to call for special notice, owing to the exceptional circumstances in Coorg are mentioned below :—

CLASS B.

Nos. 100, 101, and 102. *Audit Staff.*—The Registrar in Coorg has no separate staff for auditing the accounts. He has to do the original, as well as the super-audit himself, which adds considerably to his work and responsibility. The occasional audit by the Controllers and Revenue officials consists merely of checking the cash balance which, although of material help, does not disclose any defects in the management of the society. Nor can any more than this be expected from such agency, which is untrained in co-operative affairs. I do not recommend a change in the present arrangement.

No. 105. *Supervising Staff.*—Our societies are at present too poor and few in number to be able to entertain a supervising staff. I trust that this recommendation of the Committee will not be insisted upon at present, and would suggest that after three years it may be reconsidered. I fully agree that such a staff is essential as it would materially assist the Societies and the Registrar.

No. 180. *Compensation to be paid to Sub-Registrars.*—A great deal of work has been added to these low paid officials, for which they receive no remuneration. For this reason there has been, I fear, unnecessary delay in registering of documents.

No. 185. *Participation of village officers in the management of societies.*—In a few Societies *shambogs* are in the committee of co-operative societies. They are, as a rule, of respectable families and have been of material help to those societies. I would encourage as much as possible the participation of village officers in the management of societies. Under the by-laws committee members are prohibited from taking advances and can therefore be no temptation for village officers to accept advances.

Note on the recommendation of the Committee on Co-operation in India.

CLASS B.

Recommendations on which the views of Local Governments and Administrations are invited.

Non-credit Societies.

No. 8. *A central cattle reinsurance society is necessary and Government backing to such an institution is unobjectionable*—paragraph 12.

The Coorg system of cattle insurance requires for the present no assistance from Government: such help might encourage carelessness. Nor is a central cattle insurance society required at present. The recommendation of the Committee refers to the Burma system, which is entirely different from Coorg.

No. 12. *The Agricultural Department should assist societies for distributing improved seed and implements provided experimenting is avoided. Control of such societies to rest for some time with Registrar and not with Director of Agriculture—paragraph 13.*

I agree.

Credit Societies, non-agricultural.

No. 18. *Societies among the poorer urban classes need special encouragement. Government help in the maintenance of an efficient clerical staff is justifiable—paragraph 19.*

The majority of the poor castes are coolies on coffee estates who remain in the district for only 5 to 7 months in the year and who are, as a rule, well looked after by their employers. The others are too few in number and too much scattered for co-operative purposes.

Primary Societies. Constitution and Management.

No. 50. *A limit should be fixed to the borrowing power of a society by the general meeting once a year in the manner described in paragraph 141-2 and this should be subject to Registrar's control—paragraph 52.*

All loans taken by our societies are subject to the approval of the Registrar.

No. 51. *Deposits which the societies are unable to use in loans to members should be transferred to central banks which should offer specially favourable rates for such money. Societies should not be prohibited from accepting deposits within their maximum borrowing power although in excess of the limit fixed for the local borrowings of individual members. They must be responsible to the depositors and cannot transfer their liability to central banks which however in event of their inability to accept such deposits should notify primaries. All deposits above their maximum borrowing powers should be refused by societies—paragraph 52.*

We have no central bank, nor is at present one needed. If society has surplus money lying idle the Registrar arranges to lend it to any other society which may be in temporary need for money.

Primary Societies. Employment of Capital.

No. 58. *The maximum borrowing power of a society, i. e., the limit upto which the society will pledge its credit should be fixed by the general meeting—paragraph 59.*

As we have no central banks, the borrowing powers of a society relating to such does not come under consideration. The maximum loans which any of our societies can accept is, however, not to exceed double the amount of the reserve fund plus the paid up share capital.

No. 59. *The maximum normal credit for each member should also be fixed at the general meeting. Loans in excess of this limit should not be granted by the committee without reference to the general meeting—paragraph 59.*

This recommendation will be hereafter strictly enforced.

No. 67. *The period of loans should be fixed at the time when they are sanctioned. Loans for non-productive purposes should be for periods not exceeding two years. For productive loans the main factor should be the object of the loan and standards based on this should be prescribed; but the amount of the loan and the circumstances and repaying power of the debtor may also be taken into account—paragraph 64.*

This procedure is already in force.

No. 78. *Interest rates charged on loans should be included in the by-laws and made unalterable without the Registrar's sanction. As long as they are below those of the outside markets, they should not be pitched so low as to retard the growth of the reserve fund—paragraph 72.*

This procedure is in force.

No. 80. *Punctuality in repayment vital. The system of accounts should show clearly what loans have been extended and which have become overdue. Extensions for good reasons justifiable. System for showing overdues outlined—*paragraph 74.

Our business procedure is already based on the recommendation of this paragraph; accounts also show clearly what amount is due for the loan and how much is due for the interest.

No. 88. *Primary societies should be allowed to use their reserve funds in their own business, provided their ability to repay deposits on due date is secured—*paragraph 83.

Up to now the reserve fund was invested in Government paper, and this recommendation to utilize it in the business of the societies has been much welcomed at the last co-operative conference (*vide* paragraph 83, page 3 of the enclosure).

No. 89. *To ensure the reserve fund growing as quickly as possible the margin of interest should be kept as high as possible until a society becomes independent of outside assistance—*paragraph 84.

The interest for all our societies is $12\frac{1}{2}$ per cent which will be maintained until the reserve fund makes the societies independent of outside assistance.

Primary Societies, Audit and Supervision.

No. 94. *Constant audit and supervision is essential to success and should be provided for—*paragraph 88.

Our societies are audited once a year by the Registrar which, from past experience, I consider quite necessary. The cash balances are also checked occasionally by local Revenue officers.

No. 95. *The term auditor and its derivatives should be confined to the staff chiefly engaged in audit and the term supervisor and its derivatives to the staff chiefly engaged in supervision. The terms "inspection" and "enquiry" should be confined to the processes mentioned in sections 35 and 36 of the Act—*paragraph 89.

The terms audit and supervision as explained in paragraph 89 of the Committee's report will be strictly adhered to.

No. 96. *Two controlling officers should be employed in each province and there should be a Registrar or Joint-Registrar for every 1,000 or fraction of 1,000 societies registered. They should be well versed in co-operative literature relating to all countries and should, if possible, have gained some personal experience of the subject in Europe. Necessary assistance should be given, but Assistant Collectors seconded for training not to be looked on as assistants—*paragraph 90.

This recommendation will not affect Coorg, where for some years to come no whole-time Registrar will be necessary.

No. 97. *The clerical staff of the Registrar and his Assistants should be adequate—*paragraph 90.

For the present one clerk will be sufficient for the Registrar.

No. 98. *The audit should go beyond the bare requirements of the Act and include an enquiry into all the circumstances which determined the general position of a society—*paragraph 91.

Our procedure of audit was practically based on what this recommendation suggests.

No. 99. *The audit staff should be responsible to the Registrar and mainly controlled by him. Its primary object should be to assure Government that the societies started through its agency, are developing on sound lines—*paragraph 92.

We have no audit staff, nor will one be required for a few years to come. The responsibility devolves entirely on the Registrar who does all the auditing.

No. 100. *A staff should be maintained by Government for undertaking super-audit, i.e., a separate and complete audit made at periods of two years or more. A Government auditor should audit about 100 societies per year, and should not be given educational or propagandist work to do. Recess and variety of work, however, are essential to prevent staleness—paragraph 93.*

The super-audit is done annually as explained above by the Registrar himself who is not a whole-time Registrar. There are too few societies here for the maintenance of a staff for the "original audit" which is made by the Controller of Societies and local Revenue officials. It is not, nor can it be expected to be—of the thoroughness and searching nature—which the super-audit of the Registrar is. And until the societies have grown sufficiently big it seems, is not advisable to alter the present arrangement,—which has answered well in the past.

No. 101. *A staff should be maintained by the societies themselves for making the original audit. It should be such as the Registrar can rely on and be controlled by him in consultation with the contributing societies. A single cadre should be formed for a whole province and maintained by a levy on the societies, or by an enhancement of the interest charged to societies—paragraph 94.*

With all deference to the recommendation I would point out that the societies in Coorg are too few in number to be able to afford to maintain a staff for the original audit. (*Vide* No. 100 *ante*).

No. 102. *Educational qualifications are not at present considered necessary for auditing and supervising staff—paragraph 95.*

I agree.

No. 103. *A regular form of audit report should be prescribed; but detail should not be too minute. A copy in vernacular should be supplied to every society and the original should be seen both by the financing agency of the society and the Registrar—paragraph 96.*

A regular form of audit is maintained in province.

No. 104. *Government would be justified in contributing to the cost of the audit of societies with unlimited liability among low castes. In ordinary urban societies and in intricate cases Registrar should make special arrangements—paragraph 97.*

I agree. For the present there is no necessity for special arrangements. But with the expansion of cattle insurance, such arrangements might become necessary.

No. 105. *The societies themselves should provide the staff required for their own supervision. It should be controlled by them and not by the Registrar—paragraph 98.*

For the present it seems not advisable to have a supervisor for the small province. I anticipate, however, that after about 5 years it will be necessary to have a supervisor who would be paid by the societies, which by then will be in a position to pay him his salary.

Recommendations 107—162 and 164—178 do not affect Coorg as we have no central banks, nor provincial banks.

Public Aid.

No. 180. *When Sub-Registrars of deeds are paid by fees, Government should make good to them loss caused by the exemption of co-operative societies from Registration fees—paragraph 181.*

I am very glad of the recommendation in paragraph 181 (a) to compensate the Sub-Registrars for the loss occasioned by the exemption of co-operative societies from registration fees. These low paid officials were naturally not over-zealous in disposing the registration of documents relating to co-operative societies.

No. 181. *Exemption from stamp duty on cheques of individual members having current accounts unnecessary—paragraph 181.*

The exemption from stamp duty on cheques does not affect our societies, as it has never been made use of.

No. 182. *Provided undue official influence is guarded against, co-operation ought not to be deprived of moral and financial support which Government servants give it—paragraph 184.*

I agree.

No. 183. *Deposits by Government officers in provincial banks should be absolutely unrestricted and in central banks also with the exception that in the district in which officers of the Indian Civil Service are serving they should be reported and withdrawn when opportunity offers—paragraph 185.*

This does not affect Coorg, where there are no central banks.

No. 184. *Membership of non-agricultural societies intended for Government servants only should be free to all Government servants—paragraph 186.*

This does not affect Coorg as there are no non-agricultural societies here.

No. 185. *As regards other officers it is a matter for local decision but with the exception suggested in paragraphs 186 and 190, officers of the Indian Civil Service, Provincial Civil Service and subordinate Civil Service should be prohibited from accepting without special sanction any post in the managing committee of executive staff of any co-operative society or bank.*

In a few of our societies village officers have been of material help in the management of their societies.

No. 186. *Devolution of powers of Registrar or District officers not recommended—paragraph 189.*

I agree; I welcomed all times the interest taken by local officers in the co-operative movement and have always been very glad, if they were present at meetings.

No. 187. *District or Sub-Divisional officers may be chairmen with or without a place in executive committee of central banks but should not be given such a post ex-officio. They should, however, have a formal right to attend meetings of shareholders or directors and Local Governments may decide how best to arrange for this—paragraph 190.*

This does not affect Coorg as there are no central banks here.

No. 194. *Registrar of Co-operation, Director of Agriculture, Director of Industries and Director of Fisheries (when that post is concerned with development of the industry) should all be co-ordinated under a single superior authority—paragraph 198.*

This does not affect Coorg.

No. 195. *That superior authority should, as soon as circumstances allow, be a whole-time officer and be called the Development Commissioner—paragraph 199.*

This does not affect Coorg.

No. 196. *Local Government should issue a rule empowering Registrars to rescind any resolution or act of any officer, committee or society which deals with controversial opinions of a political or religious character. Positive objects of societies might be defined by rule on lines obtaining in Raiffeisen Societies—paragraph 201.*

No such necessity has arisen as yet, but I consider that such powers should be given to the Registrar as a safeguard.

No. 197. *An expert co-operative adviser with the Government of India recommended—paragraphs 202-203.*

An expert co-operative adviser will be of immense assistance to Registrars, especially to those who are newly appointed and inexperienced.

GUSTAV HALLER,

Registrar, Co-operative Credit Societies.

21st May 1916.

No. 1788—1397, dated Abu, the 3rd July 1916.

From—The HON'BLE SIR ELLIOT GRAHAM COLVIN, K.C.S.I., Chief Commissioner, Ajmer-Merwara.

To—The Secretary to the Government of India in the Department of Revenue and Agriculture.

With reference to the Resolution of the Government of India in the Department of Revenue and Agriculture, No. 2-C.-155-16 of the 4th January 1916, I have the honour to forward a note, embodying my views on the several recommendations of the Committee on Co-operation in India, mentioned in clause (b) of the Appendix to the Resolution.

NOTE.

Recommendation No. 8 in paragraph 12 of the Report.

The Commissioner is of opinion that the frequent migration of agriculturists with their cattle in years of scanty rainfall would make any Cattle Insurance Scheme difficult to work in Ajmer-Merwara.

I would, however, by no means despair of introducing a Cattle Insurance Scheme for plough bullocks and buffaloes in course of time. The agriculturists of Ajmer-Merwara have yet a great deal to learn about co-operation, and though they are not sufficiently advanced in their knowledge of the system to undertake this development yet, I have every hope that the idea will eventually materialise. The fact that the district is liable to shortage of rainfall seems to be a reason in favour of such a measure rather than against it; but probably the best means of insuring the lives of the cattle which are essential for productive purposes would be the co-operation of owners in forming the necessary reserve stocks of grass and fodder. It is too soon to work out details yet, but the combination of such a scheme with the cattle insurance movement is likely to prove advantageous.

Recommendation No. 12 in paragraph 13 of the Report.

The absence of an Agricultural Department in Ajmer-Merwara precludes the local adoption of this recommendation. Some endeavour can, however, be made to take action in the desired direction by attempting to procure as Extra Assistant Commissioner in charge of the Co-operative Movement in the district on future occasions a man who has undergone a course of training at Lyallpur or some similar institution. There is also a model farm in one of the leading Istimrari estates in the district, and the officer in charge of co-operation will be instructed to watch its development and to bring to the notice of Societies any experiments which have proved successful.

With the permission of the Lieutenant-Governor of the Punjab, the Agricultural Adviser, Punjab, will also be asked to supply this Administration with copies of any suggestions he may make for the assistance of Societies in the Punjab.

Recommendation No. 18 in paragraph 19 of the Report.

No Societies for the poorer urban classes exist in Ajmer-Merwara at the present time, but the modest proposal made by the Committee in regard to Government support for their clerical staff appears to be worthy of adoption.

Recommendation No. 50 in paragraph 52 of the Report.

I agree with this recommendation and it is already being acted upon in Ajmer-Merwara. A *haisyat* register is maintained in which the property, land, and cattle of the members are entered and are valued at certain rates, and to the extent of one-third of such total assets, credit is given to Rural Societies. Thus the borrowing power of the Societies is fixed.

Recommendations Nos. 58 and 59 in paragraph 59 of the Report.

I agree.

Recommendation No. 67 in paragraph 64 of the Report.

The rigid rule here proposed in regard to compulsory annual instalments does not appear to be quite consistent with the "caveat" mentioned in paragraph 5 at page *xiii* of the Committee's Abstract Report. I agree with every word written in the last mentioned paragraph. The agricultural cycle in Ajmer-Merwara is a long one, and may perhaps be taken as one bad, three indifferent, and one good year. It is obvious that loans in such a country must be frequently given for fairly long periods and that long-term loans must be so arranged that the principal burden of repayment shall fall on the good year.

Recommendation No. 80 in paragraph 74 of the Report.

I consider that the principles stated in paragraph 74 should be rigidly adhered to, no extension being granted except for obviously valid reasons.

Recommendation No. 88 in paragraph 83 of the Report.

I agree, but some machinery seems to be needed to prevent Primary Societies using their Reserve Funds, while their fluid resources are still inadequate.

Recommendation No. 96 in paragraph 90 of the Report.

Ajmer-Merwara suffers from not being under the supervision of a full qualified trained Registrar. It is not likely that the district authorities or the Chief Commissioner will have had any wide experience of the working of Co-operative Credit Societies. In my opinion it would be advantageous if the district could be brought for purposes of supervision of this work under the Registrar, who is in charge of the nearest portions of the Punjab. Mr. Wilberforce, who has had much to do with the organisation of the Societies in Ajmer-Merwara on their present lines, came from the Punjab and it would be convenient that skilled direction in future should come from the same province.

Recommendation No. 107 in paragraph 101 of the Report.

It is likely to be some time before the Societies in Ajmer-Merwara are sufficiently advanced for the establishment of a system of guaranteeing unions.

Recommendations Nos. 164 to 178 in paragraph 166 to 179 of the Report.

Ajmer-Merwara is too small for a separate Provincial Bank; on the other hand, there are now five Central Banks opened in the district, and it seems that an apex bank of some kind to co-ordinate and control their working will before long be desirable. It is too early yet to say how this matter will develop but meanwhile the operations are not large or complicated enough to necessitate any change of the existing arrangements.

Recommendation No. 195 in paragraph 199 of the Report.

The suggestion of appointing a Development Commissioner seems to be an excellent one but it is of course impracticable for a small area like Ajmer-Merwara.

Recommendation No. 197 in paragraphs 202-203 of the Report.

Should it be possible to adopt the Committee's proposal for the appointment of an expert Co-operative Adviser with the Government of India, he might be moved to give special attention to small areas like Coorg and Ajmer-Merwara, which are unable to support the usual highly trained directing officers.

2. I have no remarks to offer with reference to the other recommendations of the Committee mentioned in clause (b) of the Appendix to the Government of India Resolution No. 2-C-155-16 of the 4th January 1915.

E. G. COLVIN,

Chief Commissioner of Ajmer-Merwara.

MOUNT ABU:
The 3rd July 1916.

No. 684-S. (Revenue), dated Simla, the 13th July 1916.

From—The HON'BLE MR. H. D. CRAIK, I.C.S., offg. Revenue Secretary to Government, Punjab, and its Dependencies,

To—The Secretary to the Government of India, Department of Revenue and Agriculture.

I am directed to refer to the Government of India (Department of Revenue and Agriculture) Resolution No. 2-C.—155-16, dated 4th January 1916, on the subject of the Report of the Committee on Co-operation in India, 1915. In the statement appended to that resolution the Government of India have divided the recommendations and opinions of the Committee, summarized in Appendix III to the report, into four classes, and have invited the views of Local Governments only on those recommendations comprised in class (b).

2. Before, however, examining these recommendations of the Committee in detail the Lieutenant-Governor wishes to be permitted to refer to the general question, raised in paragraphs 216—220 of the report, of the ultimate method of financing the co-operative movement in India. This subject has been reserved by the Government of India for separate action, but it is impossible, His Honour considers, profitably to discuss the recommendations of the Committee with regard to the objects to be attained by co-operative organisations even in their lowest grade unless and until a decision has been arrived at on this all important question.

In paragraph 216 of the report the Committee points out that the close connection of Government with co-operative banks and societies in the way of audit, supervision and control has created the general impression that the finances of these banks and societies are to all intents and purposes backed by the State. Nevertheless the degree of ultimate responsibility attaching to Government is at present uncertain, though the attitude of Government is stated to be that it disclaims all financial responsibility and makes no definite promise of monetary support. This policy, it is said, is based on a desire to establish a genuine co-operative movement which shall be self-contained and self-supporting and it is with this object that the Committee has made its numerous recommendations for the improved constitution and management of co-operative institutions. In this connection one recommendation in particular stands out as indicating in the clearest manner the methods by which the Committee would endeavour to attain this object. In paragraph 84 it is laid down that "the object of a (primary) society should be to accumulate a Reserve Fund of this character (*i.e.*, in the form of surplus assets) until it obtains a capital of its own sufficient to meet all its needs and thus become independent of outside assistance. Until this stage is reached, the margins on which it works should be as large as is compatible with the successful maintenance of the society, and it is only when this stage is reached that any reductions (other than those essential to meet outside competition) should be effected in the rates of interest charged by the society on its loans to its members."

3. Of the general policy thus outlined the Committee itself supplies one criticism, that "it is in fact extremely doubtful whether the present co-operative banking system, if expected to be self-contained and self-supporting, could provide fluid resources to the extent necessary for safety and stability." It is pointed out that a feature common to every practical system of banking and credit is that the bulk of the funds is invested in loans represented by bills, promissory notes or other convertible or negotiable instrument possessing a marketable value, or covered by the deposit of securities which can at any time be realised in the open market. Co-operative banking, however, is under the special disability that the securities which it holds for its loans, namely, the promissory notes of primary societies, are incapable of being turned into cash in the ordinary markets. It is therefore necessary that there should be some outside agency which can be relied upon to provide facilities for the rediscount of the agricultural paper of primary societies endorsed by co-operative central financing agencies. The Committee has little hope that the functions of this outside agency could ever be undertaken by the joint stock or Presidency banks, and though no definite recommendation is made apparently looks to the establishment of a State co-operative apex bank for the solution of the problem. It will be seen that this

conclusion involves the abandonment of both the financial irresponsibility of Government, and the ideal of a self-contained and self-supporting co-operative movement upon the desire for which Government's policy of aloofness is stated to have been based.

4. From this discussion of the general problems of Government's attitude towards the co-operative movement and the ultimate method of financing that movement two questions emerge which, in His Honour's opinion, require examination. First, is the repudiation of all financial responsibility on the part of Government not in fact more dangerous than the assumption of a limited but well-defined degree of responsibility? Secondly, is the object,—*viz.*, the attainment by co-operative societies of a position independent of all outside assistance—an essential characteristic of a true co-operative movement?

5. With regard to the first of these questions His Honour would only reassert what the Committee itself has stated regarding the general impression which exists that co-operative banks and societies are to all intents and purposes backed by the State. Such a general impression cannot be ignored and would in actual fact inevitably compel Government, in the event of a really serious crisis, to shoulder a financial burden which might have been avoided had the exact degree of responsibility assumed by the State been clearly defined and announced from the start. It would be impossible in any case for Government to contemplate with equanimity the serious results to the agricultural community which would result from a general crash in co-operative banking, and it would therefore seem only reasonable that Government should at any rate give a definite though limited guarantee from loss to any financial agency which could be established and could be relied upon to prevent the occurrence of such a crisis.

6. The second question which has been suggested for examination may possibly be considered somewhat academic seeing that the Committee has itself admitted (paragraph 217) that the ideal in question—that the co-operative movement should be self-contained and self-supporting—will be extremely difficult to realise. The recommendations of the committee, however, throughout the report aim at attaining this ideal to the highest degree possible. On the other hand in paragraph 2 of the report the Committee states the theory of co-operation to be "very briefly that an isolated and powerless individual can by association with others and by moral development and mutual support obtain in his own degree the material advantages available to wealthy and powerful persons." The material advantage thus to be secured to the isolated and powerless individual varies with the different forms of co-operation, but in the case of an agricultural co-operative credit society it is obviously credit, that is to say, his membership of a society should enable the agriculturist to obtain capital for his needs on the same terms as the wealthy and powerful in the open money market, and the most practical method of securing this end is to establish a connection between the general money market and the poor agriculturist through the chain of primary society, central bank and provincial bank. This aspect of the co-operative movement appears, however, to have been treated by the Committee as of minor importance, as it holds the object of a primary society to be the acquisition of a capital of its own which will be sufficient for all its needs and render it independent of outside assistance. It might be argued that the society which realized this object would no longer be a co-operative credit society, but would have become simply a mutual benefit money-lending institution. His Honour hesitates therefore to accept the Committee's view that the necessity for reliance on an outside agency is a defect in the existing system, and consequently he would not subordinate all other considerations to the aim of making the movement independent and self-contained. In this respect the difference between the position which he would take up and the attitude adopted by the Committee may be clearly seen with reference to some of the particular recommendations of the Committee. One of "the material advantages available to wealthy and powerful persons" is the power to borrow cheaply, and if a member of a co-operative credit society has to continue borrowing at a high rate of interest the system fails to confer on him one of the chief benefits for which it was intended. The line of argument adopted by the Committee in recommendation 78 (paragraph 72) hardly does adequate justice

to this point, and though His Honour agrees that the rates of interest to be charged to members should be fixed by bye-law and should be unalterable without the consent of the Registrar, he cannot subscribe to the view that there is positive advantage in maintaining a high rate of interest till a reserve fund is built up which will render the society independent of outside assistance as contemplated in recommendations Nos. 88 and 89.

7. With these general remarks I am now to turn to the particular recommendations on which the views of Local Governments have been invited. The first of these, No. 8, is the question of the financial support which should be given by Government to co-operative cattle insurance. The Committee has pointed out that it is an essential principle of insurance to spread the risk over a considerable area and period. It is, however, equally essential that the primary cattle insurance society should operate in a small area, as only the mutual knowledge of the members can afford an adequate check on dishonesty. A central re-insurance society is therefore necessary, and this in its early years will require some degree of financial assistance: for it cannot hope at once to obtain sufficient capital from its own members to enable it to face the risk of an exceptional and wide-spread mortality among cattle. The Committee accordingly recommends that Government should afford some financial support or a guarantee when re-insurance societies are started. With this recommendation His Honour is in agreement: he would, however, go further than the Committee. The introduction of the experiment of cattle insurance in the Punjab at any rate must necessarily be tentative and confined to selected and probably scattered tracts, and during this tentative stage there could be no prospect of successfully establishing a central re-insurance society. The functions of such a society must therefore in this stage be performed by Government, whose assistance should, however, be strictly limited and might perhaps take the form of guaranteeing a percentage of the minimum benefits payable under any scheme of insurance that may be introduced.

8. In paragraph 13 (recommendation No. 12) the Committee expresses the opinion that it is in the use of credit societies for distributing improved seed and implements and in the general supervision of non-credit societies that the help of the Agricultural Department can most usefully be afforded, and recommends that such help should be given fully and ungrudgingly. With this recommendation His Honour is in cordial agreement, for not only do the societies benefit by such assistance, but in them the Agricultural Department will find the most valuable medium through which its teachings may reach the cultivators whom it is intended to benefit. His Honour, however, agrees with the Committee that though the Agricultural Department is deeply interested in agricultural non-credit societies, the control of such societies should, for the present, remain with the Registrar of Co-operative Societies.

9. The Lieutenant-Governor agrees with the recommendation (No. 18) made in paragraph 19 that grants may suitably be given by Local Governments in support of the clerical staff of urban credit societies for the benefit of poor castes such as weavers, scavengers, etc.

10. Recommendations Nos. 50, 51, 58 and 59, are all concerned with the related questions of the limitation to be imposed on the borrowings of individuals from societies and of societies from central banks. The principles which underlie these recommendations are, His Honour considers, sound and should be accepted throughout. It might be possible to simplify the procedure for limiting the borrowing powers of societies, by providing for consultation between the societies and the central banks, but His Honour recognises that the considerations which must govern central banks in assessing the credit to be allowed to the various societies within their spheres of influence are different from those which will influence the societies in deciding how far they will pledge their credit, and complete agreement between the central banks and the societies would be difficult of attainment.

11. The importance of insisting upon prompt repayment of loans cannot be over-estimated, and His Honour is in complete agreement with recommendations Nos. 67 and 80 in which measures are suggested to ensure it. In a province like the Punjab where the character of the harvests varies so greatly from

year to year a considerable degree of elasticity will be necessary in working the rules; allowance will, however, necessarily be made for this factor in fixing the standard maximum periods for loans, and the recommendation of the Committee provides for extension of the period of payment in exceptional cases for good reasons to be recorded.

12. Recommendations Nos. 78, 88 and 89 have already been dealt with in paragraphs 2—6 of this letter and do not require further notice.

13. Recommendations Nos. 94—105 deal with the subject of the audit and supervision of primary societies. So far as the superior supervising staff is concerned (recommendations Nos. 96 and 97) the Government of India have already been furnished with the views of this Government in Mr. Thompson's letter No. 3882-S., dated 30th September 1915. It remains to consider the general system of audit and supervision recommended and the subordinate staff required to carry it out.

The general system advocated is described in paragraphs 91—98 of the report. It contemplates an audit intended primarily to satisfy Government that the societies which have been formed through its agency are developing on sound lines. The audit should therefore not be confined to a mere scrutiny of accounts, but should embrace an enquiry into all the circumstances which determine the general position of a society. The staff employed for this work should be entirely under Government control though part of it should be paid for by the societies. Apart from this audit there should also be 'supervision' undertaken by the co-operative institutions themselves. This supervision will cover many of the points already included in the audit, but in addition will involve the duty of instructing the members in co-operative principles and of propagating the movement by the organisation of new societies. The supervising staff would be responsible for remedying defects revealed by the audit, for testing the knowledge of committees and members and for advising with regard to difficulties and disputes. The staff will be employed by the co-operative institutions themselves: it will submit reports to them and will not be under the orders of the Registrar.

14. It is recognised by the Committee itself that this system involves considerable overlapping of work and the Lieutenant-Governor is disposed to think that the implied sharp distinction between audit and supervision is largely a theoretical one which would be to a great extent obliterated in actual practice. It would seem, however, that what has influenced the Committee in advocating this system is the desire that co-operative institutions should, so far as possible, manage their own affairs, provided only that they can satisfy Government that they are working on sound principles. With this desire His Honour is in full sympathy. At the same time the provision of a separate staff to perform duties which could equally well be discharged by the auditing staff, in addition to the functions reserved for it by the Committee, appears to His Honour to be an unnecessary complexity and likely to lead to friction. Unions and central banks will possess very considerable power over primary societies in their ability to cut off supplies from societies which they consider unsatisfactory: it is admitted that the further control comprised in the audit cannot yet be entrusted to them and until this can be done it does not appear logical to provide for a second agency under the control of co-operative institutions reduplicating in part the functions of the Government agency. The Committee itself contemplates the time, still distant, when the entire original audit will pass under the control of the societies themselves and it is development on these lines which should, His Honour considers, be aimed at. As co-operative institutions become capable of being trusted to control their own audit, Government audit can gradually be withdrawn, only the most general powers of supervision being reserved to Government through the Registrar.

15. Meanwhile the Government audit, as has already been noted, is to be carried out by a staff under the control of the Registrar, part of which, however, is to be paid for by the societies. In more detail the recommendations of the Committee are that there should be an annual audit carried out by a staff of "auditors" to be paid for by the co-operative institutions, and a separate complete "super-audit" carried out at longer intervals by a staff of "Government

auditors" maintained by Government. The Lieutenant-Governor doubts if the case for a super-audit by a separate and distinct staff has been established. The primary object underlying the Committee's recommendation on the subject is no doubt to encourage from the start a sense of responsibility and a faculty for self-management on the part of primary societies. In itself the object is a laudable and desirable one, but the proposals seem to go a very little way in the direction of securing it. The Committee emphatically assert that all audit must be State controlled, an obviously necessary condition, and consequently the work of both branches of the audit staff will be directly under the control and supervision of the Registrar and his assistants, the functions of the primary societies in this connection being confined to providing the pay of the "original" audit staff together with some voice in their appointment, transfer and dismissal. It seems to His Honour very doubtful whether under such conditions the distinction between "original" and "super" audit will be maintainable in any definite shape or will in any effective way be recognized by the societies themselves. Possibly the Committee's recommendations may provide a sound basis for action in the future when further experience has been acquired, but for the present Sir Michael O'Dwyer would deprecate any immediate new departure on the lines suggested. He would prefer a slight improvement of the existing system, under which the "original" audit and immediate supervision of primary societies will be the duty of Sub-Inspectors while their work will be checked and supplemented by Inspectors and by the Registrar and his assistants. The Inspectors would be paid entirely by Government, the Sub-Inspectors for the present partly by Government and partly by the societies, though the ideal to be kept in view would be that ultimately the societies should defray the whole of the Sub-Inspectors' pay and should *pari passu* assume control of their appointment, transfer and dismissal while supervision and checking of their work would still remain with the Inspectors.

16. With regard to the nomenclature of the audit staff proposed by the Committee in recommendation No. 95, His Honour is of opinion that it would be unwise to discriminate between "auditors" and "Government auditors," as all audit will, in fact, be controlled by the State. He also considers that it would be a pity to drop the now familiar designation of Sub-Inspector and Inspector.

17. The recommendations of the Committee with regard to the constitution and management of central and provincial banks (Nos. 107—178) have the Lieutenant-Governor's support throughout except that he is inclined to think that it would be sufficient to require central banks to maintain as fluid resources, apart from the needs of current and savings accounts, a sum sufficient to meet one-third of the fixed deposits repayable during the ensuing year without counting on the receipt of fresh deposits or the repayment of loans.

18. His Honour has no remarks to make with regard to recommendations 180 to 187 and 196 in which he concurs. He has already expressed his views as to Nos. 194, 195 and 197 in Mr. Thompson's letter No. 3882-S., dated 30th September 1915.

No. $\frac{5450}{11C-12}$ R., dated Ranchi, the 17th July 1916.

From—The HON'BLE MR. H. K. BRISCOE, I.C.S., Officiating Secretary to the Government of Bihar and Orissa, Revenue Department,

To—The Secretary to the Government of India, Department of Revenue and Agriculture.

I am directed to refer to the Resolution of the Government of India No. 2-C.-155-16, recorded in the Department of Revenue and Agriculture on the 4th January 1916, on the Report of the Committee on Co-operation in India, 1915, and to submit the views of the Government of Bihar and Orissa on those recommendations of the Committee on which the opinions of Local Governments have been invited.

2. *Items Nos. 8 and 12.—Non-credit Societies.*—No scheme of cattle insurance has been adopted in Bihar and Orissa and the question has not advanced

beyond the stage of preliminary discussion. As regards the Committee's recommendation in item No. 8 the Lieutenant-Governor in Council agrees that where a central reinsurance society has been established the grant of Government support is unobjectionable in principle. He also accepts the Committee's recommendation No. 12 regarding the conduct and control of societies for distributing improved seed and implements.

3. *Item No. 18.—Credit Societies.—Non-Agricultural.*—The recommendation of the Committee has the approval of the Local Government.

4. *Items Nos. 50 and 51.—Primary Societies.—Constitution and Management.*—His Honour in Council agrees generally with the principles recommended by the Committee. A suggestion has been made by the Officiating Registrar of Co-operative Societies, Bihar and Orissa, that the sum fixed as the limit of the borrowing power of a society should be inclusive also of the society's reserve fund, when that fund is used as working capital. The question whether such use should ever be permitted is discussed in the next paragraph.

5. *Items Nos. 58, 59, 67, 78, 80, 88 and 89.—Primary Societies.—Employment of Capital.*—The Lieutenant-Governor in Council approves of the first five recommendations of the Committee. As regards items Nos. 88 and 89 he recognises the weight of the Committee's arguments regarding the use of reserves but he would at the same time invite attention to the following criticism from the Registrar of Co-operative Societies. "The Committee appear rather to confuse the cash reserves with the reserve fund and to assume that, if proper arrangements for fluid resources are made, there is no need for a reserve fund. This ignores the recognized functions of a reserve fund, which are of special importance when no share capital exists. The idea of a reserve fund is that part of the accumulated deposits is set apart outside the business, whatever it be, to provide against possible losses in that business. Even if the Committee see no use in such a separate fund, it has to be remembered that the investing public has been educated to respect and value such a fund, as a guarantee to depositors. As we want the money of the investor, we must humour him even if we think him wrong. This part of the Committee's recommendations has already attracted severe comment in the Press, as it was certain to do, and is likely to do harm to the movement. I have already expressed an opinion in last year's report that a portion of the profit each year, which should not be less than 25 per cent., should be invested outside the movement, and I still adhere to this. This view was accepted at the Bankipore and Cuttack Conferences, and I hope shortly to see it carried into effect."

6. *Items Nos. 94 to 105.—Primary Societies.—Audit and Supervision.*—I am to invite a reference to Mr. Coupland's letter No. ^{7034-R.}/_{IIC-77}, dated the 12th October 1915, forwarding a note by the Registrar of Co-operative Societies, Bihar and Orissa, on "the foundation of an Audit Federation for Bihar and Orissa" and to say that the Lieutenant-Governor in Council has nothing to add to the recommendations made in that correspondence.

7. *Items Nos. 107 to 162.—Central Banks.*—His Honour in Council agrees generally with these recommendations subject to the exceptions noted below and to the remark, with regard to items Nos. 114 and 115, that experience in Bihar and Orissa has shown that owing to the increase of work the management of Central Banks cannot be left entirely in the hands of honorary workers. They have undoubtedly given most valuable help in the past but they cannot now be expected to devote the time necessary for efficient management. Well-paid managers are, therefore, being appointed with very satisfactory results.

Item No. 119.—Societies in Bihar and Orissa, on affiliation to a Central Bank, always pay an entrance fee of Rs. 5. In the case of new banks it is reported that these entrance fees are of some assistance towards meeting preliminary expenses. The matter is not an important one and the societies may be left to deal with it themselves.

Item No. 121.—The value of the shares held by individuals in Bihar and Orissa is Rs. 25 and of those held by societies Rs. 10. The Lieutenant-Governor in Council is inclined to agree with the Officiating Registrar that it is unnecessary to aim at the uniformity recommended by the Committee.

Item No. 124.—The Committee's recommendations may be accepted subject to a definite understanding that shares held by individuals need not be fully paid up at the time of subscription. Otherwise the Bank would probably be over-capitalized and by working with a large proportion of share capital, would earn proportionately small profits and only be able to declare a small dividend.

Item No. 125.—The proposed restriction of reserve liability to the face value of the shares may be accepted as regards individuals, in view of the present state of the Hindu law, but not in the case of societies, which throughout Bihar and Orissa, at any rate, have accepted a liability of five times the face value of the shares. They have thus helped greatly to enhance the credit of the Central Banks, as the public knew that this reserve liability was backed by the unlimited liability of the members of the society. Moreover this liability is intended to be the basis in Bihar and Orissa of future guaranteeing unions, the member-societies of which will be liable for the debts of the Central Bank only up to the face value of their shares, but for the debt of any society affiliated to the union up to five times the value of those shares.

Item No. 129.—The Committee's recommendations are generally suitable but the necessity for covering 75 per cent. of all savings deposits by cash or liquid investments appears open to doubt in view of the diversity of conditions in different localities. A hard-and-fast rule might make it unprofitable to some Central Banks to accept such deposits at all.

Item No. 130.—The proposed freedom of Central Banks from territorial restrictions generally in borrowing would be prejudicial to the success of a Provincial Bank, which is entitled to have a first call on deposits not required by the Central Bank of the depositor's district. The Bihar and Orissa Provincial Bank, however, does give permission freely to Central Banks to accept deposits from outside their own districts, whenever circumstances make such a course desirable. It would be unfair if Central Banks, which rely on the Provincial Bank for support, were free to compete with that Bank for deposits all over India, and rivalry might lead to the closing of the Provincial Bank, to the great detriment of the movement.

Items Nos. 130 and 151 to 157.—The Committee's recommendations on the subject of fluid resources are elaborate but not always clear in detail, and have evoked the criticism that it is a mistake to attempt to provide instructions in detail applicable to so wide an area as India, while co-operative banking is in such an undeveloped state. In view of the concession made in paragraph 176 of the Report that Central Banks need not maintain separate fluid resources if the Provincial Bank undertakes to do so for them, most of the recommendations appear to have no application to Bihar and Orissa, and the Lieutenant-Governor in Council considers it unnecessary to discuss them.

I am, however, to forward for the information of the Government of India a copy of a note recorded by Mr. Collins, Registrar of Co-operative Societies, Bihar and Orissa, dealing with these items, and also with items Nos. 172 and 175 which concern the chapter on Provincial Banks.

Item No. 146.—The Central Banks in Bihar and Orissa are concerned less with outside financing agencies than with primary societies. These societies do not understand the use of *pro* notes but are familiar with the use of bonds, which experience shows to be a satisfactory form of security.

Item No. 148.—His Honour in Council is not convinced of the desirability of the proposal to allow different rates of interest to different classes of Societies.

Items Nos. 161 and 162.—As noted above in dealing with recommendations Nos. 94 to 105, the Local Government's proposals regarding audit and supervision have already been submitted to the Government of India with Mr. Coupland's letter No. ^{7934R.} HC-77, dated the 12th October 1915.

8. *Items Nos. 164 to 178.—Provincial Banks.*—Subject to the following remarks His Honour in Council endorses all the recommendations of the Committee.

The proposal made in item No. 171 that deposits should be procured for the longest possible terms is unsuited to conditions in Bihar and Orissa. It assumes in the first place that all money given out by Central Banks is lent for long terms, whereas the greater portion is recoverable and actually paid within one or two years, and there seems no reason on this account for the Provincial Bank to take a large proportion of long term money, which would necessarily carry a higher rate of interest. The Bihar and Orissa Provincial Bank is at present a small concern which is able to work largely from the cash credit given by the Bank of Bengal. Its relations with this semi-Government institution put it in a very favourable position, and it is not proposed to embark on regular deposit banking until more funds are really needed. At present every effort is being made to attract small deposits and spread them equally over the ensuing two or three years. In acting thus the Registrar is following the best expert advice available to him.

With regard to recommendation No. 174 that Provincial Banks should aim at independence, it is at present out of the question for the Bihar and Orissa Bank to give up its very favourable agreement with the Bank of Bengal.

The objection to the laying down of a hard-and-fast rule mentioned in the case of item No. 129 applies equally in the case of the Committee's recommendation No. 172.

9. *Items Nos. 180 to 187 and 196 and 197.*—The Lieutenant-Governor in Council is in general accord with all these recommendations of the Committee except that he considers that it is not desirable that the Government of India should place any restriction on deposits in Central Banks by any class of officer. The matter may be left, as at present, to the discretion of Local Governments. As observed by the Committee in paragraph 183 of their Report, all such restrictions have recently been withdrawn in this Province.

10. A separate report will follow in reply to Mr. Gilliat's Circular No. 855—144-21, dated the 30th May 1916, regarding the suggested appointment of a Development Commissioner.

Note on the recommendations of the Committee on Co-operation about Deposits, Loans and "Fluid Resource."

As I find that the recommendations of the Committee under this head are based on a patent contradiction, and further as they have misstated the system followed in Bihar and Orissa in order to condemn it, it is necessary for me to try to point out their error, and to describe exactly what the Bihar system is and why it is as sound and safe as any.

2. The Committee's views on this subject will be found in paragraphs 130, 152 to 158 and 174 to 176. In order to facilitate discussion I transcribe some extracts from these portions of the report, which will be found to represent their recommendations.

(1) "It should in our opinion be assumed that it is unsafe for any banking institution to invest its funds in loans for longer periods than those for which the funds so invested are entrusted to it; that deposits must ordinarily be met from repayments of loans and not from potential renewals or fresh deposits (which should be exclusively employed either in fresh business or invested in fluid resources) and that the general body of fluid resource can only be legitimately utilized for the purpose of meeting depositors when there is a derangement of normal conditions." (Paragraph 130.)

(2) "In most cases money lent to societies is, we believe, repaid to central banks after an interval averaging from 3 to 4 years, the loans being repaid in yearly instalments, and where this is so it is sufficient that the deposits for one year should exceed in amount the amount of the loans which remain out for one year, that those for two years should exceed the amount of the loans but for two years and so on." (Paragraph 130.)

(3) "The receipt and repayment of deposit should be distributed over the year as far as possible, in accordance with the generally accepted principle of spreading the liability." (Paragraph 130.)

(4) "The object of the resource is to meet contractions of credit entailing the withdrawals of deposits at due date and a failure to obtain new deposits." (Paragraph 153.)

(5) "The repayments of loans should then go to repayments of depositors, and new business should be financed from new deposits and from renewals." (Paragraph 154.)

(6) "The policy of a central bank should be to arrange to repay deposits from the repayments of loans and only to develop new loans business from new deposits and from the renewals of old ones. When it becomes evident the societies will be unable to make normal repayments of loans, a bank should apply its new deposits to meeting withdrawals of those that mature. It would of course at the same time follow a very cautious policy in the financing of new societies and in making fresh loans to old ones. If and when loan repayments and new deposits finally cease, it must fall back on its fluid resources to meet withdrawals of deposits and to provide such help to societies as seems imperative." (Paragraph 156.)

The meaning of these paragraphs is perfectly clear, and in fact extracts Nos. (2), (4), (5) and (6) are merely restatements of the principles laid down in extract No. 1, *viz.*, that at all normal times deposits are to be repaid by the money received in repayment of loans from societies and central banks and are not to rely on the renewal of existing deposits or on the hope of new deposits or their "fluid resource" for carrying on their business. It is obvious from reading all these extracts along with extract No. (3) that the Committee intend that the due dates of deposits should be spread evenly throughout the year and that they should be repaid when necessary from loan money coming in from societies. The extraordinary thing is that these recommendations ignore the fundamental difficulty of financing agricultural societies, namely, that loans are repaid at only one season of the year and that a very brief one. For instance, in Bihar and Orissa all agricultural societies repay money to central banks from the end of March till the end of May and at no other time in the year. If therefore the repayment of deposits is to be distributed evenly throughout the year, central banks cannot rely on loan money to meet them, but must have some other resources. In fact what the Committee recommend is based on a contradiction of ideas.

3. I have tried to follow out their line of thought as far as I can and have come to the conclusion that the only way is to throw overboard in every place the recommendation that deposits should be repaid from loan money as it comes in and to say that when deposits are not renewed and have to be repaid they must be met from the "fluid resource" or new deposits. This so far as I understand the Burma system is the principle followed in that province and it seems to me a perfectly logical and even a sound system. The idea underlying it is that the co-operative banks and societies are quite sound and that lack of confidence resulting in the withdrawal of deposits or failure to attract fresh money can only be temporary and should pass away within six months; at any rate it should be possible by then, if the societies are sound, to raise money on some terms. If one does not give up the theory that deposits are only to be repaid from the natural incomings of loan money, then the only alternative is to make deposits repayable at one time of the year only, instead of spreading them over the whole twelve months. This is the practice followed in Bihar and Orissa, but the Committee have explicitly condemned it and cannot have intended it should be followed. While therefore it is impossible to extract any consistent recommendation out of the report, I believe that the Committee really intended to follow the Burma system, which is more or less what I have described above.

4. The Bihar and Orissa system is based on the idea that sound banking demands that deposits should be repaid from natural incomings. The model rules adopted by all central banks are attached (Appendix A). Briefly, all deposits are made repayable on May 31st, provided that notice of withdrawal is given on April 1st, *i.e.*, two months previously; but if no notice is received by the prior date, the

money remains on deposit for another year. Repayments by societies are due in March, April and the beginning of May, and by April 1st central banks are able to forecast pretty accurately how much money they will receive before May 31st. If there seems likely to be insufficient to meet all obligations, the central banks have two months in which to raise money by new deposits or loans from the Provincial Bank or elsewhere. In addition to deposit money taken under this system the central banks rely on their paid-up share capital and loans taken for fixed periods. Hitherto no formal principles have been followed in determining the amount of money to be taken on loan for longer periods or the proportion of the whole working capital which can be given out in advances for three, four or five years. It is now proposed that all advances for one and two years should be financed by deposits taken under the model rules and cash credits with the Provincial Bank, all long loans for four years and upward should be covered by paid-up capital and reserve, while money given out for three years should be balanced by fixed loans for the same period. It is also being considered whether the period of notice for deposits should not be raised from two to three months. The following diagram shows the idea more clearly :

| Assets. | | Liabilities. |
|--------------------------------------|-----|---|
| Advances for one and two years | = | Money received under model rules and cash credit. |
| Advances for three years | } = | { Loans or deposits for three years. |
| Advances for four years and upwards. | | |

In all cases deposits and loans will be made repayable on May 31st and no cash reserve will be kept throughout the year, save that a proportion, say, one-third, of the cash credit with the Provincial Bank will be left undrawn to provide for contingencies.

5. It is maintained that this system is perfectly sound and at the same time very economical and so simple to work that central banks need no expert advice or help in following it. No cash balance has to be kept throughout the year and there is no loss of interest or danger of embezzlement. The arguments advanced against it by the Committee are that "we believe that such a practice is unknown in ordinary banking and doubt if such an arrangement will be always found convenient, since in the event of a famine it involves the risk of having a great part of the bank's deposits, withdrawn at a time when no repayments might be forthcoming to meet them, and also since it tends to accentuate the liability in the event of financial pressure synchronizing with the date of the maturity of the deposits." (Paragraph 130.) By "ordinary" banking it is supposed that the Committee mean "commercial" banking and if so the comparison does not appear of much value. A commercial banker who made all his deposits repayable on one date would be insane. He is able to lend his money out so that it is constantly returning to him throughout the year and his obvious method is to spread the repayment of his deposits out to match. Further, the banker takes money current account and this governs his whole business. To condemn the Bihar and Orissa system because it is different from that followed under a totally different set of circumstances hardly seems fair. All that matters is that at the time the central banks have to repay their deposits, they should be able to rely on having the money to do so. Now, if the principles recommended above are followed, in any normal year a central bank should, or could, if it required it,* have on the only day in the year which mattered a cash balance of over 50 per cent. (counting the cash credit as an asset) of all possible demands on it—a position which any banker might envy. The two main criticisms against the system are those quoted at the end of the extract above, *viz.*, that if a famine occurred there might be a run by depositors just at the time when the societies could not pay (*i.e.*, the cash balance would not materialise when wanted) and that if a financial crisis did come about

**i.e.*, by refraining from giving out fresh advances before May 31st.

March the central banks would be in peculiar danger. These criticisms are perfectly legitimate, but I am confident that they are far from fatal to the system.

6. In the first place it must be remembered that the central banks are all parts of a pyramid of which the provincial bank is the apex. They themselves hold a controlling interest in the provincial bank and can rely on it to support them in all crises so far as it can safely do so. The provincial bank itself therefore has its liabilities spread over a large and straggling province in which there has never been anything like a general famine, so far as we know, and it is extremely improbable that there ever would be. If there was pressure in one area, the situation would certainly be normal elsewhere and there might quite likely be great prosperity in one place to balance want in another. This would mean that if the members of societies failed to pay in one place, they would pay in another and the money would come into the provincial bank and enable it to support the distressed central banks against any possible ruins. Again, in determining the nature of the reserve to be held against any deposit liabilities it is perfectly fair to take into consideration the class of depositor, his object in depositing and his liability to be affected by panics and stress in the money market.* If the money is what Mr. Wolff calls "good lying money" there is less need to be prepared for frantic withdrawals. Now our system appeals, and is meant to appeal, to the genuine investor. The Committee examined our books carefully and saw that our depositors consisted chiefly of landowners, members of the legal profession, and Europeans who deposit their money once and for all and look on it as a permanent investment or an insurance, often placing it in the names of their relations. Experience already shows that they are a stable class of depositor uninfluenced by the money market and it is fair to assume that the chances of as many as even 50 per cent. of them wanting their money in any one year are practically *nil*.

Further, if making money repayable on one date tends to accentuate the situation if a crisis occurs, there is the corresponding advantage that it protects the banks from crisis at all other times of the year. Therefore the chances are (assuming a crisis lasts from one to two months) say anything from six to twelve to one in favour of the bank, that a crisis, if it occurs, will not affect them at all. If it does, then we say our depositors are not very liable to panics and at least we have two, and if we change our rules, three months to provide the money, while they have the same period to cool their heads and perhaps change their minds.

7. Again, it is not a very strong argument against any agricultural banking system to say that it will be in difficulties at a time of famine. Joint stock banking might equally well be condemned because it often fails at times of crisis and war. While I have every hope that the Bihar and Orissa co-operative system would weather any famine, still it is fair to say that it is a recognised principle in India that the State should aid agriculturists in distress on account of the seasons. If matters were so bad as are imagined, the members of societies might well claim to receive *takavi* to tide them over and if this aid were given in the form of advances to the provincial bank at 3 or 4 per cent. interest, both Government and the raiyats would profit—Government because the money would be given out and collected without cost or risk to it, the raiyats because they would be saved from delays and extortion and would get the money *actually at a cheaper rate* and without the risks attendant on loans taken jointly with the whole body of raiyats in the village, many of whom are untrustworthy. If therefore the provincial bank and the central banks were in difficulties owing to famine (though I do not think they would be) it would not be a grave reproach against them, especially in the early stages of the movement before strong reserves are built up, that they had

*Cf.—"The Reserve.—The range of usage in this matter is very great and is governed, in some measure, by the character of the deposits held. In agricultural districts their feature is permanence, in centres of industrial activity, their feature is instability. A ratio of reserve which might be more than ample in one case might be dangerously inadequate in another." Raes Country Banker, page 210. See also Conant's Principles of Money and Banking, Volume II, pages 199 to 205, and specially page 200, last paragraph.

to ask Government for the advances usually given out in such cases. And in similar circumstances I doubt very much, if a province which followed the Burma system would be in a much better case. Indeed the Committee both appear to apprehend these difficulties and at the same time to see no harm in recourse being had to State aid (*see* paragraphs 206 and 207).

8. All these arguments are not merely theoretical, and we can point to the results of the past year to show that our system is sound. The last agricultural year in Bihar and Orissa, taking it all round and looking at the province as a whole, was about as bad as there has been for many years. Repayments from a number of areas were in consequence bad and this state of affairs coincided with the European war, which caused a big run not only on several joint stock banks, but on the Post Office Savings Bank. Yet we have been absolutely unaffected. When the war began the very few Marwari and commercial depositors at once asked for their money and though we could have refused it, we paid it up at once. Later on, when the time for giving notice came, more depositors than usual asked for their money and were repaid on May 31st without the least inconvenience. On that date all but one or two central banks had cleared their cash credits with the provincial bank and most of them had fair-sized balances in their favour while the provincial bank itself had a large sum at its credit in the Bank of Bengal. A system which can come through such unfavourable times without the least difficulty is probably not unsound.

9. Nothing has yet been said about the provincial bank, on the stability of which the whole fabric depends. It is at present quite new and has hardly needed more funds than it can get from its share capital and the cash credit of four lakhs granted it by the Bank of Bengal. It is obvious, however, that it must eventually take deposits, and the lines on which it should work have already received careful consideration. Briefly, it is proposed to adopt a combination of the "fluid resource" system and the "one date" deposits. The former is sound, but clumsy and very expensive. It can be worked easily in Burma where there are no central banks between the Upper Burma Bank and the societies, since the Upper Burma Bank lends at such a rate that it can afford a large reserve in Government paper. In the Bihar and Orissa provincial bank I find that alone it would be hardly feasible. Further, looking at the large and straggling area which the bank serves it seems absolutely safe to rely on a number of the central banks each year not only clearing their cash credits but even having balances to their credit on May 31st. We propose therefore to make a proportion of our deposits repayable on that date relying on, say, half the cash credit and half the average cash balance on that date being available to meet them, and for the rest to work on the lines of the Upper Burma central bank. Of course, as the Committee remark, no system is really satisfactory unless and until we can arrange for the *pro* notes of central banks or societies to be discounted, and I have already approached the Bank of Bengal with a scheme for this purpose. But their present relations with the Bihar and Orissa Bank suit them very well, and owing to their ignorance of our central banks and their working they have declined to alter their agreement at present. I am trying to gain their confidence by employing well-known Calcutta auditors and in other ways and I have hopes that the Directors will eventually agree. But there is no doubt that this difficulty is one of the great arguments for a State bank and it is probable that we shall never get co-operative finance on a satisfactory basis until a State bank is formed. Once arrangements for discount are made, it seems obvious that the "one date" Deposit system will be the soundest, safest, simplest and most economical.

10. In fact the people who criticise it are for the most part either commercial bankers themselves or persons who, having no experience of banking themselves, rely on the opinions expressed, whether verbally or in books, by such bankers or economists who speak only of commercial banking. To the "ordinary" banker not to maintain a cash reserve all the year round and to make all one's deposits repayable on one date seems so absurd that it is very difficult for him to believe that a system with such features can be sound. He is apt to forget that his cash reserve is needed all the year round because he is liable to be asked for all or most of his deposits any day and that

the "spreading" of his liabilities is really necessitated by the fact that his assets not only *can*, but *must*, be kept liquid so as to be available to repay the money he has taken on demand. No banker lends out his funds for the exact periods for which he receives them, as the Committee appear to say (*cf.* paragraph 130, page 78) and he certainly could not afford to lend them out if anything for shorter periods as they recommend. This would mean that money taken on current account would practically not be lent out at all. What the banker does is to rely on the results of past years, and keep sufficient balance to meet all demands on him that experience shows are likely to be made, while the remainder of his deposits are invested in as liquid a form as possible, so that merely by contracting his fresh loan business he can within a month or two mobilise all his assets. It is on these principles, as applied to the altered circumstances, on which the Bihar and Orissa co-operative banks try to work. They make their deposits repayable at the season at which the societies will pay in the money to them, and at that time they can by contracting their fresh loans have sufficient funds to meet all demands likely to be made in normal circumstances. In abnormal circumstances a central bank might need support from the provincial bank, and this again might in the very abnormal circumstances of a widespread famine need an advance from Government. But, if a system of discount could be introduced, even this possibility would vanish, and even without it as time goes on and reserves increase, the necessity for such help will become more and more remote.

B. A. COLLINS,

The 19th August 1915.

Offg. Registrar of Co-operative

Societies, Bihar and Orissa.

No. 479-3 A.-12, dated Rangoon, the 19th August 1916.

From—The HON'BLE MR. W. J. KEITH, I.C.S., Revenue Secretary to the Government of Burma, Agricultural Department,

To—The Secretary to the Government of India, Department of Revenue and Agriculture.

I am directed to submit the following remarks on those recommendations of the Committee on Co-operation in India regarding which the views of Local Governments are invited in Revenue and Agricultural Department Resolution No. 2C.—155-16 of the 4th January 1916. The numbers cited are those given to the recommendations in Appendix III of the Committee's Report:—

No. 8.—A Central Cattle Re-insurance Society has been established in Burma, and with its formation the number of Cattle Insurance Societies has largely increased. Government backing of the Society has taken the form of a promise of loans free of interest for a period of five years up to an annual limit of Rs. 25,000, sanctioned in the correspondence received with your letter No. 217—68-2 of the 24th February 1915.

No. 12.—The principles laid down are followed in this Province.

No. 18.—The Registrar, Co-operative Societies, remarks:—

"This recommendation refers to 'untouchables' and such like persons in Burma. Such people are generally Indians, and the language difficulty prevents the Co-operative Department from assisting them. They are, however, well paid and do not require such help here as they do in India."

The Lieutenant-Governor considers that it is not practicable at present to introduce measures for the special relief of poor castes in urban areas. But he hopes that it may before long be possible to start co-operative societies among Indians and other communities and especially among the poor castes in town.

Nos. 50, 51, 58, 59, 67, 78, 80, 88 and 89.—These recommendations are all followed in Burma, and the Lieutenant-Governor has no remarks or suggestions to offer in regard to them. With reference to No. 89, I am to remark that the margin of interest in the case of Agricultural Credit Societies is 6 per cent.

Nos. 94 to 105.—Arrangements have already been made in this Province for the audit and supervision of Co-operative Societies in accordance with the proposals of the Committee. There are staffs of Union Supervisors and of Society-paid Auditors who are recruited by competitive examination. The Registrar appoints, controls and dismisses the Society-paid Auditors whose pay is provided by the levy of an audit fee varying with the amount of the capital. There are at present 11 auditors on a salary of Rs. 50—3—00 plus Rs. 20 fixed travelling allowance. Union Supervisors are appointed, paid and controlled by groups of Unions; there are 21 of these Supervisors at present on pay of Rs. 30—2—50 a month. Audit reports are made in duplicate; one copy is left with the Society concerned, and the other is submitted to the Registrar through the Union. The super-audit by Government Auditors is conducted biennially by Junior Assistant Registrars, each of whom is expected to audit about 100 Societies a year. During the months of April and May, when audits are completed, these officers are utilised in administrative work. The Registrar reports that, as a result of the adoption of the Committee's recommendations, auditing is on a far better basis than it was previously. With reference to Recommendation No. 96, the Registrar remarks that considering the area of the Province, the badness of its communications, the many new developments (cattle insurance, tenancy, co-operative sale, etc.) peculiar to Burma, the control of the Weaving School, responsibility for large colonization schemes and industrial development, the fact that almost all the work is in the vernacular, the proportion of 1,000 societies per Registrar or Joint Registrar is for Burma unduly heavy.

Nos. 107 to 118.—The Registrar reports that the principles laid down in these recommendations are exactly followed in this Province. There are three Central Banks, excluding the Upper Burma Central Bank which was classed by the Committee on Co-operation as a Provincial Bank; and in these Banks the voting power of Society members predominates. The Banks are managed by unpaid Committees of Management, controlled by a Committee of Supervision; and the number of shares taken by affiliated Societies depends on the amount of loans. The credit of borrowing Societies is assessed by Unions.

No. 119.—No fees for affiliation to a Central Bank are levied in Burma.

Nos. 120 to 126.—The principles embodied in these recommendations are followed in Burma, with the exception of No. 123 which lays down that every shareholder in a Central Bank should have one vote only. In the Pegu Central Bank individual members have only one vote, but affiliated Societies have two votes. In the Pakokku Central Bank each share carries a vote; and in the Sagu Central Bank votes depend on the number of shares, there being one vote for 1 to 3 shares, two for 4 to 6 shares and three for 7 to 10 shares. The Lieutenant-Governor does not at present think it necessary to ask these banks to comply with the Committee's proposal.

No. 127.—Since July 1915 the arrangement by which every Society affiliated to a Central Bank deposited one-fourth of its Reserve Fund in that Bank has been abrogated, in accordance with the Committee's recommendation.

No. 128.—No Central Bank in Burma opens current accounts.

No. 129—All three Central Banks have saving bank deposits which are at present used by affiliated Societies chiefly as a means of adjusting interest and audit fund accounts. Deposits by non-members are few; they are covered by cash credit arrangements with the Provincial Bank.

No. 131.—The average period of deposits in the three Central Banks is less than the average period for which they make loans; the Central Banks, however, depend on their cash credits with the Provincial Bank to meet such deposits on due date, and in the Provincial Bank the average period of deposits far exceeds the average period of loans. Taking the Provincial Bank and the three Central Banks together, the average period of deposits is considerably greater than that of loans.

No. 132.—The margin of interest in the three Central Banks is about 2 per cent, and in the affiliated Societies 6 per cent, or a total of 8 per cent. as against the 6 per cent. minimum suggested by the Committee.

No. 133.—Depositors are asked their intentions one month before deposits are due for repayment and, if they decide not to renew their loans, are repaid promptly.

Nos. 134 to 137.—The three Central Banks have no overdraft or fixed loan arrangements with Presidency or Joint Stock Banks in the Province; they deal solely with the Provincial Bank. They do not lend to each other nor do they raise capital on debentures.

No. 138.—This principle is observed in the three Central Banks.

Nos. 139 to 149.—The principles laid down by the Committee in these recommendations for the employment of their capital by Central Banks are strictly followed.

No. 150.—Repayments to the Central Banks are watched by the Registrar, the Central Bank and the Union concerned. No civil suits by Central Banks against Societies for the recovery of loans have so far been necessary. Moral pressure has to be exerted in some cases by Unions; the Registrar only intervenes when a Society is hopeless.

Nos. 151 to 156.—All three Central Banks are still dependent on the Provincial Bank for their fluid resources; these consist of a part of the cash credit given by the Provincial Bank which may not be drawn upon save with the Registrar's consent. On this undrawn amount the Central Banks pay 2 per cent commission to compensate the Provincial Bank in part for the loss incurred in keeping such resources for such cash credit.

No. 158.—Profits are calculated in Burma in the manner recommended.

No. 159.—In nearly every case the amount allotted to Reserve Funds from profits exceeds the legal minimum.

No. 160.—No Central Bank has as yet started a building fund.

Nos. 161 and 162.—These recommendations are followed. Central Banks are audited by Government officers and will contribute to the Provincial Audit Fund.

Nos. 164 to 178.—The principles laid down in these recommendations are followed by the Upper Burma Central Co-operative Bank which, as already mentioned was classed by the Committee on Co-operation as a Provincial Bank. No current accounts are allowed and the Bank has no cash credits with any Joint Stock or Presidency Bank. All fixed loans and borrowings are secured by the deposit of gilt-edged securities.

Nos. 180 to 186.—These recommendations commend themselves to the Local Government. As regards No. 180, no cases have yet arisen in which it has been necessary to remunerate Sub-Registrars for loss of fees on registration work done for Co-operative Societies. As regards No. 182, the Government Servants' Conduct Rules meet present requirements.

No. 187.—The Financial Commissioner considers that in Burma it is unnecessary and undesirable that the Deputy Commissioner or Subdivisional Officer should have any concern in the management of District Central Banks. Sir Harcourt Butler can see advantages in insisting on the principle of self-help at the beginning of a movement and is therefore prepared to adopt the views of Mr. Thompson for the present, especially as there are only three Central Banks. But in principle he agrees with the recommendation of the Committee and will re-examine the question after two years.

Nos. 194 and 195.—I am to invite a reference to the correspondence resting with my letter No. 525-M.—3A.-9 of the 30th September 1915. Sir Harcourt Butler considers that the scheme proposed by his predecessor, which places on a permanent basis the present system of administration in Burma, is better suited to the circumstances of the Province than the more elaborate and costly proposals of the Committee on Co-operation.

No. 196.—The Financial Commissioner is doubtful whether a valid rule can be issued under section 43 of the Act which would restrict or modify the objects for which co-operative societies may be formed as set out in section 4. He therefore recommends the amendment of the latter section to give effect to the Committee's proposal. The Lieutenant-Governor is advised that such a rule would be valid in so far as it did not restrict the activities of Societies in the pursuit of their main object—the promotion of the economic interests of their members. He is therefore prepared to give effect to the recommendation of the Committee as it stands.

No. 197.—The Registrar writes:—

"From what I saw in certain provinces on my tour with the Committee I am convinced that the views put forward in paragraphs 202 and 203 of their report are sound.

"I can hardly believe that the enquiries of a co-operative committee, say, once in ten years, will be as effective in keeping the movement healthy as an arrangement for continuous scrutiny and advice. I am aware that some Local Governments may on principle object to such scrutiny and that the average Registrar will oppose it because he prefers to be undisputed cock of his own walk. A similar spirit, based to my knowledge on personal considerations, was manifested by two Registrars at the recent Agricultural Conference at Pusa (to which the Burma Registrar was not invited) when the appointment of Provincial Development Commissioners was discussed. The co-operative movement is, simply stated, the development of agriculture, etc., by organization, and to me it is absurd that in a single Government like that of India the organization should cease at the province. Co-operative finance cannot be so restricted and must be an all-India matter; hence direction is required from the centre. I should much prefer an All-India Central Co-operative Bank (a scheme for which was at the request of the Committee prepared by me) to control and direct and to enforce its direction by the application of the 'money stick.'

"I consider the continued working of the co-operative movement on a purely provincial basis to be as foolish as the attack on a position by three brigades operating individually without a divisional commander. Pending, therefore, the formation of an All-India Central Co-operative Bank, I consider the appointment of an Adviser on co-operation with the Government of India to be essential."

Sir Harcourt Butler concurs in the recommendation of the Committee, and prefers a single officer to a standing committee.

No. 8810, dated 12th September 1916.

From—The HON'BLE MR. P. R. CADELL, C.I.E., I.C.S., Chief Secretary to the Government of Bombay,

To—The Secretary to the Government of India, Department of Revenue and Agriculture.

I am directed to refer to paragraph 3 of the Resolution of the Government of India No. 2-C.—155-16, dated 4th January 1916, inviting the views of the Local Governments and Administrations on the recommendations of the Committee on the Co-operation in India classified as (b), and to communicate the following remarks for the consideration of the Supreme Government.

2. I am to state that after a careful consideration of the Committee's views and of the opinions expressed by the officers consulted on the subject in this Presidency, the Governor in Council approves of the Committee's recommendations subject to the remarks made below.

3. *Recommendation No. 8—(Cattle Re-insurance Society).*—The Registrar of Co-operative Societies hopes to start a few experimental Cattle Insurance Societies shortly, but observes that he has yet to discover a centre in which a real need is felt for them and that the question of starting a cattle re-insurance society must be postponed. The view expressed by the Registrar is approved by the Governor in Council.

4. *Recommendation No. 50—(Fixing of a limit to the borrowing power of a society once a year).*—The Registrar states that the system proposed in paragraphs 141-142 of the Committee's Report is adapted only to a Union or a Central Bank which is in a position to form an independent judgment on the facts before it, and observes that in other cases the societies should estimate (a) the amount needed by them for current agricultural purposes and (b) the amount needed for the redemption of old debts and land improvement, and that the maximum credit of new societies outside Union areas would be (a) with a small portion of (b) and would be raised generally as the society improved until it becomes (a) plus (b). These views meet with the approval of the Governor in Council.

5. *Recommendation No. 51—(Transfer to the Central Bank of deposits which the societies are unable to use in loans to members).*—The Governor in Council accepts this recommendation subject to the proviso proposed by the Registrar that in facts where there are Unions but no Central Bank, the Union Committee may be authorised to arrange for the direct transfer of unused deposits from one primary society to any other neighbouring primary society that may require them.

6. *Recommendation No. 59—(Fixing of a maximum normal credit for each member).*—The Registrar states that the first clause of this recommendation regarding the fixing of the maximum normal credit for each member is acceptable and is being introduced as quickly as possible. Mr. Ewbank, however, observes that the second clause prohibiting the grant of loans in excess of the limit without reference to the general meeting is questionable, that a man's normal credit is determined in the light of the current requirements of his occupation and his character, that an honest agriculturalist might require loans to satisfy his other needs, and that in such cases he would have to endure the delay of a reference to the general meeting and the indignity of having his private affairs publicly discussed. Accordingly Mr. Ewbank considers that the limitation to individual loans contained in model by-laws 29, 30, 31 and 33 at page 41 of the Bombay Manual for Co-operative Societies is sufficient, and that the delay and unpopularity of the course recommended by the Committee outweigh its possible advantages. The Governor in Council concurs in the remarks made by the Registrar.

7. *Recommendation No. 67—(Period of loans for non-productive purposes not to exceed two years and for productive purposes may vary according to the object of the loan).*—The Governor in Council accepts this recommendation, subject to the Registrar's remark that if the redemption of old debts falls under the head "non-productive purpose" the limit of two years is impracticable in such cases.

8. *Recommendation No. 89—(Margin of interest to be kept as high as possible to ensure rapid growth of reserve fund)*—The Registrar observes that owing to the low rates of interest prevalent in Gujarat and the Konkan it would be hopeless to think of raising the lending rates in those tracts, but that it would be possible to arise the normal lending rates in the Deccan and the Southern Maratha Country. Mr. Ewbank adds that existing societies cannot be compelled to raise the rates already fixed in their by-laws, and proposes to take no action for the present beyond recommending that all new agricultural societies in the Deccan should fix $12\frac{1}{2}$ per cent as the normal lending rate recognised in their by-laws. The views expressed by the Registrar are accepted.

9. *Recommendation No. 95—(Designation of Auditors.)*—The Registrar suggests that auditors on Rs. 150 and over should in future be known as senior Government auditors and those on Rs. 100 and over as junior Government auditors, and that inspectors and any other officers under Rs. 100 maintained by Government and authorised under any conditions to make an audit should be called sub-auditors, the term "supervisor" being confined to persons employed by Unions in a supervisory capacity, and auditors whose pay is met by Unions or societies being designated as "auditors." These suggestions are approved.

10. *Recommendation No. 96—(Two controlling officers each province)*—The views of this Government on the subject have already been communicated to the Government of India in paragraphs 7-8 of letter No. 9883, dated 16th September 1915.

11. *Recommendation No. 98—(Inquiry into all circumstances determining the general position of a Society.)*—The Registrar accepts the suggestion made by Committee on this point in paragraph 91 of their Report with one exception, *viz.*, the Committee's view that the valuation of assets and liabilities referred to in section 17 (2) of the Co-operative Societies Act should include not only the preparation of a balance sheet showing assets and liabilities of the society as such, but also the annual preparation or revision of a list of the material assets and debts of each individual member. Mr. Ewbank thinks that under the Act it was never intended to impose on the auditor the gigantic task of valuing the assets and liabilities of every single member, and he proposes not to include this valuation in the revised form of audit memorandum. He adds that the preparation of such a list is one of the duties which he hopes to get Unions to undertake and that the checking of such lists will be left to the Special Mamlatdars of whom one or two will have to be maintained by the Central Bank for the purpose. The Governor in Council concurs in the remarks made by Mr. Ewbank.

12. *Recommendations Nos. 100-101—(Appointment of auditors by Government and by Societies)*—The Committee intends that all primary societies should be audited once a year by a staff maintained by themselves and that the Government auditor should confine himself to making a super-audit over and above the primary audit. The Registrar, however, thinks that the sudden introduction of so costly a change is impossible, and observes that all the larger Urban Societies and several of the smaller ones are already bearing the whole cost of their own audit and that it may be taken as settled for the future that all Central or larger Urban Societies with a working capital exceeding Rs. 50,000 will pay for their audit. Mr. Ewbank adds that if in addition to the contribution which these societies are expected to give towards the expenses of the Union supervisor they are asked to contribute a substantial amount towards the expenses of the audit, it will mean a very serious retardation of the process of building up reserves, while if the contribution is levied on a very small scale the proceeds will not be sufficient to secure a competent auditor. The members of the Departmental Co-operative Conference held at Poona in March 1916 have unanimously expressed the opinion that the time has not yet come when societies should be called on to bear the cost of their own audit and have observed that the free Government audit is a most important privilege and that its withdrawal will make progress more difficult in future. The conference have passed a resolution urging on Government the necessity of continuing for some time longer to provide the funds for the audit of all primary societies with unlimited liability and also of all primary societies with limited liability but with a capital of less

than Rs. 50,000 for the first five years of their existence and afterwards on a graduated scale. The resolution of the Conference is supported by the Registrar of Co-operative Societies and the Director of Agriculture and of Co-operative Societies, and meets with the approval of the Governor in Council.

13. *Recommendation No. 105—(Provision of staff by societies for their own supervision).*—The Registrar states that up to the present time supervision of co-operative societies in this presidency has been mainly carried out by Honorary Organisers whose travelling expenses are borne by Government, and by the inspectors and other members of his own staff, and concurs with the Committee in considering that the time has come to require societies to combine for the purpose of mutual supervision and of maintaining their own supervising staff. Mr. Ewbank observes that local Guaranteeing Unions which he proposes to start will levy a rate from the constituent societies for the purpose of maintaining a paid secretary (Union supervisor) whose duty it will be to train members of the Union Societies, but that it is not proposed to reduce the staff of Honorary Organisers as they will still be required for supervising remote societies not including in any Unions and that as Unions multiply the official staff will cease to concern itself with purely supervisional work except in so far as it is implied in the process of audit. The remarks made by the Registrar are approved.

14. *Recommendation No. 112—(Area served by a Central Bank).*—The Registrar states that the average size and capital of village societies are much larger in this Presidency than elsewhere and that the number of societies (200 to 250 to be served by a Central Bank proposed by the Committee is much too high, and observes that in starting a Central Bank its range should be determined not by the number of client societies but by its probable turn over and that as long as the estimated margin of profit is sufficient to maintain a competent staff as well as to pay a fair dividend the establishment of a Bank may be permitted. The opinion expressed by Mr. Ewbank is approved by the Governor in Council.

15. *Recommendation No. 120—(All shares in a Central Bank to be preferably on one footing).*—The Governor in Council accepts this recommendation subject to the proviso that in forming new Central Banks preference shares should be allowed whenever the promoters wish it.

16. *Recommendation No. 123—(Limit to number of votes of a shareholder in Central Bank).*—The Registrar considers this recommendation to be unreasonable, and observes that it is not only natural but desirable that a person who has a larger stake in a bank should be given a larger share in its control and that the voting power should be so graduated that a single member or a small group of members cannot obtain a dominating voice in the management thereof. Mr. Ewbank observes that there is nothing unco-operative in allowing a man who have more than one share to have more than one vote and that it is in accordance with continental practice. The Governor in Council accepts the views expressed by the Registrar.

17. *Recommendations Nos. 128, 129 and 131—(Opening of current accounts and savings accounts and period of deposits).*—The Registrar states that according to paragraph 82 of the Committee's Report primary societies which take deposits and utilise them in their own business must maintain fluid resource under conditions similar to those suggested for Central Banks or must enter into arrangements with these Banks under which the latter will provide this resource for them, and that paragraph 155 requires Central Banks to cover the whole amount accepted on current deposit with fluid resources and 75 per cent of the amount held as savings deposits and in addition to maintain as fluid resource a sum sufficient to meet half the fixed deposits falling due during the ensuing year, on the assumption that no fresh deposits are received and no repayments of loans are made. Mr. Ewbank states that as soon as the nature of this recommendation was understood in this Presidency it evoked the most vigorous protest and that the Departmental Co-operative Conference recently held at Poona unanimously resolved that no definite standard could be laid down for the amount of fluid resource to be maintained by Central Banks, that it should

depend on the nature of the deposits and that the standard laid down by the Committee was impossible. As regards primary agricultural societies the Registrar states that practically all deposits accepted by such societies are fixed for one year and that the whole amount in this Presidency matures for repayment in the course of the year, but that the Committee, ruling out all expectation of renewals, recoveries of loans and receipt of new loans and deposits, requires that half of this total amount should be maintained as fluid resource. Mr. Ewbank adds that the sum which in this way would have been withdrawn from the societies' business and either deposited in a Bank or invested in Government Promissory Notes during 1914-15 would have been very large, and that as there are not yet any District Central Banks to provide cash credits for primary societies there would be no alternative to the withdrawal and separate investment of this enormous sum. Accordingly he urges that while the restrictions on current and savings bank accounts should be accepted, the standard of fluid resource for all other deposits should be rejected, that deposits should be fixed and should be local and genuinely co-operative in character, that sudden rushes are impossible and times of scarcity can always be foreseen, and that at most societies might be required to arrange that three-fourths of their deposits should fall due for repayment during the harvest months, but that to require them to make any substantial separate investment would drive the majority of them into bankruptcy. With regard to primary non-Agricultural societies the Registrar states that the objections taken by him in the case of primary agricultural societies apply also to unlimited societies for artisans and mill-hands with almost equal force, but that limited liability societies are on an entirely different footing and that in their case a fluid resource is necessary but that it is doubtful whether the mechanical standards suggested by the Committee is suitable for them. Consequently, while recognising the need of fluid resource in People's Banks, Mr. Ewbank opposes the adoption of the standard recommended by the Committee, and suggests that the best course for the present would be for Government to prescribe the use of the quarterly financial statement in the case of all limited liability societies with a working capital exceeding Rs. 30,000 as well as in the case of Central Banks, that whenever Government notice an apparently dangerous discrepancy between estimated receipts and liabilities it will be in a position to enquire what special circumstances justify the state of affairs and if necessary to insist on reform. Mr. Ewbank adds that he cannot exaggerate the danger which would attend a rigid imposition of a fixed general standard for all societies, and that if Government insist on fixing a standard it may be fixed separately for each society with due regard to the conditions of its business. As regards Central Banks Mr. Ewbank observes that no hard-and-fast standard of fluid resource need be insisted upon in the case of these Banks and that the use of the quarterly financial statement will for the present be a sufficient safeguard. The Director of Agriculture and of Co-operative Societies observes that it is most unfortunate that on the technical subject of "fluid resource" on which practical guidance was needed the Committee should have felt themselves impelled by a sense of caution to prescribe rules which are impracticable, and that in view of the opinion expressed by the Director of the Bombay Central Co-operative Bank and the recent Departmental Co-operative Conference the Committee's proposals under this head are unworkable. The Governor in Council accepts the views expressed by the Registrar and the Director of Agriculture and of Co-operative Societies. Subject to these remarks the Governor in Council accepts recommendations Nos. 128, 129 and 131.

18. *Recommendation No. 132—(To meet all charges entailed by the Committee's recommendations Central Banks require a 3 per cent margin and Primary Societies the same).*—The Registrar considers that this recommendation is unduly dogmatic, and states that the necessary margin of profit must depend on the volume of business, that in this Presidency the average margin would be $1\frac{1}{2}$ per cent, that there is no possibility of altering this fact without falling back on Government guaranteed debentures, and that nothing seems to be gained by asserting *a priori* that its minimum working margin of interest should be 3 per cent. The Director of Agriculture and of Co-operative Societies observes that this recommendation is unsuitable to local conditions, and this view meets with the approval of the Governor in Council.

19. *Recommendation No. 143—(Loans should be sanctioned as far as possible all together at one or two main seasons in the year).*—The Registrar considers that this recommendation is thoroughly unsound, and observes that it is most unlikely that desposits will be received or will fall due for repayment at one or two main seasons of the year, that it would be impossible for a Bank deliberately to keep the deposit money it received idle in hand until one of the main seasons arrives if it has already received a suitable application for a loan and that it is one of the first principles of Banks to spread liabilities and to arrange business so that loans shall constantly be maturing. These views are accepted by the Governor in Council.

20. *Recommendation No. 147—(Security taken from a borrowing society should ordinarily be a pro-note. Shares held by societies in Central Banks should not be accepted as security for a loan, though deposits may be).*—As regards the first part of this recommendation, the Registrar states that the promissory notes will be of no more use than bonds. The Committee seems to believe that the notes would be negotiable in the outside market but the Directors of the Central Co-operative Bank have ascertained that the Bank of Bombay will not discount such notes of rural Co-operative Societies even if backed by their Bank, and that there is consequently no advantage in introducing these notes until some agency is found to discount agricultural paper. These views are accepted by the Governor in Council, who approves of the second part of the Committee's recommendation.

21. *Recommendation No. 149—(Money recovered from members should be at once available for repayment by a society to a Central Bank. The Central Bank should supervise recoveries but need not prepare lists of overdue loans).*—The Registrar observes that this recommendation is more applicable to provinces where rural societies depend almost wholly on Central Banks for their finance than to this Presidency where local deposits form a considerable proportion of the total funds. Mr. Ewbank thinks that the system recommended would not act as a check on the genuineness of recoveries and that it is more convenient for a Central Bank to be able to calculate its incomings according to fixed due dates than to have them trickling in according to the convenience of its debtors. He adds that the sense of a fixed instalment due on a certain date tends to keep societies up to the mark. The opinion expressed by the Registrar is accepted.

22. *Recommendations Nos. 151, 153, 155 and 156—(Fluid resource of Societies).*—The Governor in Council accepts the Registrar's opinion that these recommendations should be rejected for the reasons mentioned in paragraph 17 above.

23. *Recommendation No. 154—(Fluid resource only to be utilized when other sources fail).*—The Registrar states that this recommendation is very vague and that it is by no means clear under what conditions a society would be justified in falling back on its fluid resource and what legal restrictions should be imposed by rule in its use. The Registrar's view is accepted.

24. *Recommendation No. 158—(Calculation of net profits for purposes of distribution by Central Banks).*—The Governor in Council concurs with the Registrar in considering that this recommendation does not seem to have been carried into effect by the Committee itself, and that in the new Profit and Loss annual statement for Central Banks column 3 should have been subdivided in order to comply with this proposal.

25. *Recommendation No. 159—(Provision of contingent or bad debt fund).*—This recommendation is accepted subject to the alteration that the word "minimum" should be substituted for "maximum" in it.

26. The Registrar states that the Committee's recommendations with regard to Provincial Banks are scarcely applicable to this Presidency, since a Provincial Bank is already in existence with the constitution defined in an agreement with the Secretary of State and not alterable without the sanction of both the contracting parties, and that as the Bombay Central Co-operative Bank has been highly successful in securing the main object of co-operative organization, *viz.*, bringing money at reasonable terms within the reach of the agriculturist, it

would be a mistake to alienate the goodwill of the Directors on the ground that it does not altogether answer to the abstract ideal of a Provincial Bank as conceived by the Committee. The Governor in Council concurs in the remarks made by the Registrar.

27. *Recommendations Nos. 157-168—(Representatives of Societies and Central Banks in the management of a Provincial Bank).*—The Registrar states that recommendation No. 167 is crucial, and observes that 14,000 shares of Rs. 50 each have been subscribed in the Bombay Central Co-operative Bank by 871 shareholders of whom 865 are individuals and that he is moving all well managed primary societies gradually to take shares in the Bank, but that it will be a very long time before they can buy enough shares to give them any substantial shares in the control thereof. Mr. Ewbank adds that the Directors have met the proposals of the Committee in the most reasonable manner and have not only elected Mr. G. K. Devdhar on the Board as a representative of co-operative societies but also have expressed their willingness to admit other suitable representatives as the interest of societies in the share capital of the Bank increases. The Governor in Council concurs with the Registrar in considering that nothing more can be done in respect of these recommendations.

28. *Recommendation No. 169—(Shares should ordinarily be of one class).*—The Governor in Council accepts the Registrar's opinion that this recommendation is out of the question, as debentures have already been issued by the Bombay Central Co-operative Bank.

29. *Recommendation No. 175—(Fluid resource of Provincial Banks).*—The Registrar states that according to this recommendation the Bombay Central Co-operative Bank would have to hold more than seven lakhs in liquid form and this without considering the needs of non-agricultural societies for fluid resource. Mr. Ewbank adds if this could be arranged by a cash credit, the plan might be feasible, but as the assets of the Bank are mortgaged to the debenture-holders under a Trust Deed no joint Stock Bank will open a cash credit in its favour, that the Directors are also unable to arrange a cash credit based on the discounting of agricultural promissory notes and that there seems no alternative to the unprofitable system of separate investment. He adds that the capital of the Bank itself consists chiefly of non-withdrawable shares and debentures and that the amount of fluid resource that it would require for itself would be small but that if it were agreed that no fixed standard of fluid resource should be imposed on primary societies or Central Banks this recommendation may be accepted. The Governor in Council accepts the views expressed by the Registrar.

30. *Recommendation No. 178—(Audit of accounts by a Chartered or Incorporated Accountant).*—The Governor in Council concurs with the Registrar in considering that the special expert accountant maintained under him at present by the big societies at their own expense may continue to make the audit for the present.

31. *Recommendation No. 180—(Payment to Sub-Registrars on account of loss caused to them by the exemption of Co-operative Societies from Registration fees).*—In this Presidency Sub-Registrars are no longer paid by fees, and the question, raised by this recommendation does not therefore arise.

32. *Recommendations Nos. 183, 184, 185 and 187—(Relation of Government servants with Co-operative Societies).*—The Governor in Council considers that the orders already passed on this subject are sufficient (*vide* paragraph 9 of Government Resolution No. 2305, dated 29th February 1916, of which a copy is appended).

33. *Recommendations Nos. 194-195—Appointment of a Development Commissioner in this Presidency.*—The views of the Governor in Council on this recommendation have already been communicated to the Government of India (*vide* paragraph 5 of the letter to the Government of India No. 9883, dated 16th September 1915).

34. *Recommendation No. 196—(Proposal to empower Registrars to rescind any resolution or act of any Officer, Committee or Society dealing with controversial opinions of a political or religious character).*—This recommendation is separately under consideration and the views of this Government will be communicated to the Government of India in due course.

35. *Recommendation No. 197—(Appointment of an expert Co-operative Adviser with the Government of India.)*—The Registrar observes that this is an attempt to enforce centralisation by means of an officer who would virtually be an Inspector General in exactly the manner which the Decentralization Commission strongly deprecated, that no movement depends more on local men, local conditions and the direct personal factor than co-operation, and that he can conceive no Department which is so obviously a field for Provincial as opposed to Imperial control. The Commissioner in Sind sees no objection to the adoption of this recommendation provided that the duties of the officer are confined to a study of the progress and the peculiar conditions of the co-operative movement in the various provinces and to an examination of the financial and economic conditions of the Co-operative Banks. Mr. Lucas, however, adds that the special officer should not exercise any control over the Registrar's action or fetter the discretion of the Provincial Government though he should be able to offer general advice both to the Supreme and Local Governments as a result of his observations. The Governor in Council entirely concurs in the opinion expressed by the Registrar. No objection can of course be taken to the Government of India appointing an officer to advise them on questions arising out of the co-operative movement, but the suggestion in paragraph 203 of the Committee's Report goes much beyond this and would entail, in the advice which it is proposed that he should offer to the Local Government, the risk of interference and friction with the Local Government and with the work of the Registrar.

36. As regards the Committee's recommendations classified as (a), I am to forward, for the information of the Government of India, copies of Government Resolution No. 2305, dated 29th February 1916, and Government Orders No. 6400, dated 27th June 1916, No. 7718, dated 8th August 1916, and No. 8694, dated 6th September 1916, containing the orders passed by this Government on the subject.

37. In conclusion, I am to add that the recommendations of the Committee form a very valuable collection of principles, which will guide Local Governments in drawing up local rules from time to time, but that so far as the Bombay Presidency is concerned it would be a mistaken policy to force matters by prescribing rules based on those recommendations for which Co-operative Societies in this Presidency are not ready or which might be found unsuitable for local peculiarities. The Governor in Council accordingly deprecates the embodiment of the Committee's recommendations in any general orders for the guidance of the Local Co-operative Department.

Co-operative Societies.

Resolution passed by the Government of India on the recommendations of the Committee on Co-operation in India, 1915.

GOVERNMENT OF BOMBAY.

REVENUE DEPARTMENT.

Resolution No. 2305.

Bombay Castle, the 29th February 1916.

Resolution of the Government of India, Department of Revenue and Agriculture, No. 2-C-155-16, dated 4th January 1916.

RESOLUTION.—The Resolution of the Government of India on the recommendations of the Committee on Co-operation in India should be circulated to the officers concerned for information, with reference to Government Resolution No. 9913, dated 15th October 1914.

2. *Recommendations under Class (a).*—The Director of Agriculture and of Co-operative Societies should be requested to report after consulting such officers as he may consider necessary, whether there is any objection to the immediate adoption of these recommendations as proposed by the Government of India.

3. As regards recommendations Nos. 5, 6 and 7 (Cattle Insurance Societies), the attention of the Director should be invited to paragraph 5 of Government Resolution No. 793, dated 26th January 1914, and paragraph 3 of Government Resolution No. 5514, dated 17th May 1915, and he should be requested to submit as early as possible his report regarding the question whether cattle insurance could be undertaken in this Presidency. The Director should also be requested to embody in that report his remarks on recommendation No. 8 on the subject of a central cattle re-insurance society.

4. *Recommendation No. 30—Appointment of Village Accountants or Schoolmasters as Secretaries to Co-operative Societies*—The Director should be referred to Government Order No. 2085, dated 22nd February 1916, from which it will be seen that the Government of India have already sanctioned the payment from the funds of Co-operative Societies or Notified Area Committees of an allowance not exceeding Rs. 5 a month to any village officer or other subordinate officer of Government who may be appointed to perform the clerical work of a Co-operative Society or a Notified Area Committee.

5. *Recommendation No. 84—Rules for referring disputes to arbitration.*—Government have already passed rules to enable disputes between societies and their members to be referred to arbitration (*vide* Government Resolution No. 508, dated 18th January 1915).

6. *Recommendation No. 85.*—No. 9 of the rules prescribed in Government Resolution No. 598, dated 18th January 1915, provides for the execution of the decision of the Registrar or the awards of arbitrators in the same manner as a decree of a Civil Court. Orders will be issued separately as regards the latter part of this recommendation, *viz.*, that a resumé of the provisions of the law dealing with the recovery of agricultural debts might be supplied to Civil Courts and Societies, and that Courts might be instructed in the absence of special reasons not to use their discretionary power to reduce a society's ordinary lending rate.

7. *Recommendation No. 192—Training of Assistant Collectors in co-operation.*—A Manual for Co-operative Societies in this presidency prepared by Mr. Ewbank has been published and the attention of district officers has already been drawn in general terms to the importance of the co-operative movement and the responsibilities which it entails (*vide* paragraph 3 of Government Resolution No. 6943, dated 25th July 1914). The Director should be requested to favour Government with his remarks on paragraph 196 of the Committee's report.

8. *Recommendation No. 198.*—The Committee observe that though securities are not trust funds this legal limitation would not presumably prevent the use of Court of Wards funds for assisting societies constituted for the benefit of the ward's estate or its tenantry. The Director should be informed that the question of investing surplus funds of a ward's estate otherwise than in accordance with Section 20 of the Indian Trusts Act has been fully discussed in the correspondence underlying Government Resolutions No. 4845, dated 25th May 1914, and No. 2736, dated 6th March 1915, and that Government cannot depart from the position already taken up.

9. *Recommendations under class (b).*—The Commissioner in Sind and the Director of Agriculture and of Co-operative Societies should be requested to submit to Government their reports on these recommendations by 31st May 1916. These reports need contain no reference to the subjects dealt with in

(I) Recommendation No. 96 (two controlling officers for each province and a Registrar or Joint Registrar for every 1,000 or fraction of 1,000 societies), (II) Nos. 183, 184, 185 and 187 (relation of Government Servants with Co-operative Societies) and (III) Nos. 194 and 195 (appointment of a Development Commissioner for each province). As regards (I), this Government have already intimated to the Government of India that they are opposed to the appointment of a Joint Registrar and that *prima facie* the title imports notions of divided responsibility which must be detrimental to efficiency and in such matters as the organization of the chain of banks contemplated by the Committee might seriously interfere with progress. Regarding (II) the attention of the officers concerned would be invited to the orders passed in Government Resolutions No. 11723, dated 18th December 1911, No. 7176, dated 1st August 1914, and No. 58, dated 5th January 1915. With reference to (III), this Government have already expressed the opinion that while it is possible that at some future date there may be scope for the energies of a Development Commissioner in this Presidency, at present there is not: that the sum necessary for the upkeep of such a highly paid officer and his establishment could not be conveniently spared from Provincial Funds, and that for the present nothing is to be gained by interposing a new officer between Government on the one hand and the heads of the Departments of Co-operation and Agriculture on the other.

J. A. POPE,

Under Secretary to Government.

G.R. No. 2305-R.D., dated 29th February 1916.

To

The Commissioner in Sind.

The Commissioner, N. D.

The Commissioner, C. D.

The Commissioner, S. D.

All Collectors, including the Deputy Commissioner, Upper Sind Frontier.

The Director of Agriculture and Co-operative Societies.

The Registrar of Co-operative Societies.

The Superintendent of Land Records and Registration in Sind.

The Talukdari Settlement Officer.

The Manager, Encumbered Estates in Sind.

The Accountant General.

The General Department of the Secretariat.

The Educational Department of the Secretariat.

The Financial Department of the Secretariat.

The Judicial Department of the Secretariat.

No. _____ of 1916.

Copy forwarded for information and guidance to _____

Co-operative Societies.

Remarks on the recommendations under class (a) made by the Committee on Co-operation in India.

GOVERNMENT OF BOMBAY.

REVENUE DEPARTMENT

Order No. 6400.

Bombay Castle, 27th June 1916.

Letter* from the Director of Agriculture and of Co-operative Societies No. A.—3340, dated 15th April 1916.

ORDER.—The Governor in Council is pleased to direct that the recommendations of the Committee on Co-operation in India classified as (a) should be adopted subject to the remarks made by the Registrar of Co-operative Societies and the Director of Agriculture and of Co-operative Societies and to the orders contained in the following paragraphs.

2. *Recommendation No. 19.*—As it appears that there is no scope at present for mortgage associations in this Presidency, Government consider it unnecessary to take further action in this connection.

3. *Recommendation No. 20.*—The Registrar accepts the Committee's recommendation but observes that a change in the name of the Bombay Central Co-operative Bank will involve an alteration in the Bank's agreement with the Secretary of State. Government do not think it necessary to suggest any alteration in the name of the Bank.

4. *Recommendation No. 196.*—The Registrar states that a rule giving effect to this recommendation is being submitted to Government for approval. This recommendation has been classed under (b) by the Government of India and the matter will be considered along with Mr. Ewbank's report on the Committee's recommendations under this class.

5. The receipt of the rules which the Director promises in paragraph 4 of his letter is awaited.

6. Recommendations Nos. 30, 84, 85, 192 and 198 classed under (a) have already been disposed of by paragraphs 4, 5, 6, 7 and 8 of Government Resolution No. 2305, dated 29th February 1916.

J. A. POPE,

Under Secretary to Government.

To

The Commissioner in Sind.
 The Commissioner in N. D.
 The Commissioner, C. D.
 The Commissioner, S. D.
 All Collectors, including the Deputy Commissioner, Upper Sind Frontier.
 The Director of Agriculture and of Co-operative Societies.
 The Registrar of Co-operative Societies.
 The Superintendent of Land Records in Sind.
 The Talukdari Settlement Officer.
 The Manager, Incumbered Estates in Sind.
 The Accountant General.
 The General Department of the Secretariat.
 The Educational Department of the Secretariat.
 The Financial Department of the Secretariat.
 The Judicial Department of the Secretariat.

No. of 1916.

Copy forwarded for information and guidance to

Accompaniments to Government Order, Revenue Department,
No. 6400, dated 27th June 1916.

No. A-3340, dated 15th April 1916.

To—The Chief Secretary to Government, Revenue Department.

SIR,

With reference to paragraph 2 of Government Resolution No. 2305, dated 29th February 1916, I have the honour to forward herewith No. 2849, dated the 31st March 1916, from the Registrar, Co-operative Societies, on the subject. I have been carefully through the various points involved but have nothing to add to the Registrar's remarks. The majority of the recommendations under class (a) are couched in general and qualifying terms, which admit of the exercise of discretion on the part of the Registrar.

2. It will be noted that there are only two positive recommendations with which he disagrees, viz., Nos. 23 and 79. I agree with him that it would be prejudicial to us to limit the number of members in a Society in large village to 100, and think that it will be a difficult matter for a Society to open cash credits with its members, though this may be an ideal to aim at in the future.

3. Subject to disagreement on these two points I think that we may accept the general principles of the recommendations under class (a).

4. The recommendations referred to in the last paragraph of the Registrar's letter will follow.

I have, etc.,

G. F. KEATINGE,

Director of Agriculture and of Co-operative Societies.

No. 2849, dated 31st March 1916.

To—The Director of Agriculture and of Co-operative Societies, Bombay Presidency, Poona.

SIR,

With reference to paragraph 2 of Government Resolution No. 2305, dated February 29th, 1916, Revenue Department, I have the honour to submit that there is, in my opinion, no objection to the immediate adoption of all the recommendations of the Committee on co-operation classified as (a) subject to the following exceptions:—

- (1) *Recommendations (5), (6) and (7).*—Model by-laws for cattle insurance together with an explanatory leaflet were drawn up by me at Simla in consultation with Mr. English and have been circulated. There has been no response as yet and no action was taken during my absence. I will in the course of the next 6 months take steps to have one or two societies started experimentally, and will then be able to report with more certainty on their usefulness. Until 30 or 40 of such societies come into existence, a re-insurance society is evidently out of the question.
- (2) *Recommendation 9.*—Hail is not a frequent cause of damage to crops in this Presidency and hail insurance is not advocated by me or any of my staff.

- (3) *Recommendation 19.*—As far as I know, there is no demand for mortgage associations in this Presidency. They would only be of use in tracts where most of the land is in the hands of big Zamindars. Perhaps, however, the Talukdari Settlement Officer and the Manager of the Sind Incumbered Estates might be consulted. Professor Muller has undertaken to start a society of this type among the big landlords of Bombay after the war is over, if conditions prove favourable.
- (4) *Recommendation 20.*—Accepted, but a change in the name of the Bombay Central Co-operative Bank will involve an alteration in the Bank's agreement with the Secretary of State.
- (5) *Recommendation 23.*—In this Presidency this principle conflicts with that laid down in recommendation 22, "one society to one village." Villages in the Southern Division and in Gujarat are often much larger than in most other parts of India. When the population amounts to four or five thousand, it is necessary either to raise the maximum membership above 100 or to have more than one society in a village. As a village with a population not exceeding (say) 5,000 is a very real unit, it seems a mistake to break it up into several, possibly jarring, societies. It is proposed therefore not to insist strictly on a maximum of 100 members, but to allow increases up to about 300, provided that sub-committees are appointed for special *wadas* and that the society does in fact retain a substantial unity based on the mutual acquaintance of the members.
- (6) *Recommendation 35.*—This provision will be embodied in the model by-laws when next they are revised.
- (7) *Recommendation 38.*—The share system has been rejected in this Presidency for the following reasons which seem sufficient :—
- (a) The so-called shares are not shares in the true sense. They do not serve as the guarantee-fund on which deposits are secured. The term loses its natural meaning and misleads the public, when " shares " are found in a society based on joint unlimited liability.
- (b) They imply a division of profits contrary to the letter and spirit of section 33 of the Act.
- (c) In Burma, United Provinces, and the Punjab, where they are mostly in vogue, they are withdrawable in lump after 10 years. This period has not yet terminated anywhere ; but when it does, the wholesale withdrawal of shares with accumulated profits is quite possible and may ruin the societies.
- (d) Shares are not infrequently obtained by nominal deduction from loans advanced to members, and therefore tend to the creation of fictitious accounts. Attempts therefore will be made to build up owned capital not by shares but by working on as wide margins as possible. The success of this policy will however largely depend on the amount of the contribution which Government may require societies to make towards the expenses of supervision and audit.
- (8) *Recommendation 44.*—I am unable to understand the logic of this suggestion. Rates which are sufficient to attract the timid outside investor ought *a fortiori* to be sufficient for the member who is on the spot and capable of watching over the use made of his money by the society. The society wants to build up its owned capital by keeping as wide a margin as possible on its dealings, and cannot afford to let any preferential margin stick to the fingers of its own members. If members cannot be induced to deposit at $6\frac{1}{4}$ per cent, they are not likely to be much tempted by $6\frac{3}{4}$ per cent, the highest rate which societies can afford to pay to depositors.

- (9) *Recommendation 79.*—This is not a plan that is likely to be welcomed in this Presidency. Its general adoption would deprive managing Committees of the most important power of deciding what loan is reasonable for a particular purpose and what period is necessary for repayment. They would divest themselves of their right of watching over the use to which an advance was put, and would have to keep large cash reserves lying idle on hand unprofitably to meet drawals on cash credit accounts. Cash credits from Central Banks to primary societies would be of the greatest possible use and are already being gradually introduced; but from primary societies to individual members they are strongly to be deprecated.
- (10) *Recommendation 83.*—Accepted, but insistence on a proper relation between money recovered from members and money remitted to a Central Bank would only act as an efficient check in those provinces where practically the whole of the capital of primary societies is derived from Central Banks. In Bombay, they only derive half their capital from the Central Bank and might therefore make fictitious adjustments to a large extent without being checked in this way.
- (11) *Recommendation 106.*—A rule giving effect to this recommendation is being submitted to Government for approval. When it is published in the Gazette under section 43 (4) of the Act, it will be seen whether it provokes any opposition. I do not myself anticipate that it will.

2. The majority of the recommendations classified as (a) require no definite action from Government. The Registrar will be able gradually to give effect to them in the course of the ordinary administration of the Department. On certain points new rules will be required under the Act, and recommendations for the publication of such rules have already been submitted to you under this office No. 2805, dated 31st March 1916.

I have, etc.,

R. B. EW BANK,

Registrar of Co-operative Societies, Bombay Presidency.

Co-operative Societies.

Proposal to prepare a resumé of the law relating to the recovery of agricultural debts.

GOVERNMENT OF BOMBAY.

REVENUE DEPARTMENT.

Order No. 7718.

Bombay Castle, 8th August 1916.

Read again paragraph 6 of Government Resolution No. 2305, dated 29th February 1916, regarding the latter part of recommendation No. 85 made by the Committee on Co-operation in India, *viz.*, that a resumé of the provisions of the law dealing with the recovery of agricultural debts might be supplied to Civil Courts and Co-operative Societies and that Courts might be instructed in the absence of special reasons not to use their discretionary power to reduce a society's ordinary lending rate.

ORDER.—The Governor in Council considers that a mere resumé of the law of recovery of debts from agriculturists would not be of any practical use to an

agriculturist ignorant of law or to the Courts who have to administer the law, and that it is not desirable to issue instructions to Courts which would appear to interfere with the discretionary power vested in them by law regarding the law of interest which may be decreed by them.

A. F. L. BRAYNE,

Under Secretary to Government.

To

The Commissioner in Sind.

The Commissioner, N. D.

The Commissioner, C. D.

The Commissioner, S. D.

All Collectors, including the Deputy Commissioner, Upper Sind Frontier.

The Director of Agriculture and of Co-operative Societies.

The Registrar of Co-operative Societies.

The Superintendent of Land Records in Sind.

The Talukdari Settlement Officer

The Manager, Encumbered Estates in Sind.

The Accountant General

The Remembrancer of Legal Affairs.

The Judicial Department of the Secretariat.

No. of 1916.

Copy forwarded for information and guidance to—

Co-operative Societies.

- Arrangements for giving instruction to young Civilians in co-operative matters.

GOVERNMENT OF BOMBAY.

REVENUE DEPARTMENT.

Order No. 8694.

Bombay Castle, 6th September 1916.

Read again paragraph 7 of Government Resolution No. 2305, dated 29th February 1916 regarding recommendation No. 192 made by the Committee on Co-operation in India, *viz.*, that Assistant Collectors, while under training for survey, etc., should be taken to visit a few typical societies with competent instructors, that the Collector should take his Assistants with him when inspecting Co-operative Societies on tour, and that the Registrar should invite officers of the districts to accompany him on inspection.

Copy of paragraph 5 of the letter from the Director of Agriculture and of Co-operative Societies on the recommendations of the Committee on Co-operation in India classified as (b), No. 4970, dated 9th June 1916:—

“5. As regards paragraph 7 of Government Resolution No. 2305, dated 29th February 1916, the Registrar is willing to give some general instruction in co-operative matters to the Class of young Civilians that is to be held biennially (*vide* Government Resolution No. 9020, dated 23rd August 1915, Revenue Department) and it will be desirable for them to read chapters 1—5 and appendix 1 of the Manual for Co-operative Societies in the Bombay Presidency before they attend the Class. He will also do his best to interest district officers in the movement when he is on tour, as indeed he does at present.”

ORDER.—The proposals made by the Director of Agriculture and of Co-operative Societies are approved.

A. F. L. BRAYNE,

Under Secretary to Government.

To

The Commissioner in Sind.

The Commissioner, N. D.

The Commissioner, C. D.

The Commissioner, S. D.

All Collectors, including the Deputy Commissioner, Upper Sind Frontier.

The Director of Agriculture and of Co-operative Societies.

The Registrar of Co-operative Societies.

The Superintendent of Land Records in Sind.

The Talukdari Settlement Officer.

The Manager, Encumbered Estates in Sind.

The Accountant General

The Financial Department of the Secretariat.

No. of 1916.

Copy forwarded for information and guidance to—

No. 2260, dated Ootacamund, the 2nd October 1916.

From—The HON'BLE MR. J. P. BEDFORD, I.C.S., Acting Secretary to the Government of Madras, Revenue Department,

To—The Secretary to the Government of India, Department of Revenue and Agriculture.

With reference to Resolution No. 2 C.-155-16 of the Government of India, dated 4th January 1916, I am directed to

Miscellaneous.

state that His Excellency the Governor in Council is in general agreement with recommendations Nos. 51, 78, 89, 94, 97, 98, 99, 103, 104, 114, 115, 120, 121, 123, 124, 125, 126, 129, 130, 133 to 137, 142, 146, 147, 149, 150, 156 to 158, 161, 164 to 174, 176 to 178, 181 to 184, 186 and 190 contained in Appendix III of the Report of the Committee on Co-operation in India, and to transmit the following remarks in regard to the committee's other recommendations.

2. *Recommendation No. 8.*—There are no cattle insurance societies as yet in the Madras Presidency, nor is there any immediate prospect of many societies of the kind being formed. The Registrar has, however, been instructed to give special attention to the matter and to report in due course the result of his endeavours to organize such societies in selected areas. For the present, His Excellency in Council would prefer to defer any expression of opinion as to the formation of a central cattle re-insurance society.

3. *Recommendation No. 12.*—The Agricultural Department has been assisting societies formed for the distribution of improved seed and implements; such societies are under the direct control of the Registrar of Co-operation. The committee's recommendations on this subject are under consideration.

4. *Recommendation No. 18.*—The question of giving special encouragement to societies formed for the benefit of the poorer urban classes is likewise under the consideration of this Government. Up to date twenty-nine societies have been started for the benefit of these classes, including societies organised by certain Municipal Councils for the benefit of their scavengers.

5. *Recommendations Nos. 50, 58 and 59.*—In this Presidency a limit to borrowing power is fixed by means of by-laws framed at the time of the registration of each society. The limit is fixed with reference to the valuation statement alluded to in paragraph 141 of the Committee's report and is generally found sufficient for the first few years. Alterations can only be effected by means of a resolution of the general body of members; this matter is dealt with when need arises, not annually.

His Excellency in Council fears that the result of insistence on an annual revision of limits would be to make the members fix an unduly high limit, in order to meet all possible demands, the general body of the society not being in a position to forecast requirements for the year with any approach to certainty. In fact, the provision might well defeat its own object, as annual scrutiny would tend to become a mere formality. Cases in which panchayatdars misuse their powers in respect of taking loans [paragraph 59 (b) of the Committee's report] are dealt with in this Presidency either by cancellation of registry or by by-laws making loans to panchayatdars and their relations subject to sanction by the general body.

The same objections do not apply to the proposal to require a central bank or union to fix annually the maximum borrowing power of the societies which are its clients, there being much less tendency for the procedure to become an empty form in this case and but little temptation for a central bank or union to take the highest possible figure as a maximum.

6. *Recommendation No. 67.*—The by-laws of almost all the societies have been revised so as to make it obligatory on the panchayat or other authority granting a loan to fix in the bond itself the instalments of repayment, the terms being determined with reference to the borrower's means of repayment and the purpose for which he requires the loan. The Registrar had already been instructed to discontinue the practice of granting extensions of time for repayment. Long and short term loans have been systematized in the case of all recently registered societies in the manner indicated by the Committee. In this respect the by-laws of the Pakasala Co-operative Credit Society are typical, and I am directed to enclose a copy of them and to invite attention to by-laws 15 to 24. The Government of Madras observe that loans advanced for redeeming old debts are not classed as non-productive by the Committee. In this Presidency, five years or more are usually allowed for the repayment of loans of this description. Subject to this exception, the Government see no objection to the imposition of a two-years' limit in the case of loans advanced for non-productive purposes such as domestic or religious ceremonies or litigation; but they do not consider it necessary to frame by-laws on the subject in such minute detail as has been found desirable in Burma.

7. *Recommendation No. 80.*—Precautions are being taken to ensure punctuality in the repayment of loans; the accounts show clearly the extensions granted and the amount outstanding against each borrower (a) in respect of his own loans and (b) in respect of loans for which he is a surety. The Registrar has been asked to report on the desirability of introducing into this Presidency the system of accounts proposed in paragraph 74 of the Committee's report.

8. *Recommendation No. 88.*—So far as this Presidency is concerned, the Government do not consider it desirable that primary societies should be allowed to use their reserve funds in their ordinary business. The reserve constitutes their only item of fluid resource and is lodged with central banks, which are in a position to return it, in whole or in part, to the primary societies at a moment's notice; the continuance of this state of things seems essential as a means of enabling primary societies to meet unexpectedly heavy demands and also as a means of providing a readily available asset in the event of their insolvency.

9. *Recommendation No. 95.*—His Excellency the Governor in Council accepts the Committee's recommendation as regards the use of the expressions "Inspection" and "Enquiry" with reference to sections 35 and 36 of the Act, but, though audit is a part of the work of the Government staff, he would prefer to retain the designation "Inspector" in their case. The staff employed at the cost of societies can be styled "Supervisors."

10. *Recommendation No. 96.*—The co-operative movement (comprising at present about 1,800 societies) is under the general control of the Registrar, assisted by six Assistant Registrars, each of whom is in charge of one of the six sections into which the Presidency has been divided. The Government of Madras are of opinion that there is no need for the appointment of a joint Registrar at any rate for the present; a vacancy in the office of Registrar can be foreseen and the training of a successor arranged for, as need arises. They concur in the view that the controlling officers should be well versed in in the co-operative literature of all countries, but consider that a personal experience of European methods of co-operation, though no doubt valuable, is not essential. It seems unnecessary and undesirable to lay down hard and fast rules on this subject.

11. *Recommendations Nos. 100, 101 and 105.*—His Excellency in Council is in general agreement with the Committee's recommendations, but would observe that the margin of the societies' profits is not sufficient for the maintenance of two agencies, one for original annual audit and the other for supervision. In G. O. No. 233 Revenue, dated 3rd February 1916 (a copy of which was communicated to the Government of India with Mr. Todd's letter of 19th February 1916), the Government have gone as far as seems feasible in this direction at present, by deputing a staff of Government auditors to conduct an annual super-audit, the societies' staff of supervisors being left to supervise and to conduct the primary audit. The Registrar has been asked to draw up rules, in consultation with the central banks and unions concerned, assigning functions to the supervisors and to the Government auditors respectively. It appears to His Excellency in Council that propagandist activities in connection with the movement cannot safely or appropriately be entrusted to the societies' supervising staff, but should be included in the work of the Government staff; the existing primary societies have little or no incentive to increase their numbers, nor does it seem equitable that they should be called upon to finance work of this description.

Status and emoluments of the Government auditing staff.—The duties of the fifty-four inspectors consist in the annual audit and inspection of the existing societies and in the organization of new societies. The monthly pay of forty-nine of these inspectors ranges from Rs. 30 to 60; the other five are designated chief inspectors and paid from Rs. 60 to Rs. 150. The introduction of the scheme set forth in G. O. No. 233, Revenue, dated 3rd February 1916, referred to above may be expected to result in a considerable reduction in their numbers and to provide a fund for increasing their pay, in cases in which such an increase is found to be really necessary.

The Government of Madras concur with the Committee's view as to the desirability of allowing Government auditors a suitable recess and of deputing them to special work of an interesting character whenever an opportunity arises.

Non-Government auditing staff and the staff of supervisors.—With reference to G. O. No. 233, Revenue, dated 3rd February 1916, referred to above, the supervisory staff to be maintained by central banks and unions will be appointed and controlled by the banks themselves, the annual super-audit being conducted by Government auditors. His Excellency in Council sees no objection to the formation of a Provincial audit union, when the original annual audit devolves on societies themselves in the manner recommended by the Committee.

Audit and supervision fund.—Steps have already been taken in the direction indicated by the Committee in regard to the provision of funds for audit and supervision.

12. *Recommendation No. 102.*—The Committee's view that educational qualifications are not required at present seems to require modification with regard to the conditions of particular provinces. When there is a sufficient supply of educated candidates, there can presumably be no objection to Local Governments laying down such qualifications as they may find desirable.

CENTRAL BANKS.

13. *Recommendation No. 107.*—The subject of guaranteeing unions is under the consideration of this Government who would prefer to defer any expression of opinion on the subject.

14. *Recommendation No. 108.*—The general practice in this Presidency conforms to the Committee's recommendation. Central banks show great reluctance in helping limited liability societies, except to the extent of their paid-up share capital. When an apex bank is constituted for the Presidency, arrangements can be made for financing limited liability societies on a scale proportionate to the total security which they can offer.

15. *Recommendations Nos. 109-11.*—This Government concur with the Committee's views. One bank of the model type has lately been established.

16. *Recommendation No. 112.*—The jurisdiction of three of the central banks in this Presidency extends beyond the area of a single district. When one hundred societies have been registered in a district the practice is to enquire whether shares are likely to be taken up and, if the results of the enquiry are favourable, to open a Banking Union for the district. The Committee's recommendation will be kept in view.

17. *Recommendation No. 113.*—There are no guaranteeing unions in this Presidency, and His Excellency in Council agrees with the Committee in considering that the system of opening independent central banks in each district is to be preferred to that of organizing branches of the provincial bank, as giving persons interested in co-operation a better chance of taking a share in co-operative work and of acquiring experience.

18. *Recommendation No. 116.*—It is the practice in this Presidency to insist upon primary societies becoming shareholders of central banks only if they are represented in the management of the banks. With this reservation, the Government accept the Committee's recommendation.

19. *Recommendation No. 117.*—It seems desirable that the rules framed on this subject should be elastic; on this understanding and subject to the reservation mentioned in the preceding paragraph, the Government are in agreement with the Committee's recommendation.

20. *Recommendation No. 118.*—There are no book banks in this Presidency.

21. *Recommendation No. 119.*—In this Presidency a small affiliation or entrance fee is levied by central banks from primary societies, in order to cover initial expenses for books, forms and furniture. No inconvenience or hardship is caused thereby and no complaints have been received. His Excellency in Council does not consider that any change is called for in the present practice.

22. *Recommendation No. 122.*—The Government of Madras accept the Committee's recommendation, on the understanding that provision is made for the adequate representation of primary societies in the management of central banks.

23. *Recommendation No. 127.*—This matter has already been dealt with in paragraph 8 above in connection with recommendation No. 88.

24. *Recommendation No. 128.*—The matter is under consideration and His Excellency in Council would prefer to defer an immediate expression of opinion in regard to this recommendation.

25. *Recommendation No. 131.*—The result of the adoption of any hard and fast rule limiting the period within which loans must be repaid would be, as the Committee foresees, to prevent co-operative institutions from supplying funds for permanent improvements. His Excellency the Governor in Council is strongly opposed to the adoption of any such rule. He regards the supply of capital for permanent improvement as one of the main functions of the co-operative movement, and while recognizing the difficulty which it involves, he is not willing to assent to its abandonment without much further consideration and examination.

of the problem than has been possible as yet. In the opinion of this Government, the object in view should be, by the provision of reserves and other fluid resources, so to strengthen the central banks as to enable them to provide capital safely for permanent improvement and not to abandon this important branch of work and so force the agriculturist either to borrow from Government or (what is much more likely), from the sowcar. The Government share the Committee's view that too much reliance should not be placed on drawing accounts with joint stock banks.

26. *Recommendation No. 132.*—In this Presidency central banks generally pay interest at 6 per cent per annum on fixed deposits and charge $7\frac{1}{2}$ per cent on loans to primary societies; the primary societies charge $9\frac{3}{8}$ per cent on loans to their members. The Government are most anxious to increase the societies' reserves and would welcome the provision of a 3 per cent margin for central banks and primary societies if it were immediately possible. The banks have already been persuaded to raise the rate of interest charged on loans to societies by $\frac{1}{2}$ per cent in order to provide a fund for supervision, and the question of slightly increasing the present rate charged on loans to individual members is engaging the attention of this Government. Further than this His Excellency in Council does not consider it practicable to go at present, but the Committee's recommendation will be kept in view.

27. *Recommendation No. 138.*—The Government are in general agreement with the Committee's recommendation, which is not, however, capable of realisation in the immediate future, so far as this Presidency is concerned.

28. *Recommendation No. 139.*—Central banks in this Presidency grant loans to individual shareholders on the basis of their deposits. His Excellency the Governor in Council agrees with the Committee in considering that the practice is open to criticism, but would deprecate any sudden change as being likely to do more harm than good.

The Committee's recommendation that central banks should not undertake any outside banking work is in conformity with local practice.

29. *Recommendations Nos. 140-141.*—This matter has been noticed in paragraph 5 above in connection with recommendations Nos. 50, 58 and 59.

30. *Recommendations Nos. 143-144.*—Loans in this Presidency are applied for and granted all the year round. The Government consider that it is not desirable or practicable to concentrate control over the proceedings of central banks to the extent contemplated in these two recommendations.

31. *Recommendation No. 145.*—The Government have dealt with this subject in paragraph 25 above (recommendation No. 131).

32. *Recommendation No. 148.*—The Government have called for further information from the Registrar on the subject of this recommendation.

33. *Recommendations Nos. 151 to 155.*—His Excellency the Governor in Council accepts these recommendations. The entire reserve fund of the Presidency amounted to 8.24 lakhs for the year ending 30th June 1915, falling considerably below the minimum (14.20 lakhs) mentioned by the Committee. Until a sufficient reserve has been built up it seems to His Excellency in Council to be essential that the whole of it should be invested in fluid securities of the kind specified in clauses (a) and (b) of section 32 of the Co-operative Societies Act of 1912, but the Advocate-General (the Hon'ble Mr. Corbet) has given an opinion to the effect that a society has the right to invest its funds in any of the securities mentioned in clauses (a) to (d) of section 32 of Act II of 1912 and that this right cannot be taken away by any rule. He points out that clause (e) of section 32 is restricted to the authorization of modes of investment other than those mentioned in the Act and that section 43 only empowers the Government to make rules "to carry out the purposes" specified in the Act. I am directed to suggest the desirability of removing this legal difficulty by an amendment of the Act, if it is considered that the Advocate-General has interpreted its provisions rightly.

34. *Recommendation No. 159.*—His Excellency in Council proposes to frame a rule under section 43 of the Co-operative Societies Act of 1912 to the

effect that the net profits of limited liability societies, after payment of a dividend which is limited to a maximum of 9 per cent and payment of a contribution of $7\frac{1}{2}$ per cent to a "common good" fund should be carried *en bloc* to the reserve. It is hoped that, in most cases (probably in all) this sum will exceed the legal minimum of 25 per cent. If this expectation is justified, there will be no need for a bad debt fund in this Presidency.

35. *Recommendation No. 160.*—Until a lequate reserve funds have been formed it would, in the opinion of this Government, be premature to consider the question of building funds. There are no cases in this Presidency, in which the same building is used as a central bank's office and also as an agricultura depot or for any similar object.

36. *Recommendation No. 162.*—Audit orders in regard to central banks and statements showing their receipts and disbursements, assets and liabilities, profit and loss and general progress are published either in the *Fort St. George Gazette* or in the Gazette of the district concerned.

PROVINCIAL BANK.

37. *Recommendation No. 175.*—The Government accept this recommendation, but doubt whether the proportion which the fluid resource should bear to liabilities might not with advantage be even higher than that proposed by the Committee. See paragraph 33 above (recommendations Nos. 151 to 155.)

PUBLIC AID.

38. *Recommendation No. 180.*—The system of remunerating Sub-Registrars from registration fees does not obtain in this Presidency.

39. *Recommendation No. 185.*—The Committee's recommendations have the concurrence of this Government and are in general agreement with the practice in this Presidency. His Excellency the Governor in Council considers that gazetted officers should be prohibited from borrowing from primary societies of which they are members.

40. *Recommendation No. 187.*—It is not the practice in this Presidency for the Collector or Sub-Divisional Officer to be *ex-officio* chairman or member of the managing committee of central banks, and it seems better that they should not hold such offices at all. The success of the co-operation movement must depend finally on the extent to which co-operators are able to undertake responsibility themselves and manage their own affairs; this spirit is best fostered in the absence of intimate official control. This argument seems to His Excellency the Governor in Council to outweigh those considerations of efficiency which led the Committee to a different conclusion.

41. *Recommendation No. 189.*—In this Presidency the Registrar is a whole-time officer, and this Government, in Mr. Davidson's letter No. 2001, dated 3rd September 1915, have expressed the opinion that he should so continue. The appointment of Registrar is included as a Collector's post in the cadre of the Indian Civil Service, and the Registrar is eligible for promotion in the regular line of that service. The Government agree with the Committee in considering that the limitation on the salary of the Registrar's post imposed by the Secretary of State in Despatch No. 96-Revenue, dated 22nd September 1911, should be abolished, but see no need for raising the local allowance attached to the post.

The Government are unable to accept the suggestion that the Registrar's headquarters should be fixed at the hill station which is the summer headquarters of Government, it being, in their opinion, absolutely essential that he should be in constant touch with the co-operative movement throughout the country. An occasional visit to Ootacamund gives him ample opportunity for consulting the Government, when necessary.

42. *Recommendation No. 191.*—Reference is invited to the remarks in paragraph 10 above (recommendation No. 96).

43. *Recommendations Nos. 194 and 195.*—I am to invite a reference to the proceedings of the Agricultural Conference which sat at Pusa last February and considered the desirability of appointing a Development Commissioner. Their ground for condemnation was that, in matters of business like co-operation and agriculture, promptitude of decision was essential and that the interposition of a Development Commissioner between the Government and the departmental heads would lead to delay and vacillation. The Government concur with the views expressed by the Conference. It would moreover be difficult to arrange for any satisfactory distribution of authority and initiative between such an officer and the existing heads of the two departments.

44. *Recommendation No. 196.*—The Government see no objection to the framing of a rule under section 43 (1) of the Act, in order to prevent co-operative societies, as such, from engaging in religious or political activities, but consider that the positive objects of these societies are sufficiently defined by their respective by-laws and that there is no occasion for any general rule on the subject.

45. *Recommendation No. 197.*—No need has been felt as yet by this Government for the appointment of a Co-operative Adviser with the Government of India, and the annual conference of Registrars seems to supply as much co-ordination between provinces as is necessary and to act as a sufficient check on a tendency on the part of any province to diverge too widely from the desired line of progress; absolute uniformity, on the other hand, is neither to be expected nor to be desired in a country of the size and diversity of India. In this connection, I am to invite a reference to Mr. Gillan's letter No. 2155-E.A., dated 10th April 1912; the criticisms set forth therein on the system of maintaining a staff of Imperial Inspectors-General apply in a great measure to the proposed appointment of an Imperial Co-operative Adviser.

ANNEXURE.

BY-LAWS OF THE PAKASALA CO-OPERATIVE CREDIT SOCIETY, No. 1233.

General.

The Pakasala Co-operative Credit Society No. 1233 is registered as a Co-operative Society under Act II of 1912 (India). Its address shall be Pakasala village, Tiruvelangadu post, in the taluk of Tiruttani in the Chittoor district. Its operations shall be confined to the villages of Pakasala (survey No. 141) and Lakshmvilasapuram (survey No. 142).

2. The objects of the society shall be to borrow funds on the joint and several responsibility of all the members for being utilised as loans to members for useful purposes and generally to encourage thrift, self-help and co-operation among the members.

3. All the members shall be jointly and severally liable for all the debts contracted by the society. As among the members themselves, their liability shall, in the first instance, be proportionate to the number of shares taken by them; in other words, the liability for the common debt of a member who takes two shares shall be twice that of a member who takes one share, and so on, *i.e.*, as the number of shares increases, the liability correspondingly increases.

4. The capital of the society shall, for the present, be Rs. 500 made up of 500 shares of Re. 1 each. The value of each share shall be paid in full at the time when the share is taken by the person who takes it.

5. Any person over 18 years of age and of sound mind, residing in the villages mentioned in by-law 1, shall be eligible for admission as a member; provided, firstly, that no person can claim admission as a matter of right, and secondly, that the majority of members shall at all times be agriculturists.

6. Applications for admission and for allotment of shares shall be disposed of by the panchayat. The panchayat shall have authority either to grant admission or to refuse it without assigning reasons.

7. Every member shall take at least one share, but no member shall take more than 12 shares. Every member shall pay an entrance fee of annas 2 for each share taken by him at the time of taking the share.

8. No member shall be permitted to withdraw from the society within 5 years after his admission. But he may withdraw after such period, after giving notice in writing to the panchayat, provided that there are no debts due directly by him to the society and provided also that there are no debts due to the society in regard to which he has stood surety. When a member withdraws under this by-law, he shall be paid back the share capital actually paid by him.

9. Should a member cease to be eligible for membership at any time, his name shall be removed from the list of members and he shall be paid back the share capital actually paid by him, after deducting therefrom the moneys, if any, due from him to the society.

10. If a member dies, his membership shall *ipso facto* cease; and the panchayat shall pay to the heir or successor-in-interest of the deceased the share capital actually paid by the deceased, after deducting therefrom the moneys, if any, due by the deceased to the society.

11. (1) A past member shall be liable, as provided in by-law 3, for the debts due by the society as they existed on the date when he ceased to be a member, for a period of two years from such date.

(2) The estate of a deceased member shall be liable, as provided in by-law 3 for the debts due by the society as they existed on the date of his decease, for a period of one year after his decease.

12. No member shall be permitted to transfer any share or shares held by him to another.

13. With the sanction of the panchayat a member may at any time increase the number of shares held by him so as not to exceed the limit of 12 shares laid down in by-law 7. But no member shall be permitted to reduce the number of shares held by him within five years after his admission.

Borrowings by the Society.

14. It shall be competent to the panchayat to borrow money on behalf of the society either from members or from persons other than members or from other societies either by way of deposits or otherwise and to settle the terms for such borrowings; provided that the interest on borrowings or deposits from non-members other than societies shall not exceed $6\frac{1}{4}$ per cent per annum, that interest on borrowings or deposits from members and other societies shall not exceed $7\frac{1}{2}$ per cent per annum and that the aggregate indebtedness of the society to non-members shall not at any time exceed Rs. 5,000.

Fixed Deposits.

14 (a). A fixed deposit is the deposit of a specified sum of money for a fixed period of time. No fixed deposit shall be received for a sum less than Rs. 5 or for a period less than three months. Interest shall ordinarily be calculated on fixed deposits at $6\frac{1}{4}$ per cent per annum. Should a fixed deposit be made for a period of not less than one year, the deposit being not less than Rs. 100, interest may be paid thereon at a rate not exceeding $7\frac{1}{2}$ per cent per annum. Interest on fixed deposits shall be paid yearly or at such shorter intervals as may have been agreed upon at the time of deposit. Interest on fixed deposits shall cease on the expiry of the period for which the deposit was made unless notice in writing of the intention to renew the deposit for a further period of not less than three months is received in the office of the society before the expiry of the original period.

Provident Fund Deposits.

14 (b). Every member shall deposit a minimum sum of one rupee or $\frac{1}{2}$ of the cash credit allowed per share per annum for each Co-operative year ending

30th June succeeding. He shall be at liberty to deposit more. On every rupee held continuously throughout a month from the 1st of July in any year to the 30th June closing that year an interest of one pie per mensem shall be paid in the month following the close of the year. If the sum due for any year is in arrears beyond the 30th June, the member shall pay two pies per rupee per mensem, and he shall not be permitted to exercise the privileges of a member until he pays his deposit with penalty. These deposits shall be known as Provident Fund deposits. If a member ceases to be eligible for membership, the deposit will be repaid after deducting therefrom the moneys, if any, due from him to the society. If a member dies, it will be repaid to the estate after deducting therefrom the moneys, if any, due by the deceased to the society. If a member withdraws, the deposit will be returned on withdrawal.

Savings Deposits.

14 (c). A savings deposit is a deposit made by a person who undertakes to pay to the society every month a fixed amount, one rupee or an exact multiple thereof, for a period of 24 months. A depositor paying one rupee per mensem for a period of twenty-four months shall, before the close of the twenty-fifth month, receive a sum of Rs. 25-8-0, of which the sum of Rs. 24 shall be debited in the accounts as repayment of principal and the sum of Rs. 1-8-0 shall be accounted as interest thereon. Every savings depositor shall pay his monthly deposit before the end of the month to which it relates, failing which he shall be charged a fine of two pies per month (or fraction thereof) on every rupee overdue. Should a savings depositor default for a continued period of four months his deposit account shall at once be closed and he shall be paid back the amount actually paid by him, it being open to the society to credit such amount towards any money due from the depositor to the society.

Loans.

15. Applications for loans shall be disposed of by the panchayat. Loans shall be given only to members, but no member can claim a loan as a matter of right.

16. Loans shall be given only for useful purposes. The following alone shall be deemed useful purposes:—

- (1) the purchase of seed, manure or agricultural implements and other cultivation expenses;
- (2) the purchase of cattle and of fodder for the same;
- (3) the manufacture or purchase of country-carts;
- (4) the payment of Sirkar kist;
- (5) improvements to land and purchase of land;
- (6) the building, buying or repairing of dwelling-houses or cattle-sheds;
- (7) advances to artisans for the purchase of implements or the raw materials required for their industry;
- (8) advances to petty traders for purposes of petty trade;
- (9) the payment of prior debts;
- (10) the purchase of food grains and other necessaries of life;
- (11) ceremonial expenses not exceeding Rs. 100; and
- (12) educational purposes.

16-A. (1) Loans to cultivators are of two kinds—

- (a) *Short-term loans.*—Such as loans for seed, food, cultivation expenses or cattle fodder. Such loans must be repaid in full at the harvest of the crop for which they were issued or as soon as the produce can be profitably disposed of. Loans for kist payment fall under this category. If the panchayat is able to make suitable arrangements for proper and safe storage, repayments in specified kinds of grain may be taken and the value can be credited in favour of the borrower.

(b) *Long-term loans.*—For the liquidation of prior debts, for house-building, for the purchase of cattle or carts and for other purposes which will continue to be productive for several years, such as sinking of wells and purchase of land. Such loans shall be made repayable in equal yearly instalments spread over a period not exceeding 10 years. In determining the period within which the loan is to be made repayable, the panchayat shall take note of the nature of the purpose for which the loan is taken. In the event of the interest or of any instalment of the loan not being paid in full on or before the prescribed date the full balance shall be recoverable immediately. The full balance of a loan shall also be recoverable immediately in the event of the security offered becoming inadequate.

(2) *Loans to artisans.*—May be granted for the purchase of implements or raw materials and for the liquidation of their prior debts. Such loans should not be granted for more than a year at the most and the loans should be made repayable in 4 or 6 equal instalments spread over not more than 12 months.

(3) *Loans to traders.*—May be granted for the purchase of stock in trade and such loans should not be granted for more than a year and they should be made repayable in equal monthly or quarterly instalments.

(4) *Loans to wage-earners or workmen.*—Should ordinarily not exceed 4 times or 5 times their monthly income and repayments may be allowed in 16 or 20 monthly instalments.

(5) *Loans to weavers.*—For the purchase of yarn can be given to be repaid in full every week or every fortnight.

(6) No member should receive a second long-term loan until all other borrowers have received or declined loans.

(7) The amount of loan admissible to all the members of an undivided family should not exceed the maximum loan admissible to a single-member under the by-laws of the society.

(8) Long-term loans to panchayatdars, their near relations (such as undivided coparcener, wife, divided son, son-in-law), dependants and servants should not be sanctioned except with the concurrence of the general assembly or (where it exists) the council of supervision.

17. Should the panchayat be of opinion that a loan granted from the society has been misapplied, it shall at once take steps to recover the loan with interest, without waiting for the expiry of the period for which it has been granted.

18. No member shall at any time be indebted to the society by way of principal to the extent of more than Rs. 600 on account of any loan or loans taken by him. Subject to the above maximum, a member shall be eligible for a loan not exceeding Rs. 50 for each share held by him.

19. The period for the repayment of each loan shall be fixed by the panchayat in accordance with the provisions contained in by-law 16-A. Whenever the period for the repayment of a loan exceeds one year, the yearly instalments shall be clearly specified in the bond with a condition that if an instalment of principal or interest is not paid on the due date, or for any cause the borrower ceases to be a member of the society, the whole amount shall be recoverable at once. For overdue instalments of principal, interest shall be paid from the date on which the instalment became overdue till the date of payment of the same at 2 pies per rupee per mensem. No extension shall be granted for repayment of instalments of principal or interest.

20. Loans shall be given in any of the following ways :—

(1) On the security of the deposit, if any, to the credit of the borrower, not exceeding 90 per cent of the amount of such credit ;

(2) on the joint and several responsibility of the borrower and two other members standing sureties for him, provided that the total amount for which a member can stand surety shall not exceed Rs. 50 per share ; or

(3) on the mortgage of unencumbered immovable property wholly belonging to the borrower, not exceeding 50 per cent of the estimated market value of such property.

21. Interest on all loans granted by the society shall, for the present, be charged at $1\frac{1}{2}$ pies per rupee per mensem. Every fraction of a month shall be treated as a whole month in calculating the interest on a loan.

22. It shall be open to the borrower to repay a loan wholly or partially before the due date according to his convenience, provided that all partial repayments shall consist of full rupees and provided also that on any partial repayment made after the first day of a month, the abatement of interest consequent on such repayment shall begin from the first day of the succeeding month.

23. When a loan is cancelled by the panchayat under by-law 17 on account of its misapplication or when the period for the payment of any instalment of a loan fixed under by-law 19, has passed without any payment being made, the loan account shall at once be closed. The panchayat shall then inform the borrower of the fact and of the amount outstanding against him including interest up to date of closing the loan account. On the total amount so found due, the borrower shall be charged interest at two pies per rupee per mensem from the date of closing the loan account to the date of recovery and steps shall be taken without delay to recover the amount.

24. Should a member become ineligible for membership at any time and his name has on that account to be removed from the list of members under by-law 9, or should a member be expelled under by-law 37, the loan account, if any, of the member concerned shall at once be closed without reference to the term for which the loan has been granted and action shall be taken to recover from the borrower the amount outstanding against him including interest up to date of closing the loan account. Interest shall be charged at two pies per rupee per mensem on the amount so found outstanding from the date of closing the loan account to the date of recovery.

Profits.

25. The entire net profits of the society, as declared by the Registrar of Co-operative Societies year after year, shall be carried to the credit of the Reserve fund.

26. The Reserve fund shall be invested in such manner as the Registrar of Co-operative Societies prescribes. The fund shall be one and indivisible. It belongs to the society as a whole, and is intended to meet unforeseen losses. No member can claim a specified share in it. It shall not be drawn upon except with the sanction of the Registrar. Even if the society be dissolved, the Reserve fund shall not be divided amongst its members but shall be devoted to some public purpose at the discretion of the general assembly.

Management.

27. The ultimate authority in all matters relating to the administration of the society shall be the general assembly of members which shall meet from time to time to conduct the work of the society. The following among other matters shall be dealt with by the general assembly :—

- (1) The election and removal of the panchayat ;
- (2) the annual report due to the Registrar of Co-operative Societies ;
- (3) the Registrar's annual audit order ;
- (4) the amendment or repeal of any existing by-law or the enactment of a new by-law ;
- (5) the expulsion of a member ; and
- (6) the consideration of any complaint which any individual member may prefer against the panchayat,

28. It shall be the duty of every member to attend the meetings of the general assembly. The *quorum* for a general assembly meeting shall be one-third of the total number of members on the list at the time.

29. The President, when present, shall preside at the meetings of the general assembly. In his absence, the assembly may choose a chairman from their number to preside at the meeting. Every member present shall have one and only one vote. All questions shall be decided by a majority of votes of the members present and voting. When votes are equal, the chairman of the meeting shall have a casting vote.

30. No amendment to, alteration in, or cancellation of, a by-law nor the enactment of a new by-law shall be made without the previous sanction of the Registrar of Co-operative Societies. When the by-law altered or amended relates to the nature and extent of the liability of the members for the debts contracted by the society, the alteration or amendment shall not be valid until it is also approved of by Government.

31. Subject to such resolutions as the general assembly may from time to time pass, the executive management of the affairs of the society shall vest in a panchayat. The panchayat shall consist of not more than five members, who shall elect from among themselves a President and a Secretary. No decision of the panchayat shall be valid unless it is passed by at least three of its members.

32. The members of the panchayat shall be elected by the general assembly for a period of two years from among the members. Should a vacancy arise in the panchayat in the interval, it shall also be filled by the general assembly. The President shall *ex-officio* be the Treasurer. The Secretary shall conduct all the business of the society subject to the control of the President.

33. The panchayat may make subsidiary rules regulating their work, such rules being entered in the minute book of the society.

34. Receipts shall be given for all moneys paid to the society. For moneys paid by members, the receipt shall be signed by the President or the Secretary. For moneys borrowed either from non-members or from other societies, the receipt or bond shall be executed by at least three members of the panchayat, of whom the President or the Secretary shall be one.

35. It shall be the duty of the panchayat to maintain the accounts correctly, to convene, when necessary, the general assembly, to correspond with the Registrar and to do all other business relating to the society.

36. The panchayat shall work gratuitously, but any expenses actually incurred by them in doing the work of the society may be debited to the society. If the Registrar is satisfied that the society has done good work, he may sanction some remuneration to the person doing the clerical work of the society, who may either be the Secretary or one of the Panchayatdars.

Miscellaneous.

37. If a member deceives the society in any way, or if his general conduct is such as to render his removal necessary in the interests of the society, it shall be open to the general assembly to expel such member. An expelled member shall be paid all moneys due to him from the society, after deducting therefrom any money due from him to the society. A member who drives the society to Court to recover the money due from him, shall, for that reason, be expelled from membership. An expelled member shall be liable as provided in by-law 3, for the debts due by the society as they stood on the date of his expulsion, for a period of two years after such expulsion.

38. Within fifteen days after the close of the Co-operative year ending 30th June, the society shall prepare (1) a statement showing the receipts and disbursements during the past year, and (2) a statement showing the assets and liabilities as they stood on the last day of such year. These two statements shall be submitted to the Registrar without delay. After the Registrar has verified these two statements and granted his audit certificate, the society shall publish the statements in a manner approved of by the Registrar.

GOVERNMENT OF MADRAS.

REVENUE DEPARTMENT.

G. O. No. 2743, 4th December 1916.

CO-OPERATIVE SOCIETIES.

Stating that the system of guaranteeing unions cannot at present be introduced in this Presidency.

READ—the following papers:—

I.

G. O. Nos. 2259-2260, Revenue, dated 2nd October 1916.

ABSTRACT.—Transmitting to the Government of India the views of this Government on certain recommendations of the Imperial Committee on Co-operation.

II.

Letter—from M. R. Ry. Diwan Bahadur L. D. SWAMIKANNU PILLAI Avargal, M.A., B.L., LL.B., Registrar of Co-operative Societies, Madras.

To—the Secretary to the Commissioner of Revenue Settlement, Survey, Land Records and Agriculture.

Dated—the 12th October 1916.

No.—B. & G.-137.

I have the honour to submit the following report on guaranteeing unions called for in Board's Proceedings Mis. No. 1321, dated 22nd May 1916.

2. I have stated elsewhere (administration report for 1914-15, section 29, and report on Committee's recommendation 107) that guaranteeing unions are unnecessary in the present circumstances of this Presidency. I now beg to state that the present does not seem to be a favourable time for introducing or enforcing such unions. To make up for a defect in the early organization of societies, *viz.*, the failure to form unions *pari passu* with societies, the Assistant Registrars and myself are doing our best to introduce unions in all possible areas and we now make it a rule not to register a society unless there is a definite prospect of incorporating it in a union of some kind. In the case of existing societies, their consent is necessary for establishing a union and with some difficulty this consent is being secured. In societies newly organized, a by-law is introduced at the organization, that the panchayat shall have power to affiliate the society to any union with appropriate jurisdiction that may be registered for the area in question and to contribute for the expenses of the union 8 annas per annum on every Rs. 100 borrowed by the society. These are sufficiently onerous conditions, and if in addition we should require the new societies to undertake a liability corresponding to, and increasing with, every fresh loan that may be recommended by the union, I am afraid that apart from the correctness and legality of the procedure, it will simply lead to a serious breakdown of the union movement. On the sole ground of present impracticability, therefore, I would suggest that we should wait until we have completed the net work of unions.

3. Secondly, I do not perhaps quite understand the principle of guaranteeing unions. The principle, as stated in the Committee's report and in the Burma Manual (page 61), is that each society affiliated in a union should guarantee an amount equal to its own borrowings from non-members. Supposing that society A has borrowed an amount a from non-members, society B has borrowed b, and similarly societies C, D, E, F, G, H, J, K have borrowed c, d, e, f, g, h, j, k, then the ten societies together guarantee an amount represented by $a + b + c + d + e + f + g + h + j + k$. If out of this amount A is responsible for a, B is responsible for b, C is responsible for c, etc., there is nothing new or extraordinary in the arrangement, since A, B, C, etc., are already respectively

responsible for the amounts a, b, c, etc., having already borrowed these amounts. But I suppose that something more is meant, *i.e.*, that A for instance is a principal debtor for a, but B, C, D, E, F, G, H, J, K are sureties in respect of a, B principal debtor for b, while A, C, D . . . K are sureties for b, C principal debtor for c, while A, B, D . . . K are sureties for c.

Adding up we have the result that A, B, C, D . . . K are principal debtors for a, b, c, d, . . . k, respectively, and all together are sureties in respect of $a+b+c+d+e+f+g+h+j+k$. This of course is a conceivable situation, but the question is how far is it (1) practicable and (2) enforceable at law.

4. Societies in course of organization are eager to accept anything that is suggested to them as a means to an end, the end being to obtain a definite amount of loan, and if the suggestion is imperfectly explained to them or is imperfectly grasped by them, their acceptance of it means nothing in the eye of the law. In the improbable case of A being unable to make good amount a and B, C, D . . . K being sued in a court of law to make good their undertaking as sureties in respect of a, the issues will be raised, whether there was an undertaking, what was the undertaking and whether the undertaking was deliberately entered into by all the parties concerned. When a private individual M undertakes suretyship in respect of a definite amount due by another private individual N to a definite creditor O, we know what the undertaking is. M is in a position to watch the proceedings of N and if N defaults, M is responsible as surety.

5. When in a governing body meeting of a union of ten societies A, B . . . K, a loan of amount X is recommended to society G, all the other nine societies A, B, C, D, E, F, H, J, K are supposed to become sureties for G in respect of X. The governing body meeting is, we may suppose, attended only by representatives of four societies A, B, C, D. How do the other societies E, F, H, J, K, become liable under an undertaking to which they have not given a consent through their authorised representatives?

6. We have to fall back on the original constitution of societies E, F, H, J, K, under which constitution they have accepted responsibility as sureties for whatever loans may be recommended by any union to which their panchayat may affiliate them. In other words, the principle of guaranteeing unions is merely a subterfuge for converting the limited liability of societies affiliated to a union into unlimited liability. The legislature, by Act II of 1912, deliberately abolished unlimited liability for unions of societies and the principle of guaranteeing unions covertly reintroduces the principle. I can understand societies entering into a union subscribing each for a definite amount of liability to hold good as long as they belong to the union or until they, by their own deliberate act, increase or reduce the amount of liability. In other words, they would be taking shares of limited liability in a union and this is what they do in administrative as well as in banking unions in this Presidency, the typical liability being one for a share of Rs. 100, paid up in the case of banking unions, and reserved in the case of administrative unions. If necessary, the amount of liability may be increased beyond Rs. 100, so that, for instance, 20 societies in an administrative union may undertake jointly a liability for Rs. 10,000 or in other words subscribe for 100 shares of Rs. 100 each. Such a guarantee would be quite enough, but it is very different from the principle of guaranteeing unions so called, which is a principle of unlimited liability pure and simple. In the case of a guaranteeing union on the Burma model of ten societies, society A would be liable at starting for a out of $b+c+d+e+f+g+h+j+k$; tomorrow it may borrow x, and then it would be liable as principal debtor for $a+x$ and as surety also for a portion represented by a out of $b+c+d+e+f+g+h+j+k$, the year after, if it borrows y, its liability as principal would be $a+x+y$ and as surety may be $a+x$. Every time a society borrows a certain amount, it of course undertakes to pay that amount to its own creditor; but if it is a member of a guaranteeing union, it also undertakes to pay (roughly speaking) a like amount, if rendered necessary by reason of the default of any of the societies B to K, to the creditors of those societies. I do not say it is an impossible situation, but I do think it is a situation incompatible with the principle of limited liability and may be called in question by the civil courts.

7. It may be asked how the difficulty is got over in Burma. I presume that in Burma, as in most other provinces, societies are not allowed to sue or be sued in the civil courts and the "money stick" is freely used by the Registrar. If a society fails to pay its due to its creditor, the Registrar may call upon the other societies in the union to make good the deficit and they, after paying up, may proceed to recover the same from the defaulting society, compelling it to borrow for the purpose through the union. In the end there may be a liquidation of that society—and it may be wiped out of existence after paying what it can. I presume this is the procedure in Burma, but societies in the Madras Presidency are not equally amenable to the Registrar's control. We may, when the union principle is sufficiently developed, introduce this check automatically, but at present it would be attempting too many things at a time. It may be possible, for instance, hereafter, whenever one of the societies in a union fails to pay an instalment due to the central bank, to make the other societies *at once* contribute the amount in their capacity of sureties; and if the defaulting society fails to make good to the union the amount thus contributed, with penal interest, it may be wound up; the other societies would then have to write off any amount that might thus be lost. But all this supposes the concentration of a considerable amount of authority in the hands of the union or of the Registrar. Central banks would probably rejoice to see the authority vested in the Registrar, but it is precisely one of those cases in which borrowing societies would fail to see eye to eye with lending banks. If societies are invited to join unions on this understanding, they simply will not join, and they may say that so long as financing banks do not require the guarantee, Government should not impose it on the primary societies. I suppose the root of the matter, after all, is that the financing banks in Burma are not prepared to lend to primary societies without some such guarantee, whereas in Madras the conditions are different.

Order—No. 2748, Revenue, dated 4th December 1916.

The Government agree with the Registrar of Co-operative Societies in considering that the system of guaranteeing unions cannot at present be introduced in this Presidency.

Miscellaneous.

(True Extract.)

J. P. BEDFORD,

Acting Secretary to Government.

To the Registrar of Co-operative Societies.
Copy to the Government of India, Revenue and Agricultural Department (with C. L.)
(with reference to paragraph 13 of letter No. 2260, dated 2nd October 1916).

GOVERNMENT OF MADRAS.
REVENUE DEPARTMENT.
G. O. No. 1491, 25th May 1917.
CO-OPERATIVE SOCIETIES.

Stating that there is no need to raise the rate of interest charged to members of primary societies and that the practice of charging uniform rates to societies by central banks may continue.

READ—the following paper

Extract from letter—from the Registrar of Co-operative Societies.
To—the Secretary to Government, Revenue Department.
Dated—the 15th April 1917.
No.—R.B. & G. 33-C.

* * * * *
(7) *Committee's recommendation No. 148 [paragraph 2, sub-paragraphs (i) and (ix) and paragraph 3 of G. O. No. 2259, dated 2nd October 1916] regarding enhancement of the rate of interest charged on loans to members of primary societies.*—The Board at one time wished to raise the prevailing rate of interest

charged to members of primary societies from $9\frac{3}{8}$ per cent per annum to 10 per cent or more. I reported on the subject in my letter to the Board No. 8-B., dated 19th June 1916, and the Board in paragraph 2 of its Proceedings Mis. No. 2418, dated 16th September 1916, intimated that it did not propose to press this question for the present. It is true that the particular project on which I relied, namely, the formation of a Provincial bank which should lend to central banks at $6\frac{1}{2}$ or $6\frac{3}{4}$ per cent, is not likely to be realized for some time to come, because the Madras Central Urban Bank is not prepared to lend to district banks at less than 7 per cent; but the general conditions of the scheme for supervision, namely, that societies should contribute to the supervision fund at the rate of As. 8 per cent on their borrowings and central banks generally at the rate of $\frac{1}{4}$ per cent on their lendings, are likely to be realized without resort to the desperate expedient of raising the rate of interest all round. In the case of depressed class of societies, however, I have been able to raise the rate of interest when necessary to $12\frac{1}{2}$ per cent per annum in order to provide the wherewithal for supervision. Lastly, certain district and central banks have raised their rate of interest to primary societies from $7\frac{1}{2}$ to 8 per cent on the understanding that the extra $\frac{1}{2}$ per cent together with $\frac{1}{4}$ per cent out of the original $7\frac{1}{2}$ per cent should be the contribution to the supervision fund.

Order—No. 1491, Revenue, dated 25th May 1917.

The Government agree with the Registrar in considering that there is no need at present to raise the prevailing rate of interest charged on loans to members of primary societies.

Miscellaneous.

2. As regards the Committee's recommendation No. 148, the Government consider that the present practice of charging uniform rates may continue.

(True Extract.)

A. R. KNAPP,

Acting Secretary to Government.

To the Registrar of Co-operative Societies.

Copy to the Government of India, Department of Revenue and Agriculture (with C. L.)
(with reference to paragraphs 26 and 32 of letter No. 2260, dated 2nd October 1916).

No. 43-Special, dated Naini Tal, the 21st May 1917.

From—The HON'BLE MR. R. BURN, C.S.I., Chief Secretary to the Government of the United Provinces, Revenue Department,

To—The Secretary to the Government of India, Department of Revenue and Agriculture.

With reference to resolution No. 2-C., dated the 4th January 1916, of the Government of India, I am directed to communicate the following remarks on the recommendations contained in the report of the Committee on co-operation in India. In this province the extension of co-operation is limited at present by financial stringency owing to the war and by the depletion of the cadre of officers due to the same reason. The permanent superior establishment consists of a single Registrar. During the winter of 1915-16 a joint Registrar was appointed as a temporary measure, and a similar appointment was made in November last, which still continues on a temporary basis. His Honour regrets that a full-time appointment is still impracticable, and many of the proposals of the Committee, which he would like to see carried into practice, must await a strengthening of the staff, which is at present impossible.

2. On the recommendations which the Government of India desire should be adopted so far as possible and which are referred to in clause (a) of the appendix to the resolution, I am to communicate the following remarks. It will be understood that where no remarks are made the Lieutenant-Governor is prepared to accept the proposals of the Committee. A systematic enquiry into village industries, suggested in No. 2, was carried out by Mr. A. C. Chatarji, I.C.S., who vacated the post of Registrar last year. The report was published in 1908 and has, no doubt, been brought to the notice of the Government of India. Since it was written, a Director of Industries has been appointed, the results of whose enquiries are being carefully tabulated. From time to time proposals for improving the trade and commerce of the province are placed before the Board of Industries for criticism and discussion. The report forms a basis for the reorganization of industries on a co-operative basis, and what seems to be needed in the future is the examination of specific industries starting from Mr. Chatarji's report as a basis, and supplemented by special enquiries. A co-operative society for manufacture of country glass is already in working order.

3. A system of cattle insurance (No. 5) has already been launched on a small scale, details of which have been communicated to the Government of India. The general meaning of insurance is little appreciated in this province at present. So far as the Lieutenant-Governor is aware the only indigenous system of insurance is confined to insuring cargoes of boats on one of the rivers. Until the cattle insurance societies are well-established and this new idea has obtained some currency, the Lieutenant-Governor thinks it desirable to postpone action for the establishment of hail insurance societies (No. 9).

4. In paragraph 14 of their report the Committee consider that dealings of non-credit societies with non-members should be avoided as far as practicable. As an exception they would not press this rule where the operations of the society, if confined to its own members, would be so restricted that it could not be managed with any prospect of profit or economy. These principles are accepted by His Honour, but another case which may usefully be quoted is that of a society dealing in goods or stock which may deteriorate, unless quickly disposed of. In such cases a society should obviously be empowered to sell to non-members (No. 13).

5. The Registrar, Co-operative Societies, considers it very desirable that the term "district bank" (No. 20) should be retained in this province on sentimental as well as practical grounds. Some of the district banks have already an established reputation in the money market and might be injuriously affected by a change in nomenclature. The Lieutenant-Governor suggests that in this province, at any rate for some years, the word "district" should be retained in addition to the word "central," and this class of institutions should be termed "district central banks." The Committee's suggestion (No. 30) about the secretary of a primary society is entirely accepted in principle. The Registrar fully realizes the objections to a group secretary and efforts are being made to replace him. At the same time, it must be noted that here a strict enforcement of the principle is not possible until there has been a considerable diffusion of efficient primary education. Some opposition is experienced from the staff of central institutions, as the appointment of group secretaries is a valuable piece of patronage and the existence of a group secretary means less work for the central staff than if there is a secretary in every village.

6. His Honour agrees with the Committee that it is impossible to make a specific rule forbidding members of a society to take loans outside the society (No. 35). As most of the members in the United Provinces possess no alienable rights in lands and loans are as a rule for the current and recurring needs of agriculture and not for improvements, the society should ordinarily be able to finance all members fully. This may not be possible during an agricultural calamity, but then recommendation No. 201 would come into play.

7. Paragraph 42 of the Committee's report is not very clearly worded and may give rise to a misapprehension regarding the share system in this province. Shares are not withdrawable by a man except on ceasing to be a member.

8. The practice of obtaining shares or instalments in payment for shares by deductions or loans (No. 41) has been discouraged here. It is believed that members fail to appreciate the real meaning and advantages of the share system where such a practice is allowed.

9. It is understood that legal opinion varies regarding the difference between a pro-note and a bond (No. 60). Forms now prescribed for use by societies in this province were drafted after consultation with the Legal Remembrancer and with two eminent non-official lawyers. The Lieutenant-Governor would prefer to await full experience of the working of the present forms before making any change.

10. With reference to proposal No. 60 regarding repayments, it is a common practice in this province to have half-yearly equal instalments. In many tracts of the United Provinces *kharif* and *rabi* crops are of equal importance, and members should be encouraged to pay from both crops so as to avoid the temptation to squander savings from either of them.

11. The Committee's suggestion (No. 74) that a society should be able to take a mortgage of occupancy rights and, subject to special safeguards, bring it to sale will be further considered in connection with the Tenancy Bill now being drafted. The Lieutenant-Governor cannot however admit that the condition is essential. An occupancy tenant in this province, though he has not the power of transferring his occupancy right, has an assurance of continuing in enjoyment of his holding so long as he pays his rent. It is only when he dies without heirs entitled to succeed to the holding that the security ceases. If absolute fixity of tenure and freedom of transfer were insisted on, most of the societies in this province would disappear. A proposal is already under consideration to allow zamindars to confer occupancy rights on *bona fide* cultivating tenants by private agreement without insisting on continuous occupation for 12 years. It may perhaps be possible to link this up with the Committee's proposal.

12. The question of mortgage of proprietary rights (No. 77) is not yet of much importance in connection with primary societies, and His Honour would prefer to consider improvements in the direction of a clear registration of title as a separate matter. A great deal of attention is already devoted in this province to the maintenance of registers of proprietary rights; and while the law does not make them absolute evidence of the right it requires registration for the purposes of certain suits and is in fact regarded as a considerable security.

13. The Registrar is strongly opposed to allowing cash credits to members of societies (No. 79), though he thinks that in course of time primary societies may obtain cash credits from central banks. In the case of unlimited liability of agricultural societies enquiry into the object of the loan taken by a member and the proper utilization of it is absolutely necessary, and it is difficult to conceive any circumstances in which it may be safely dispensed with. A system of cash credits to members will abolish all enquiries. Mr. Chatarji's views on this point have received independent support from Mr. Henry Wolff in a letter recently received from him. His Honour accepts this view so far as this province is concerned.

14. Government will consult the High Court and the Judicial Commissioner regarding the proposal (No. 85) to supply a *résumé* of the law to courts and societies dealing with recovery of agricultural debts. It will also be considered whether co-operative societies should not contract with a local lawyer to conduct their cases. In many places it should be possible to obtain a legal practitioner who is already interested in the movement and could give expert advice on litigation.

15. I am now to explain the views of this Government on the topics enumerated in part (b) of the appendix to the resolution, omitting those on which the views of the Committee are accepted without comment. In the absence of any actuarial data regarding the mortality of cattle it would be unsafe to start a large number of cattle insurance societies (No. 8) simultaneously in different parts of the province. The experience of the Burma societies is undoubtedly useful, but is not conclusive, for the conditions of cattle keeping are not identical in Burma and in India proper. A re-insurance society cannot be organized for obvious reasons until there is a fair number of primary insurance societies spread all over the province. Sufficient experience must be gathered by the establishment of experimental societies before any expansion can be undertaken. As at present advised it appears to the Lieutenant-Governor that the best form of

Government aid to such experimental societies is a limited guarantee such as has been proposed in this province in the correspondence ending with my letter No. 1739, dated the 30th October, 1916.

16. This province has the largest number of urban societies in India, and perhaps the longest experience. In view of this Mr. Chatarji's remark that he is unable to agree with the Committee, when they state in paragraph 19 that the poorer urban classes show themselves very amenable to co-operative ideas is of some importance. These societies are passing through a period of very severe trial owing to high prices, and repayments have been exceedingly unsatisfactory. At the same time, the suggestion of the Committee that such societies deserve particular encouragement and that any form of special aid from Government is justified is accepted, and His Honour will always be glad to consider proposals in this regard.

17. The proposal that the Registrar should control the borrowing power of a society (No. 50) is in accordance with practice in this province. The maximum liability fixed by the general meeting comes under the review of the Registrar when he peruses the audit note and where necessary he cuts it down. No special report for sanction appears necessary.

18. While the proposal (No. 67) to fix the period of loans at the time of sanction is accepted and agrees with practice, His Honour is doubtful of the necessity for providing, as suggested in paragraph 64, that loans should be classified for this purpose in the bye-laws. There must always be some elasticity in a matter of this kind, and it is desirable to restrict byelaws to conditions which should always be strictly observed. Laxity in the matter ought to be constantly checked at audits and inspections.

19. Special efforts have been made to devise ledger forms so as to show amounts overdue (No. 80) at a glance. The trouble which must always exist lies in dealing with extensions. It is impossible for the Registrar or even a central bank to check all extensions, and some discretion must be left to the society itself. It appears to the Lieutenant-Governor preferable to allow time by means of an extension than, as is understood to be the practice in some province, to reckon sums overdue as cash credits and the system has now been formally introduced into this province.

20. With the proposals regarding audit and supervision of primary societies (Nos. 94—105), the Lieutenant-Governor is in entire agreement. He also accepts their proposals on central banks (Nos. 107—162) and provincial banks (Nos. 164—178), subject to the following reservations.

21. The Committee suggest (No. 138) that share capital *plus* reserves should be at least 12½ per cent. of the total liabilities. In the case of a provincial bank the recommendation is (No. 166) that share capital *plus* surplus asset funds should not be less than one-tenth of the total funds borrowed from outside. His Honour thinks that the latter is a much better criterion than the former and should be adhered to in the case of central banks also. Moreover, the Registrar should have power to enforce this principle with some elasticity in the case of new central banks. A standard to which a bank of 10 years' existence may be expected to conform is probably too high in the case of a new and struggling bank in a backward locality.

22. Central banks are at present unable to divest themselves entirely of business with individuals (No. 139). Some of them are developments from old town banks, and although every effort is being made completely to eliminate all individual transactions, in a few cases progress has been limited to restricting individual loans within well defined terms. In time all individual transactions will disappear; but this could not be effected at once by a mere order or rule without considerable interference with vested rights. The principle is however fully accepted.

23. As noted above, His Honour is not in favour of allowing cash credits to individuals and, in the stage of development reached in this province, he accepts the view of the Registrar that the system could not yet be adopted with any

safety in societies as a regular practice (No. 146). He is of opinion that cash credits should be given in this province only very sparingly at present. There will be a great temptation to misuse the system to disguise sums overdue, and it is very important that this should not be done.

24. The Registrar has brought to notice a class of cases in which central banks can unobjectionably make use of civil courts in the last resort. Though the Committee recommend (No. 150) that they should, not ordinarily institute proceedings against a defaulting society in civil courts, an order passed by the Registrar under section 36 of the Act cannot be enforced, except on liquidation of the society. But cases often occur where a powerful *sarpanch* prevents other members of a society from paying. If the dispute is decided either by the Registrar or by arbitrators the decision can sometimes be enforced with advantage through the civil courts. When that is done the members pay up readily, the *sarpanch* is removed and the society is saved from extinction.

25. The Lieutenant-Governor is not prepared to accept the proposal that after providing fully for floating resources a central bank may use the balance of its reserve fund in its own business (No. 151). He holds strongly the opinion that the entire reserve fund of a central society should be invested outside. It would appear that the Committee have had chiefly in view the desirability of providing against panics only and have not taken into sufficient account losses that may arise from agricultural calamities, especially in a province like this where members are unable to pledge and transfer their tenure. The danger to the co-operative movement in this province from agricultural calamities is far more serious than the danger from panics in the money market. Ample experience of this was provided in 1914. It then became necessary to give a loan from Government; but the loan was repaid long before it was expected and contraction of credit was much more marked outside than in the societies.

26. Steps have already been taken to ventilate the proposal to have a provincial bank (No. 164), and I am to enclose a copy of the draft byelaws prepared by a Committee last year, which it is now proposed to publish.

27. His Honour has some doubt about the suggestion that district or sub-divisional officers should not be elected *ex-officio* chairmen of central banks (No. 187). If the members of a bank desire to have an officer as *ex-officio* chairman there seems no justification in principle for excluding him. The system has worked exceedingly well in this province, and any violent departure from it might be dangerous. It is improbable that district officers would consent to stand for election as individuals, especially if there is any likelihood of a contest, and it will be impossible always to avoid a contest. District officers by reason of *ex-officio* relations with the banks take a genuine interest in the movement without interfering in details. It should however be entirely optional with the societies to elect *ex-officio* chairmen or not.

28. The Government of India will be addressed separately regarding the necessity for a Development Commissioner (Nos. 194-195).

29. Mr. Chatarji was inclined to doubt the expediency of a rule empowering Registrars to rescind resolutions, etc., dealing with controversial opinions of a political or religious nature (No. 196). It is true that few or no signs of any abuse of the co-operative organization of this nature have yet come to light, and it may be argued that such a rule might act as a suggestion. On the other hand, it is a matter of common experience that apparently harmless organizations have been misused, and His Honour accepts the view of the Committee that it is desirable to have such a rule in reserve.

30. The Lieutenant-Governor does not concur in the suggested appointment of an expert co-operative adviser to the Government of India (No. 197). Such an appointment would be likely to lead to friction and misunderstandings, while the necessity for it is not yet apparent. Provincial conferences and conferences of Registrars and selected gentlemen interested in co-operation appear for the present sufficient to co-ordinate work and to bring to the notice of Local Governments and the Government of India matters requiring attention and modifications of law. It would, in His Honour's opinion, be a better plan to obtain a European expert at intervals of five or six years and to ask him to review the situation in the different provinces in India.

31. It will be convenient to consider together the recommendations of the Committee on fluid resources in central and provincial banks referred to in their recommendations Nos. 128, 129, 152, 155 and 173. The Government of India have reserved for separate consideration recommendations Nos. 206, 207, 208 and 209; but it is difficult to consider the case of fluid resources in central and provincial banks without some idea of the extent to which it will be possible for co-operative banks to rediscount their paper and to establish a connection with a presidency bank or State bank. Roughly the suggestions of the Committee are that the fluid resources maintained in central and provincial banks should be—

A.—For central banks—

- (a) the whole amount of current accounts
- (b) 75 per cent of the amount held in savings accounts, and
- (c) in fixed deposits, half the amount repayable during the ensuing twelve months (supposing no fresh deposits or renewals were made).

B.—For provincial banks—

Against fixed deposits—one-third the amount repayable during the ensuing year (including liabilities to be met by affiliated central banks for which the provincial bank has undertaken to provide cover).

The Registrar, Co-operative Societies, is of opinion that the standard suggested is much too high in all cases. There is no bank which keeps the entire amount of its current accounts in absolutely fluid investments. It is not easy to reconcile the committee's suggestion in this respect with its proposal that interest up to 2 per cent. should be paid on such accounts. The best security in which cover may be invested is liable to fluctuations in value at normal times and any bank which proceeded to do business on these lines would run serious risk of loss. The same argument applies to savings accounts, as a co-operative bank could not possibly give a lower rate of interest than is allowed in the Post Office Savings Banks.

32. The standard suggested by the Committee for cover of fixed deposits cannot be attained in practice unless—

- (a) the reserve fund of the bank is very large; which is a matter of slow growth;
- (b) the bank is able profitably to utilize all superfluous funds during the slack season;
- (c) the bank can easily re-discount its paper and thus always keep a certain amount in fluid cash;
- (d) at least 75 per cent. of the fixed deposits are for terms longer than two years; or
- (e) the margin between the borrowing and lending rates is unusually large, as in Burma, where there is no intermediate banking link between the provincial bank and the primary society.

In provinces where there must be a central or district bank as well we have to allow for three margins—

- (1) between provincial bank and central bank,
- (2) between central bank and primary society, and
- (3) between primary society and member.

In this province members borrow at 15 per cent. It is hopeless to expect that the provincial bank would get money at less than 5 per cent. for many years to come. The difference of 10 per cent. must provide for (1) staff and contingent expenses, (2) bad debts, (3) reserve fund, (4) loss of interest on surplus cash, and

(5) loss of interest on fluid reserve. It is difficult to see how this can be done. It appears to the Lieutenant-Governor that the committee has not made sufficient allowance for the fact that deposits in co-operative banks come from particular classes who have special confidence in them. That Mr. Chatarji's views are more fully stated in a printed note which he submitted to the committee and a copy of which is enclosed. That Mr. Chatarji has not merely been attempting to defend provincial shortcomings in the matter of providing cover appears from the figures given in the table at paragraph 155 of the report. Excluding the cash credit which the Central Provinces provincial bank holds from the Allahabad Bank it will be noticed that the United Provinces banks had comparatively the largest liquid resource on the 1st January, 1915. It appears possible that the members of the committee themselves made these suggestions on the understanding that there would be an Imperial State Bank. In particular attention may be invited to the concluding paragraphs of their report from paragraph 217.

33. If the Government of India think that a hard-and-fast rule regarding fluid resource should be laid down, the following standard seems suitable :—

For central banks—

- (a) 60 per cent of the amount in current account, no interest to be paid ;
- (b) 40 per cent of the amount in savings account, only a low rate of interest being granted, and notice of at least a month being necessary except for very small sums ;
- (c) half the amount of fixed deposits repayable during the ensuing six months (supposing no fresh deposits or renewals were made). As there are two principal crops in the season, a crisis is hardly very likely to last more than six months.

Subject to these remarks the proposals of the committee quoted in paragraph 32 are excepted.

34. With the exception of the matters noted below the Lieutenant-Governor is prepared to accept the proposals affecting the subjects of audit and supervision. His Honour is inclined to think that the scale for Registrars and Joint Registrars (No. 96) is excessive. For this province, until the number of societies exceeds 4,000, one Registrar and one Joint Registrar should suffice on the understanding that there would be a sufficient number of Assistant Registrars from the Provincial Service. At present there are two, and it seems probable that no addition will be required before 1918 if there is a competent Joint Registrar. Owing to financial pressure during the war and the depletion of the staff it has not been possible to employ a Joint Registrar continuously, but it is now hoped that this can be done.

35. For the audit of primary societies the committee recommend that societies should maintain their own staff for original audit, preferably on a provincial basis, while Government should maintain a staff for super-audit every two years. It is added that the Government auditor should be able to audit accounts of 100 societies a year, and that he should have no other work to do (Nos. 100 and 101). For the audit of central banks the agency suggested is that of expert outsiders or the Registrar's staff, the cost in either case being met by the banks (No. 161).

36. The proposals of the committee are an elaboration of the system in this province which is worked by the following staff :—

- (a) Twelve men on the Government staff who (1) audit a portion of the central banks (no fees being charged in such cases), (2) audit a portion of the primary societies and (3) perform other work, e. g. general supervision, education and propaganda.
- (b) Five whole-time men (specially selected and trained by the Registrar), paid by fees from banks and societies who (1) audit the remaining central banks and (2) audit a portion of the primary societies.

- (c) Whole-time men receiving salaries from district banks but employed directly under the orders of the Registrar to audit primary societies in their respective districts.
- (d) Selected men from among the central and district bank staff who are specially authorised by the Registrar to audit primary societies in their respective districts.

It will be possible gradually to place classes (c) and (d) on a provincial basis. Even at present they are frequently transferred by the Registrar from one district to another (with the consent of the banks) and their emoluments, appointment, dismissal, etc., are subject to approval by the Registrar. Appointments are made only from the Registrar's list. His Honour is however opposed to making any violent changes in the system. These would only upset central societies and disgust the honorary workers whom it is very desirable to retain in the movement. As regards (a) and (b), there are roughly 60 central and district banks and 3,200 societies. On the average a whole-time man can audit 15 central and district banks in a year. The recommendation of the committee that a whole-time officer should not be expected to audit more than 100 societies in a year is accepted. This province therefore requires for audit alone the whole-time services of 20 men. At least six more are required for supervision, education, propaganda, etc., and a leave reserve of two men is advisable. Of these 28 men it is suggested that eight should be paid by fees and 20 should be on the permanent Government staff. As the work expands the increase would be comparatively larger among men paid by fees and smaller among those on the permanent Government staff. The Lieutenant-Governor thinks however that the Registrar should have unfettered discretion to utilize the services of both classes, as he considers necessary, in auditing primary and central societies. He is also not prepared to accept the suggestion that a Government auditor should not be employed on educational and propagandist work (No. 100). As the committee themselves point out recess and variety of work are essential to prevent staleness and in practice it is found advantageous that variety should be given.

37. In regard to nomenclature the recommendation of the committee (No. 95) is too rigid. The proposal that no man should be entirely confined to audit has already been contested, and it is a misnomer to call a man auditor unless he is doing nothing but audit work. In this province the staff of central banks are called supervisors, the Government staff inspectors, and men paid by fees are called auditors. This usage accords with the facts and His Honour would like to maintain it. The audit of a co-operative society involves some executive work. Moreover, in this province the term supervisor is already associated with that of qanungos.

Note on the advisability of maintaining a fluid cash reserve by Co-operative Banks, United Provinces.

It is understood that the Committee on Co-operation is considering the advisability of Central Banks keeping an adequate fluid cash reserve (as distinguished from the Surplus or Reserve funds) to meet crises and "runs." I was not aware of this proposal before the Committee visited this province and did not get an opportunity of mentioning the matter in my evidence before the Committee. The president very kindly told me that I could send in a note on the subject. I regret the delay in submitting the following brief note in which I have endeavoured to put forward certain considerations which appear to me to have some bearing on the subject.

2. A fluid cash reserve is of course invariably maintained by all ordinary banking institutions carrying on business according to the methods of English joint stock banks. It has however to be remembered that the system of fixed deposits for a fairly long term say a year or more is not very much in vogue in England. Deposits there are generally for a much shorter period. The Banks

also deal in an entirely different kind of business and seldom have their money locked up in securities which cannot be called in within three months or less. Moreover there is no fixed rule with regard to the proportion that the fluid cash reserve should bear to the total outside liabilities of a bank. It is also well known that in the English system, the banks depend a great deal on each other and finally on the Bank of England. In spite of all these precautions it has happened that in all cases of a serious banking crisis the Bank Act has had to be suspended, or in other words the state has come to the assistance of the banking and credit system.

2. As has been pointed out by eminent authorities a Co-operative Bank is entirely different from an ordinary Joint Stock Bank. The former can lend money only to Registered Co-operative Societies and at any rate in this country the bulk of the money is invested in agricultural operations, *i.e.*, has to be locked up for periods ranging from eight months (one harvest) to five years (for a masonry well which cannot be paid for in less than this time). A Co-operative Bank therefore bears a much greater resemblance to an ordinary business firm where the turnover is slow than to a Joint Stock Bank. I would respectfully submit that although business firms borrow very largely, nobody would suggest that they should keep a fluid cash reserve in order to meet sudden demands of repayment by their creditors.

4. So far as the United Provinces are concerned the great majority of the depositors are fully aware of the kind of business undertaken by the Co-operative Banks. They know that money comes back to these banks only when the harvest is in and crops have been sold. It is true that the Co-operative Banks had to apply for Government assistance last autumn. This step was rendered necessary by the fact that just about September and October, the sums required by the banks for advances for *rabi* cultivation were unusually large on account of previous famine. In other years the banks would have raised the amount required by additional borrowings but owing to the peculiar circumstances prevailing at the time this was not possible. No new deposits came in at the time and whatever cash reserves the banks held were depleted by reason of the additional loans to societies. The total sum borrowed from the Government was about two lakhs and a half. As a capital borrowed from depositors in this province exceeds forty lakhs, even if we assume that the whole of the amount lent by the Government was used in repaying depositors (an assumption very far from correct), the proportion will bear very favourable comparisons with the withdrawals from Joint Stock Banks of repute in the province and also from the Government Postal Saving Banks.

5. Prior to this, our banks passed through the Banking crisis of the autumn of 1913 and a fairly severe famine in the 1st half of 1914. There were practically no withdrawals during those two periods. On the other hand Co-operative Banks were offered more deposits than they could accept. I submit that it may therefore be claimed that an ordinary banking crisis or the tightness of the money market in a famine will effect Co-operative Banks in a much milder manner if at all than they will effect Joint Stock Banks under similar circumstances.

6. On the other hand I am very strongly of the opinion that like all business undertakings, and even more so perhaps than other business undertakings, Co-operative Banks should endeavour to build up as rapidly as possible a very strong Reserve Fund or fund of surplus profits. The money of the banks is invested in agriculture which in this country is peculiarly liable to unforeseen vicissitudes due to uncontrollable natural causes. Moreover, although there is joint responsibility as the final security, the tenants who are jointly responsible have practically no alienable or transferable rights, at least in this province. An exceptionally severe famine or a famine lasting over two years may and probably will destroy the capacity to repay not only of many individual members but also of many societies which may have borrowed from a Central Bank. It is only if the latter has a fairly large accumulated Reserve Fund that it will be able to weather such a storm. The soundness of a Co-operative Bank in my humble opinion depends not on its having a cash reserve enabling it to repay deposits falling due during

a month or two of panic but on the soundness of its investments and on the strength of its Reserve Fund and (so far as depositors are concerned) on the amount of paid up share capital. Depositors in the Central Banks in this province are mostly drawn from classes familiar with the business of Agriculture and I think they are fully alive to these peculiarities which distinguished Co-operative Banks from Joint Stock Banks.

7. The policy has therefore been followed in this province of accumulating a large Reserve Fund as quickly as possible. As will appear from the printed report for 1913-14 (Statement III-A.) the loans and deposits from members and non-members in central Societies amounted to a little over 40 lakhs. Against this sum, there was an accumulated reserve fund of 3.11 lakhs and a paid up share capital of 6.31 lakhs. Moreover the gross profits of the year amounted to 1.40 lakhs of which considerably more than half would go to the Reserve Fund. In case of an extraordinary panic the whole of the Reserve Fund can easily be utilised to repay depositors for the time being. (I fully concede that this Reserve Fund should be held in fluid securities). I hope that if this policy is allowed to develop on normal lines all banks of fifteen to twenty years' standing will have an accumulated reserve fund amounting to one-third of their outside borrowings. If the fund is kept in fluid securities all the requirements of a fluid cash reserve will be satisfied.

8. On the other hand if the banks are compelled in the early stages of their existence to keep an appreciable amount in fluid cash reserve (apart from or in addition to the Reserve Fund), the growth of the Reserve Fund will be very seriously interfered with and the Banks will always remain unsound. During the first year a Central Bank can hardly ever borrow at less than 7 or $7\frac{1}{2}$ per cent per annum. Liquid securities (*e.g.* Government promissory notes or a deposit in the Presidency Bank) seldom fetch more than $3\frac{1}{2}$ per cent per annum. In other words the Bank will lose 4 per cent per annum on the amount held as a cash reserve.

It has been suggested that this loss can be avoided by entering into cash credit arrangement with Joint Stock Banks of standing. For instance Co-operative Bank A will be granted a cash credit by Joint Stock Bank B, say to the extent of rupees fifty thousand, out of which only rupees twenty thousand will be ordinarily used, the remaining thirty thousand thus acting as a fluid cash reserve. To make the latter condition really effective Bank B should itself be in a position of not being affected by an ordinary monetary crisis and there should be a clear stipulation that Bank B. would not call in the loan or cancel the overdraft without at least six months' notice. I have serious doubts whether any ordinary Joint Stock Bank (after the experience of the monetary crisis of 1913 and 1914) will agree to such terms specially when it finds that a large portion of the overdraft sanctioned is never actually used. Very recently I applied both orally and in writing to the head office of a large Joint Stock Bank for cash credit terms for two of our soundest Co-operative Banks, and made the offer that *at least half* the amount sanctioned would always be utilized. The application was met with a refusal although the joint stock bank was willing to grant a loan on a demand promote. (The correspondence will be submitted to the Committee if desired). Possibly a Presidency Bank which is supported by the State and usually in funds when joint stock banks are short of money may agree to the terms sketched above, but I have not yet had an opportunity of approaching the head office of a Presidency Bank on the subject. I may state however that in November last the Agent of a Presidency Bank in one of our towns informed the local co-operative Bank that he could not entertain the idea of giving the latter a cash credit.

What a serious inroad this will mean on the gross profits can best be illustrated by concrete examples taken at random from the returns of our Central Bank,

9. The Mainpuri District Bank owed in 1913-14 Rs. 1,86,000 to depositors and creditors. If it kept one-third or Rs. 62,000 in liquid securities the loss would have been roughly Rs. 2,500. The total gross profits of the year were

Rs. 5,694. Deducting Rs. 2,500 the profits would have been Rs. 3,194. After paying 8 per cent dividend on the share capital of Rs. 22,200 the balance left would have been Rs. 1,318 only for reserve, contingencies, buildings, etc., an entirely inadequate sum in my opinion in view of the extent of the business.

10. The Jaunpur District Bank owed Rs. 1,92,000 to depositors and creditors and made a profit of Rs. 5,541 at the end of the year. Had it kept Rs. 64,000 as fluid cash reserve the loss thereon would have reduced the profit to Rs. 3,000 roughly. After paying 8 per cent dividend the balance available would have been about Rs. 1,400.

11. The advantages to be derived from a liquid cash reserve in the early stages of a Co-operative Bank are to my mind incommensurate with the disadvantages. I fully admit that the inability of bank to pay its depositors in case of demand will be a serious matter. I think however that the movement will receive a very much severer shock if a bank becomes insolvent as the result of an agricultural calamity, and agricultural distress is far more frequent in this country than monetary crisis of a character likely to affect Co-operative Banks.

12. The dangers of a run on the banks at any given moment can I submit be met by more effective measures than the prescription of a minimum cash reserve. I mention three such courses, all of which would I think be adopted in future by our Central Banks.

(1) At least two-thirds of the total capital borrowed from depositors or Non-Co-operative Banks should be derived from investors in the area of operations of the bank (*e.g.*, from residents of the district in the case of District Banks). It is natural and has been amply borne out by our experience, that the directors can exercise a great deal of personal influence on local depositors and thus allay panic amongst them.

(2) At least one-third of the borrowed capital should be in the form of deposits or debentures repayable after two years or a longer term.

(3) At least half of the borrowed capital should be repayable after due notice, of a year or a longer period as the case may be, terminable on the 1st January or 1st July, *i.e.* when the banks are generally in funds after the two chief harvests of the year.

In addition to these measures, current deposits should be discouraged and savings deposits should be accepted only on terms not unfavourable to the bank.

Draft By-laws for the United Provinces Co-operative Bank, Limited, as corrected by Mr. Chatarji.

1. In these by-laws unless there is anything repugnant in the subject or context:—

- (a) " Act " means the Co-operative Societies Act, II of 1912, or any amendment thereof.
- (b) " Rules " means the rules for the time being in force under the Act.
- (c) " Bank " means the United Provinces Co-operative Bank, Limited.
- (d) " The Board of Directors " means the governing body of the bank for the time being.
- (e) " Member " means a person or a registered society who for the time being is a member of the bank.
- (f) " Registrar " means a person appointed to perform the duties of a Registrar of Co-operative Societies under the Act in the United Provinces.
- (g) " Registered Society " means a society registered under the provisions of the Act in the United Provinces.

(h) "Central Bank" means a registered society the principal object of which is to control and finance other registered societies which are its members.

(i) "District Bank" means a central bank with its area of operations extending to the whole of a district.

2. This bank shall be called the United Provinces Co-operative Bank, Limited. Its registered office shall be at Lucknow. The area of operations of the bank will include the whole of the United Provinces.

3. The object of the bank is to finance the co-operative movement in the United Provinces. In furtherance of the abovementioned object the bank shall be at liberty :—

(1) To receive from members and other persons, registered societies, or companies moneys on deposit in current, fixed or savings account or otherwise with or without allowance of interest and generally to borrow from the members or other persons, societies or companies and to secure the repayment of such sums either by the issue of debentures, mortgages, charges or otherwise and upon such terms and conditions as may from time to time be thought fit provided always that no loans shall at any time be contracted beyond the maximum from time to time fixed in that behalf at the general meetings of the bank and approved by the Registrar.

(2) (a) To lend money to members being district banks or to central banks which are not affiliated to a district bank ; and

(b) with the previous sanction of the Registrar to other registered co-operative societies ; and

(3) to make investments in any of the securities specified in clauses (a) to (d) of section 20 of the Indian Trusts Act, 1882 ; and

(4) to make loans to or deposits in—

(a) a Presidency Bank ;

(b) the Post Office Savings Bank ;

(c) with the previous sanction of the Registrar in a bank registered under the Indian Companies Act ; or

(d) with the previous sanction of the Registrar in a registered Provincial Co-operative bank in another province of India ;

(5) to establish and support a provident fund for the benefit of the employes of the bank ; and

(6) generally to do all such other things as are incidental or conducive to the attainment of the above objects.

4. The business of the bank may be commenced as soon as the Board of Directors think fit after the registration of the bank and notwithstanding that the whole of the capital may not have been subscribed and that part only of the shares may have been issued or allotted and part only of the capital may have been paid up.

5. The nominal capital of the bank shall be rupees ten lakhs, which shall be divided into ten thousand shares of the value of rupees one hundred each, half of which shall be preference shares and the other half ordinary shares.

6. Preference shares shall be held only by individuals and corporate bodies other than registered societies. No preference shareholder shall hold more shares than represent a maximum of one-twentieth of the authorised share capital of the bank. Preference shares shall carry a fixed cumulative dividend at the rate of six per cent. per annum and shall have priority in respect of dividend and the repayment of capital provided in by-law 49.

7. Ordinary shares shall be held only by district and central banks registered in the United Provinces. Loans and cash credit accounts granted to the holders of ordinary shares shall be subject to rules made from time to time by the Directors subject to the control of the general meeting, but no holder of an ordinary share shall at any time owe to the bank more than ten times the amount paid up on shares held by it in the bank.

8. Preference shares shall be paid up in full. Payment on preference shares shall be made as follows :—

On each share Rs. 10 on application for allotment and a further sum of Rs. 10 on allotment being made. For the balance the Board of Directors may from time to time make such calls as they may think fit provided that no call shall exceed Rs. 20 and there shall be an interval of not less than three months between each call and not less than one month's notice shall be given of every call specifying the time and place of payment.

9. For every ordinary share Rs. 50 shall be paid, *viz.*, Rs. 10 on allotment and the balance in instalments of five rupees as may be decided by the Board of Directors subject to the same notice as applies to calls on preference shares. The balance of Rs. 50 shall be treated as the reserve liability of the ordinary shareholders and shall become payable only upon (a) the cancellation of the registration of the bank under section 39 or 40 of the Act or (b) a call thereon being made by the Board of Directors with the sanction of the Registrar and with the sanction of a resolution of the bank, passed by a majority of the members present or represented and entitled to vote, at a general meeting of the bank duly convened for the purpose.

10. The Board of Directors may accept full payment for any preference or ordinary share in advance of due date. Money so paid shall rank for dividend from date of payment.

11. Interest at the rate of nine per cent per annum shall be levied on all deferred payments of calls from the date on which the calls fall due.

Interest on deferred payment of share-calls.

12. If any amount on account of calls remains unpaid for more than three months after due date the Board of Directors may after giving the defaulting member fifteen day's notice in writing declare such shares forfeited together with all payments made thereon. Every share which shall be declared forfeited shall thereupon become the property of the bank and may at any time thereafter be sold, reallocated or otherwise disposed of to the original holder thereof or to any other person or persons or bank and either by public auction or private contract upon such terms and in such manner as the Board of Directors may think fit. Until any share so forfeited shall be sold, reallocated or otherwise dealt with as aforesaid the forfeiture thereof may at the discretion of the Board of Directors be annulled on payment of all arrears in respect of the share including interest and such renewal fee as the Board of Directors may determine or upon such other consideration as the Board of Directors may think fit. Any member whose shares shall be so forfeited shall notwithstanding such forfeiture be liable to pay and shall forthwith pay to the bank all calls or instalments, interests, and expenses owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment at the rate of nine per cent per annum and the Board of Directors shall enforce the payment thereof if they think fit.

Forfeiture of shares.

13. The Board of Directors shall have power to deal with all applications for shares in such manner as they think fit, and may refuse either in whole or part all applications for shares.

Board's power to deal with applications for shares.

14. Shares shall be transferred by instrument in writing in the form attached to these by-laws. Every such instrument shall be executed both by the transferer and transferee and the transferer shall be deemed to remain the holder of such share until the name of the transferee is entered in the register of transfers of the bank in respect thereof.

Transfer of shares how to be made.

Board's power to refuse transfer.

assigning any reason therefor.

15. The Board of Directors may refuse to register any transfer of shares without

16. Any member holding preference shares may, by a writing under his hand delivered at or sent to the office of the bank or by a declaration duly made, nominate any person or persons to whom the share shall be transferred on the death of such member, under the provisions of section 22 of the Act:—

Appointment of nominee by preference share-holder.

Provided that such member may from time to time revoke or vary such nomination by a writing under his hand similarly delivered or sent or by a declaration similarly made.

Register of share-holder's nominees.

preceding by-law.

17. The bank shall keep a register of all persons (if any) nominated under the last

18. In the case of the death of a member his shares shall be transferred to the person nominated in accordance with by-law 17 or if there is no nominee, to the heir or legal representative of the deceased member.

Transfer of a deceased member's share to his nominee or legal representative.

19. The Board of Directors shall have power to close the transfer books of the bank for such period or periods of time in every year as to them seem fit but not exceeding 30 days in the whole year.

Board may close transfer-books for certain periods.

20. Every member shall on payment of the call due on allotment of shares be entitled, free of charge, to a certificate under the common seal of the bank signed by

Share certificates.

two of the members of the Board of Directors and countersigned by the manager. Such certificate shall specify the number of the share or shares in respect of which it is issued and the amount paid up thereon.

21. If such certificate be defaced, lost or destroyed it may be renewed on payment of such fee, if any, not exceeding eight annas and on such terms as to evidence and indemnity as the Board of Directors may think fit.

Renewal of certificate.

22. The liability of the members for the debts of the bank shall be limited to the nominal value of the shares held by them.

Liability.

23. The supreme authority of the bank shall be vested in the general meeting of members. General meetings shall consist of members holding preference shares and a proxy from each registered society holding ordinary shares. Members holding preference shares may attend either in person or by proxy.

General meetings.

24. General meeting shall be of two kinds, ordinary and extraordinary.

25. An ordinary general meeting shall be held within two months from the close of each working year. Its duties shall be:—

- (1) to elect a Board of Directors for the year including a Chairman and a Vice-Chairman, (2) to consider the annual report, accounts and balance sheet, (3) if profits admit, to declare a dividend, provided that the general meeting may reduce the rate of dividend recommended by the Board of Directors but shall not have the power to increase it, (4) to fix the maximum amount of borrowings by the bank for the ensuing year and (5) to transact such other business as may be laid before the meeting by the Board of Directors of which due notice has been given in accordance with by-law 27.

26. (1) An extraordinary general meeting shall be convened by the Board of Directors whenever they think fit or on the requisition in writing of the Registrar or of members representing one-tenth of the shares issued.

(2) A resolution passed at an extraordinary general meeting in order to have effect must be confirmed by a majority of members present in person or by proxy at a subsequent general meeting, of which notice has been duly given, and held at an interval of not less than fourteen days nor more than one month from the date of the first meeting.

27. Ten days' clear notice shall be given by notification in the *United Provinces Gazette*, of the time, place and hour of a general meeting as well as of the business to be transacted and a separate notice shall also be posted to the registered address of each member. The non-receipt by a member of notice of any general meeting shall not affect the validity of the proceedings of the meeting. It shall not be requisite in any event to give notice of any general meeting to any member who has not a registered address in India.

28. The quorum at a general meeting shall consist of members present either in person or by proxy and of proxies of registered societies, being members, holding or representing one-tenth of the share capital of the society then issued. A minimum of ten persons actually present will also be necessary for the quorum of a general meeting.

29. If at the hour fixed for an ordinary or extraordinary general meeting a quorum is not present, the Chairman shall, if the meeting has been called on the requisition of members, dissolve it but in any other case it shall stand adjourned to a date not less than seven days and not more than a fortnight later as may be appointed by the Chairman and the business transacted at the adjourned meeting shall be the same as that proposed for the original meeting. At such adjourned meetings if a quorum is not present any resolution may be carried by a majority of three-fourths of the members present and entitled to vote.

30. Every member shall have one vote for every share held by him subject to a maximum of 10 votes for each member. No member who shall have failed to pay any call due on his shares shall be entitled to vote or be present at any meeting of the bank either personally or by proxy, or as proxy for any other member. The instrument appointing a proxy shall be in writing in one of the forms in the schedule appended to these by-laws and it shall be deposited at the registered office of the bank not less than 48 hours before the time for holding the meeting at which the person named in the instrument proposes to vote. No person who is not a member of the bank may appear as a proxy for any preference shareholder.

31. The Chairman, or in his absence the Vice-Chairman of the Board of Directors shall preside at every general meeting of the bank.

32. If there is no such Chairman or Vice-Chairman or if at any meeting neither of them is present within fifteen minutes after the time appointed for holding the meeting the members present or represented at the meeting shall choose a member or a proxy of a registered society present and entitled to vote as the Chairman of the meeting.

33. The Chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for ten days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

34. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by at least three members, and, unless a poll is so demanded a declaration by the Chairman that a resolution has, and a show of hands, been carried unanimously or by a particular majority or lost and an entry to that effect in the book of the proceedings of the society shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

35. If a poll is duly demanded, it shall be taken in such manner as the Chairman directs and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

36. In the case of an equality of votes, whether on a show of hands or on a poll the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote.

37. The Board of Directors shall consist of twelve (including the Chairman, and Vice-Chairman) of which at least one-third shall be representatives of members holding ordinary shares as defined in by-law 3⁸ (2). One-third of the Board of Directors shall retire every year but shall be eligible for re-election. The names of the Directors who will retire at the end of the first and second year of the existence of the bank shall be chosen by lot. The Chairman and Vice-Chairman of the Board of Directors shall be elected at the ordinary annual general meeting of members.

38. (1) The qualification for membership of the Board of Directors by a holder of preference shares shall be his holding of at least 20 shares in the bank.

(2) Any officer or member of a registered society which holds not less than 20 ordinary shares in the bank if nominated by the registered society in that behalf shall be eligible for election as a member of the Board of Directors although not himself a member of the bank.

39. Every member of the Board of Directors of the bank shall vacate his office :—

(a) If he becomes insolvent.

(b) If by reason of mental or bodily infirmity he becomes incapable of acting.

(c) If (except with the consent of the Board of Directors) he be absent from the Board's meetings for more than four consecutive meetings.

(d) If he or the registered society by whom he is nominated (as the case may be) ceases to hold the required number of shares to qualify him for the office.

(e) On his resigning office by notice in writing to the Board of Directors.

40. The business of the bank shall be carried on and managed by the Board of Directors who shall have and exercise all such powers, enter into all such agreements, make all such arrangements, take all such proceedings, and do all such acts and things as may be necessary or proper for the due management of the affairs of the bank and for carrying out the objects for which the bank has been established and for securing and furthering its interests subject to the provisions of the Act and rules and subject also to the by-laws for the time being of the bank.

41. The Board of Directors shall meet as often as may be considered necessary and meetings shall be called by such office-bearers as may be authorized by the Board of Directors for the purpose. The Chairman of the Board of Directors and in his absence the Vice-Chairman shall preside at the meetings. In the absence of the Chairman and the Vice-Chairman, the members present shall elect one of themselves to preside. Notice of all meetings of the Board of Directors (and all general meetings) shall be given to the Registrar who shall be entitled to attend and speak at all such meetings but shall not be entitled to vote.

42. All questions arising at a meeting of the Board of Directors shall be decided by a majority of votes; the Chairman shall have a vote and also a casting vote in case of equality of votes. One-third of the members of the Board shall constitute a quorum.

43. The Board of Directors shall cause minutes to be made in books to be provided for the purpose of the following matters :—

(a) of the names of members of the Board of Directors present at each meeting of the Board of Directors ;

(b) of the proceedings of all general meetings ;

(c) of the proceedings of all meetings of the Board of Directors.

All such minutes shall be signed by the person who shall have presided as Chairman at the general meeting or the Directors' meeting at which the business minuted shall have been transacted or by the person who shall preside as Chairman at the next ensuing general meeting or Directors' meeting respectively, and all minutes purporting to have been signed shall for all purposes whatever be *prima facie* evidence of the actual and regular passing of the resolutions and the actual and regular transaction or occurrence of the proceedings and other matters purporting to be so recorded and of the regularity of the meeting at which the same shall appear to have taken place and of the Chairmanship and signature of the person appearing to have signed as Chairman.

44. Without restricting the general powers conferred by these by-laws the following powers and authorities are expressly given to and conferred upon the Board of Directors :—

(a) to pay the preliminary expenses incurred in the promotion and registration of the bank ;

(b) to purchase, take on lease or otherwise acquire buildings or lands for the purpose of constructing offices or for any other purpose necessary for the business of the bank ;

(c) to provide for the management of the affairs of the bank in such manner as they shall think fit and in particular to appoint a manager and such other salaried officers as they may think fit on such terms as to remuneration and with such powers and authorities as they may deem fit, and to dismiss, suspend or punish any such manager or officer ;

(d) to raise and secure the repayment of such funds as may be required from time to time for the purpose of the bank in accordance with and subject to the provisions of the Act, the rules and these by-laws ;

(e) to deal with all applications for advances or cash credit loans and to make investments in such manner as may be permitted by these by-laws or by the Act or rules ;

(f) to execute all deeds, agreements and other documents and to sign all receipts in connection with the business of the bank ;

(g) to commence, institute, prosecute and defend all such actions and suits as the Board of Directors may think necessary or proper to bring or defend or to compromise and submit the same to arbitration ;

(h) to delegate all or any of the aforesaid powers to any officers of the bank or to any of the members of the Board of Directors as they think fit. Any officer and any member of the Board of Directors to whom any of the aforesaid powers may be delegated shall in exercise of their powers conform to all such regulations as may be prescribed by the Board of Directors. All acts done by any such officer or member of the Board of Directors in conformity with such regulations and in fulfilment of their appointments but not otherwise shall have the same force and effect as if done by the Board of Directors themselves.

45. Every shareholding registered society shall be required to submit such returns to the bank as may from time to time be prescribed by the Board of

Obligations of ordinary shareholders.

Directors with the approval of the Registrar and every shareholding registered society shall also be required to submit its books, documents and all registers and papers relating to its business to any person or persons who is or are duly authorized by the Board of Directors for the purpose of carrying out inspections of

such registered society and it shall also be the duty of the office bearers of such registered society to give every facility and assistance for such inspections.

46. The bank shall have a charge upon the share or interest of any member in the capital of the bank and on the deposits of a member or past member and upon any dividends payable to a member or past member in respect of any debt due from such member or past member to the bank, and may set off any sum credited or payable to a member or past member in or towards payments of any such debt.

Disposal of profits.

47. At the close of each working year of the bank the net profits shall be divided as follows and in the order given :—

- (1) Twenty-five per cent shall go to the reserve fund in accordance with the Act.
- (2) The balance shall first be applied to the payment of a dividend on the amount paid on preference shares.
- (3) From the remainder a dividend may be paid not exceeding six per cent on the amount paid on ordinary shares.
- (4) Any balance may be carried to any contingency, depreciation equalisation of dividend fund or other fund as the members in the general meeting may determine. The remainder if any shall (with the sanction of the Registrar and subject to the restrictions contained in the Act) be employed in such other manner (including a further contribution to the reserve fund) as may be determined by the general meeting.

48. If a dividend is not drawn by the member entitled thereto within three years from the date on which it is announced at the general meeting, all claims to it shall be extinguished. Unpaid dividends shall never bear interest as against the bank.

Reserve Fund.

49. The reserve fund shall consist of :—

- (a) Twenty-five per cent of the profit annually placed to the fund in accordance with rule 49 (1) ;
- (b) any further sums allotted to it out of the profits or otherwise ;
- (c) the value of all shares forfeited to the bank and lapsed dividends.

50. The reserve fund shall be indivisible and no member shall have any claim to a specified share in it.

51. (1) In the event of the dissolution of the bank the reserve fund shall be applied first to discharging the liabilities of the bank and to the repayment of the share capital paid up and if for any period no dividend has been paid from profits, to the payment of a dividend for such period at a rate not exceeding 6 per cent per annum.

(2) Such portion of the reserve fund as shall remain after the payments mentioned in sub-clause (1) shall be applied to such local object of public utility as may be selected by the Board of Directors and approved of by the Registrar. If within three months of the dissolution of the bank the Board of Directors fail to make any selection that is approved of by the Registrar, the latter shall place the abovementioned portion of the reserve fund on deposit in some co-operative or other bank until a new co-operative bank with the United Provinces as its area of operations is registered, in which event it shall be credited to the reserve fund of such bank.

Accounts.

52. The Board of Directors shall cause such true accounts and books to be kept as may from time to time be prescribed or approved of by the Registrar and subject thereto such accounts and books shall be kept in such manner as the

Board of Directors may deem expedient so as to show the true financial state of the bank and the Board of Directors shall prepare and lay before the members in general meeting a balance sheet and profit and loss account showing the receipt and expenditure funds and assets of the bank together with a statement of the business transacted by the bank during the preceding working year. A copy of the balance sheet shall be sent to each member at his registered address at least seven days before the ordinary general meeting of each year—such balance sheet shall be made up and published in such manner as the Registrar may prescribe.

53. The accounts of the bank shall be audited at least once in every year by a chartered accountant. The report of the auditor or auditors on the result of every audit made in every year shall be read at the annual general meeting at which the accounts for that year are presented for consideration and a copy of such report shall be annexed to the copies of the balance sheet circulated to the members.

54. The Board of Directors shall provide a common seal for the purpose of the bank and it shall not be used except by the authority of the Board of Directors and in the presence of a least one of the members thereof.

55. Every deed or document to which the seal is affixed shall be signed by two of the members of the Board of Directors and countersigned by the Manager of the bank.

56. Any notice required to be served by the bank upon a member shall be given in writing and delivered or sent by post to the registered address of the member.

57. Any notice if served by post shall be deemed to have been served on the day on which it would be delivered in the ordinary course of the post and in proving such service it shall be sufficient to prove that the notice was properly addressed and posted.

58. All notices to be given on the part of any member shall be left at or sent through the post to the registered office of the bank.

59. No alteration or addition shall be made to these by-laws except by a resolution passed at an extraordinary general meeting and confirmed in the manner prescribed in clause (2) of by-law 26, and approved by the Registrar.

60. All disputes between the bank and its members concerning the business or working of the bank shall be decided by the Board of Directors, subject to an appeal to a general meeting whose decision shall be final and not removeable to any court of law.

All matters not specially provided for by the by-laws shall be decided according to the terms of the Act and the rules and if there shall be no provision in the Act or rules applicable to such matter, then subject to the provision of the by-laws of the bank for the time being in force shall be decided in such manner as as the Board of Directors may in their discretion determine.

61. The bank shall be liquidated only with the sanction of two-thirds of the members assembled in extraordinary general meeting called specially to consider the question and with the sanction of the Registrar.

FORM FOR TRANSFER OF SHARE.

I, A. B. of _____ inconsideration of the sum of _____ Rupees paid to me by C. D. of _____, hereinafter called the said transferee, do hereby transfer to the said transferee

share (or shares), numbered _____, in the undertaking called the United Provinces Co-operative Bank, Limited, to hold unto the said transferee, his executors, administrators and assigns, subject to the several conditions on which I held the same ^{immediately before} _{at the time of} the execution hereof; and I the said transferee do hereby agree to take the said share (or shares) subject to the conditions aforesaid. As witness our hands, the _____ day of _____

Witness to the signatures of, etc.

(The above form is generally in use in the United Kingdom (*vide* form No. 251, page 669, Palmer's Company Precedents, Vol. 1. It differs only slightly from the form given in Table A, clause 19 of the English Companies Act, 1908, and the Indian Companies Act of 1913, which contain the words "at the time of," in place of "immediately before," in line 8 above.)

(FORM FOR PROXIES.)

The United Provinces Co-operative Bank, Limited.

I _____ of _____ in the district of _____, being a member of the United Provinces Co-operative Bank, Limited, hereby appoint _____ of _____ as my proxy to vote for me and on my behalf at the (ordinary or extraordinary, as the case may be) general meeting of the bank to be held on the _____ day of _____ and at any adjournment thereof.

Signed this _____ day of _____ 19 _____

(The above form is prescribed in paragraph 67 of the regulations contained in Table A of the First Schedule of the Indian Companies Act, VII of 1913, and is the same as embodied in paragraph 67 of Table A in the English Companies Act.)

(FORM FOR PROXIES.)

The United Provinces Co-operative Bank, Limited.

"Resolved that _____ member of the District Co-operative Bank, Limited, do represent the bank as proxy to vote for and on its behalf at the (ordinary or extraordinary, as the case may be) general meeting of the United Provinces Co-operative Bank, Limited, to be held on the _____ day of _____ and at any adjournment thereof."

This is to certify that the above is a true copy of a resolution passed by the Board of Directors of the District Co-operative Bank, Limited, on the _____ and that the said bank holds _____ shares in the United Provinces Co-operative Bank, Limited.

Signed this _____ day of _____ 19 _____

at _____

1.

Manager.

2.

Member of the Working Committee.

District Co-operative Bank, Limited.

(*Vide* rule 15 of the Government Rules issued under notification Miscellaneous, Revenue Department, no. 625-I--228, dated the 24th March, 1913.)



The Gazette of India.

PUBLISHED BY AUTHORITY.

SIMLA, SATURDAY, SEPTEMBER 22, 1917.

Separate paging is given to this Part in order that it may be filed as a separate compilation.

PART VI.

Proceedings of the Indian Legislative Council.

GOVERNMENT OF INDIA.
LEGISLATIVE DEPARTMENT.

PROCEEDINGS OF THE INDIAN LEGISLATIVE COUNCIL ASSEMBLED UNDER
THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT, 1915,
(5 & 6 Geo. V. Ch. 61).

The Council met at the Council Chamber, Viceregal Lodge, Simla, on Wednesday, the 12th September, 1917.

PRESENT :

THE HON'BLE MR. G. R. LOWNDES, *Vice-President, presiding*, and
58 Members, of whom 52 were Additional Members.

STATEMENT LAID ON THE TABLE.

The Hon'ble Sir William Vincent :—“ Sir, I beg to lay on the table a statement* showing the number of gazetted appointments above the rank of Registrar in the Government of India Secretariat and attached offices.”

QUESTIONS AND ANSWERS.

The Hon'ble Sir Dinshaw Wacha asked :—

1. “ Are the proceeds of the War Loan left with the Presidency Banks until they are actually required by Government for disbursement ?”

The Hon'ble Sir William Meyer replied :—

“ The bulk of the loan proceeds paid into the Presidency Banks was left with the Banks for a considerable time and has been only gradually withdrawn. Advantage has however been recently taken of the easy money conditions which are now prevailing in this country to withdraw the loan proceeds at a somewhat more rapid rate than would have sufficed for the immediate necessities of Government. This course, which is clearly in the interests both of the Banks and of the money market generally was adopted at the

*Vide Appendix A.

QUESTIONS AND ANSWERS.

[*Sir William Meyer; Sir Dinshaw Wacha; Mr. R. A. Mant.*] [12TH SEPTEMBER, 1917.]

wish of the Banks whose convenience has been constantly consulted in effecting withdrawals."

The Hon'ble Sir Dinshaw Wacha asked :—

Export of
linseed.

2. "(a) Is it a fact that a large quantity of linseed is imported into the United Kingdom from Argentina for the purpose of manufacturing margarine and that the quantity of linseed imported into the United Kingdom from the countries within the British Empire, including India, is equivalent only to 64 per cent. of the total quantity imported ?

(b) If so, will Government be pleased to consider the question of so encouraging the cultivation of linseed in India as to diminish the imports of that seed from countries outside the British Empire ?"

The Hon'ble Mr. R. A. Mant replied :—

"(a) The answer is in the affirmative except that the purpose for which, Argentina linseed is imported into the United Kingdom is not, it is believed, the manufacture of margarine. The oil is understood to be used principally for paints and varnishes and the cake for fodder.

(b) In view of the improbability that sufficient freight will be forthcoming in the near future to convey the quantities of linseed already available for export from India, the Government of India do not consider it either necessary or desirable to take any special steps to encourage the increased cultivation of this crop at present."

The Hon'ble Sir Dinshaw Wacha asked :—

Agricultural
roads.

3. "(a) Are there adequate agricultural roads in India for transporting the agricultural produce of the ryot from the field to the nearest market ?

(b) If not, will Government be pleased to give the names of the Provinces in which the want of an adequate number of such roads is still felt ?"

The Hon'ble Mr. R. A. Mant replied :—

"The subject matter of the Hon'ble Member's question is purely provincial and the information desired can best be obtained by questions in the Provincial Legislative Councils."

The Hon'ble Sir Dinshaw Wacha asked :—

Cultivation
of wheat.

4. "(a) Is it a fact that the French Government some time ago resolved, to raise the premium granted to peasants from 3 to 5 per cent. for increasing the area for the cultivation of wheat ?

(b) If so, will Government be pleased to consider whether stimulus cannot be given to cultivators in this country of all kinds of food-grains, specially wheat, in a similar way ?"

The Hon'ble Mr. R. A. Mant replied :—

"(a) The Government of India have no information.

(b) The Government of India have already asked the Local Governments of the chief wheat-growing Provinces to take special steps to stimulate the cultivation of wheat and other food-grains during the coming season."

The Hon'ble Sir Dinshaw Wacha asked :—

Financing
of exports of
commodities
of national
importance.

5. "(a) With reference to the *communiqué* summarising the results of the conference held on the 3rd January last between the Hon'ble Finance Member and various banking representatives, and to the statement therein made that 'the fullest assurances were given by those present that the financing of exports

QUESTIONS AND ANSWERS,

[12TH SEPTEMBER, 1917.]

[*Sir Dinshaw Wacha ; Sir William Meyer.*]

of national importance in connection with the war would have the first claim on the resources of the Exchange Banks, will Government be pleased to state how far these assurances have been given effect to?

(b) To what extent have importers of produce co-operated with the Exchange Banks in order to secure that the proceeds of their imports are similarly made available, so far as they may be required, for the financing of export of commodities of national importance?"

The Hon'ble Sir William Meyer replied :—

"(a) The Government of India believe that the British Exchange Banks have scrupulously adhered to the assurances given at the Conference referred to by my Hon'ble friend in the matter of giving priority in finance to exports of national importance.

(b) With the co-operation of Chambers of Commerce, Trades Associations, etc., the attention of the mercantile public was drawn some months ago to the fact that it was essential in the national interest that importing, shipping and other firms should make the funds at their disposal directly available for the financing of such exports. The great majority of these firms have responded to the appeal in a very public spirited manner. A few instances have come to notice in which importers have disposed of their remittances direct to exporters of articles not on the preferential list at rates higher than those at which exchange business is now carried on under agreement with the Secretary of State for India. It is believed, however, that the Chambers of Commerce and Exchange Banks are taking such action as is possible to prevent transactions of this kind, and I may express the hope that any firms and brokers who deal in such business will discontinue it when they realise that it is detrimental to the scheme for the regulation of exchange which is now in force and to the financing of exports of urgent importance for carrying on the war."

The Honble Sir Dinshaw Wacha asked :—

6. "(a) Is it a fact that the volume of Indian export trade has been materially curtailed by the restrictions which have been placed on the amount of the Secretary of State's weekly Council drawings?" Indian export trade.

(b) Is it a fact that the export trade is at present more handicapped by difficulties in the way of freight than by those of exchange?"

The Hon'ble Sir William Meyer replied :—

"(a) The answer is in the negative. The value of articles of private merchandise exported from India in the year 1916-17 amounted to 241 crores against 182 and 197 crores, respectively, in the years 1914-15 and 1915-16, and 249 crores in the pre-war year 1913-14. Thus, the value of exports last year was substantially in excess of their value in the two previous years and very nearly reached the figure attained in the record year which immediately preceded the outbreak of the war. It is true that restrictions on exchange only came into force during the last three months of 1916-17, but the figures for the first four months of the current year, viz., April to July, show very similar features, the value of exports amounting to 74 crores against 61 and 73 crores in the corresponding months of 1915 and 1916, and 83 crores in the same period of 1915.

(b) It is necessarily impossible to obtain statistics to show the exact extent to which exchange considerations and the difficulties of obtaining freight, respectively, have impeded trade. From representations, however, which have been received by the Government of India it would seem to be the case that trade is at the present time more handicapped by shortage of tonnage than by exchange difficulties."

QUESTIONS AND ANSWERS.

[*Mr. Srinivasa Sastri ; Sir C. Sankaran Nair ; Rai Sita Nath Ray Bahadur ; Sir George Barnes ; Sir Robert Gillan.*] [12TH SEPTEMBER, 1917.]

The Hon'ble Mr. Srinivasa Sastri asked:—

Housing accommodation for the poorer classes in towns.

7. "Will Government be pleased to state what steps, if any, have been taken in the different provinces of India, by State or private agencies for providing proper housing accommodation to the poorer classes living in cities and large towns?"

The Hon'ble Sir C. Sankaran Nair replied:—

"The information will be obtained from the Local Governments."

The Hon'ble Rai Sita Nath Ray Bahadur asked:—

Employment of Indians in the Factory Inspection Department.

8. "(a) Do the enquiries made by the Public Services Commission show that in the Factory Inspection Department at present, out of 21 Government officers in the various Provinces in receipt on the 1st April 1913 of salaries of Rs. 200 or more, 17 were returned as Europeans and 4 as Anglo-Indians?"

(b) If so, do Government propose to take necessary steps to employ qualified Indians of unmixed Asiatic descent in the Department?"

The Hon'ble Sir George Barnes replied:—

"(a) The figures which are correctly quoted by the Hon'ble Member represent the Officers of the Factory and Boiler inspection departments collectively and not those of the Factory inspection department alone.

(b) All the recommendations made by the Public Services Commission are being carefully considered by the Government of India, and we are not yet in a position to state conclusions."

The Hon'ble Rai Sita Nath Ray Bahadur asked:—

Terminus of the Eastern Bengal Railway.

9. "(a) Is it a fact that the Dacca-Narayanganj mail-steamer occasionally misses the Goalundo—Calcutta mail-train, causing serious inconvenience to passengers?"

(b) Is it a fact that Goalundo is at present the terminus of the Eastern Bengal Railway, and that Faridpur is nearer Narayanganj than Goalundo?"

(c) If so, will Government be pleased to consider the question of extending the terminus of the Eastern Bengal Railway from Goalundo to Faridpur, with a view to shorten the time of the journey from Calcutta to Narayanganj?"

The Hon'ble Sir Robert Gillan replied:—

"(a) It has been ascertained that during the last 12 months the Dacca-Narayanganj mail-steamer missed connection with the Eastern Bengal Railway mail train on one occasion only.

(b) It is a fact that Faridpur is nearer than Goalundo to Narayanganj, but it is not possible to adopt a fixed point in view of the varying conditions of the river. The present terminus which is called Goalundo is not a fixed station but is moved up or down the river within a distance of about ten miles.

(c) A proposal to move the terminus to Faridpur for the flood season only was considered by the Eastern Bengal Railway a few years ago: the proposal was abandoned as the *khal* giving access to Faridpur was found unsuitable for steamer traffic."

The Hon'ble Rai Sita Nath Ray Bahadur asked:—

Secondary and higher education in India.

10. "(a) Did Mr. Chaubal, in his additional Note to the Report of the Public Services Commission, recommend the appointment of an Educational

QUESTIONS AND ANSWERS.

[12TH SEPTEMBER, 1917.] [Rai Sita Nath Ray Bahadur ; Sir C. Sankaran Nair ; Mr. R. A. Mant,]

Commission which will take evidence and settle the proper lines on which secondary and higher education should be run under the altered conditions of the country and to suit the present time ?

(b) If so, will Government be pleased to state if they intend taking any steps to appoint such a Commission ?

The Hon'ble Sir C. Sankaran Nair replied :—

“ (a) Yes.

(b) The Commission which will shortly enquire into the University of Calcutta will consider *inter alia* the qualifications to be demanded of students on their admission to the University. Their recommendations will primarily be applicable to those areas which fall within the jurisdiction of the University of Calcutta. But the Government of India do not propose to take any further action until their recommendations have been received and considered.”

The Hon'ble Rai Sita Nath Ray Bahadur asked :—

11. “ (a) Have the Government of India frequently declared that in the Agricultural Department the object to be kept steadily in view is to reduce to a minimum the number of experts appointed in England and to train up indigenous talent so as to enable the country to depend on its own resources for the recruitment of its agricultural staff in the higher branches ?

Recruitment for the Agricultural Department.

(b) Did the Public Services Commission recommend that facilities should be offered to Indians to enter the higher branches of the Agricultural Department in India ?

(c) If so, will Government be pleased to state what steps they intend taking to carry out this recommendation ?

The Hon'ble Mr. R. A. Mant replied :—

“ (a) and (b) The reply is in the affirmative.

(c) This question is under consideration together with the other recommendations of the Commission affecting the Agricultural Department.”

The Hon'ble Rai Sita Nath Ray Bahadur asked :—

12. “ (a) Did the Public Services Commission recommend that members of the I. C. S. should not be appointed as Directors in the Department of Agriculture ?

Directors of Agriculture.

(b) If so, will Government be pleased to make a statement as to the steps, if any, which they intend taking in regard to the recommendation ?

(c) Did the Secretary of State for India recommend that officers of the Agricultural Department should be given an opportunity of proving their fitness for the post of Directors in that Department ?

(d) If so, will Government be pleased to make a statement as to the steps, if any, which they have taken in regard to the recommendation ? If no steps have been taken, will Government be pleased to state what steps they intend taking in the matter ?

The Hon'ble Mr. R. A. Mant replied :—

“ (a) The reply is in the affirmative.

(b) The matter is still under the consideration of Government.

(c) The reply is in the affirmative.

(d) The Secretary of State's instructions have been communicated to Local Governments with whom it rests to give effect to them. So far as the Government of India are aware two officers of the Agricultural Department are at present officiating as Directors in their respective Provinces.”

QUESTIONS AND ANSWERS.

[*Rai Sita Nath Ray Bahadur*; *Mr. R. A. Mant*; *Sir George Barnes*.] [12TH SEPTEMBER, 1917.]

The Hon'ble Rai Sita Nath Ray Bahadur asked :—

Appoint-
ment of In-
dians to the
Public
Works and
Railway
(Engineering)
Depart-
ments.

13. “(a) Did the Public Services Commission recommend that in the Public Works and Railway (Engineering) Departments provision should be made for obtaining half of the staff from India ?

(b) If so, will Government be pleased to state what steps they intend taking to carry out this recommendation ? ”

The Hon'ble Mr. R. A. Mant replied :—

“ (a) The Public Services Commission have recommended certain changes in the manner of recruitment of engineers for the Public Works, and Railway (Engineering) Departments, the result of which would ultimately be to increase the proportion of appointments open to statutory natives of India from thirty-seven and a half to fifty per cent of the total strength.

(b) The recommendations are at present under the consideration of the Government of India.”

The Hon'ble Rai Sita Nath Ray Bahadur asked :—

Employment
of Indians
in the
Boiler
Inspection
Department.

14. “(a) Have the Public Services Commission pointed out in their Report that in the Boiler Inspection Department Indians of unmixed Asiatic descent do not appear to have obtained entry ?

(b) If so, do Government propose to take the necessary steps to remedy this state of affairs ? ”

The Hon'ble Sir George Barnes replied :—

“ (a) The answer is in the affirmative.

(b) I have already informed the Hon'ble Member that the recommendations made by the Public Services Commission are receiving the careful attention of the Government of India, and that the Government are not yet in a position to state conclusions.”

The Hon'ble Rai Sita Nath Ray Bahadur asked :—

Enhance-
ment of pay
of branch
post
masters.

15. “(a) Is it a fact (i) that the Public Services Commission have expressed the opinion that the only safe criterion of salary is ‘that Government should pay so much and so much only to their employés as is necessary to obtain recruits of the right stamp and to maintain them in such a degree of comfort and dignity as will shield them from temptation and keep them efficient for the term of their service,’ and (ii) that the Calcutta High Court (in *Emperor* vs. *Haraset Bose*) has held that the pay of village post masters is inadequate ?

(b) Will Government be pleased to enhance the pay of branch post masters, and pending the development of the necessary scheme, revert to the old custom of granting them a small commission on the sale of stamps ? ”

The Hon'ble Sir George Barnes replied :—

“ The quotation which the Hon'ble Member has made from the Report of the Public Services Commission is quite accurate and it is also accurate to say that the High Court of Calcutta in the case mentioned commented on the low wages paid to a certain village postmaster.

I should point out that the duties of a village postmaster in this country as in other countries do not provide whole time employment for a man; and it is consequently the policy of the Government to secure village postmasters who have got other employments or emoluments and who are able to give part of their time to the work of postmaster. In the particular case in question, for instance, the postmaster had an income of Rs. 15 a month from other sources.

QUESTIONS AND ANSWERS.

[12TH SEPTEMBER 1917].:

[*Sir George Barnes ; Rai Sita Nath Ray Bahadur ; Mr. R. A. Mant.*]

in addition to the postal allowance of Rs. 8 a month mentioned by the High Court.

The circumstances of each case and the total emoluments of each man are reviewed annually.

In answer to the last part of the Hon'ble Member's question, the Government do not propose to revert to the system of paying commission on the sale of stamps."

The Hon'ble Rai Sita Nath Ray Bahadur asked :—

16. "(a) Have the Public Services Commission recommended that, with a view to introduce a system of direct recruitment to the Imperial Branch of the Forest Department Service in India, steps should be taken to establish at Dehra Dun a course of training in forestry up to the highest European standard? Recruitment for the Imperial Branch of the Forest Department.

(b) If so, will Government be pleased to state what steps, if any, they contemplate taking to give effect to this recommendation?"

The Hon'ble Mr. R. A. Mant replied :—

"(a) The reply is in the affirmative.

(b) The question is under the consideration of the Government of India, but they are not at present in a position to make any statement on the subject."

The Hon'ble Rai Sita Nath Ray Bahadur asked :—

17. "(a) Did the Public Services Commission recommend that not less than one half of the vacancies hereafter arising in posts in the Customs Department in India, carrying salaries of Rs. 200 a month and more, should be filled by statutory natives of India? Appointment of Indians to the Customs Department.

(b) If so, will Government be pleased to state what steps, if any, they intend taking to carry out the recommendation?

(c) Did Mr. Chaubal in his minute regarding the Report of the Commission on the Customs Department point out that out of 246 posts in that Department carrying a salary of Rs. 200 and more, only 27 were held by Asiatic Indians and Burmans?

(d) If so, will Government be pleased to take steps to ensure a larger employment of Asiatic Indians?"

The Hon'ble Sir George Barnes replied :—

"The Public Services Commission recommended that not less than one half of the vacancies hereafter arising in the Customs Department should be filled in India by statutory natives of India. This recommendation referred to appointments in the Imperial Customs Service. The Commission did not make any recommendation regarding the subordinate services, which are under the control of the Local Governments. It is, however, correct that Mr. Chaubal pointed out in his minute that out of 246 posts in the Department carrying a salary of Rs. 200 and more, only 27 were held by Indians.

The action to be taken on the Commission's Report is still under the consideration of the Government of India, and I cannot make any statement on the subject."

The Hon'ble Rai Sita Nath Ray Bahadur asked :—

18. "(a) Have the Public Services Commission in their Report pointed out that 'there is a growing demand in various parts of India for the highest forms Veterinary training.

QUESTIONS AND ANSWERS.

[*Rai Sita Nath Ray Bahadur ; Mr. R. A. Mant ; Captain Ajab Khan, Sardar Bahadur ; His Excellency the Commander-in-Chief ; Rao Bahadur B. N. Sarma ; Sir William Meyer.*] [12TH SEPTEMBER, 1917.]

of veterinary training, and it is of importance that the instructional facilities provided by Government should keep pace with the demand, and that steps should be taken to enable India to rely on her own resources in this as in other scientific services? And have the Commission recommended 'that as soon as possible classes teaching up to the highest standard should be established in India and that the passed students of these classes should constitute the normal field of recruitment for the Imperial branch of the Department (i.e., Civil Veterinary Department)?'

(b) Will Government be pleased to state what steps they intend taking regarding the establishment of classes teaching up to the highest standard?

(c) Have the Public Services Commission recommended that 'pending the development of a complete scheme of training in India, a system of State scholarships should be instituted by which likely young men would be enabled to proceed to Europe with the object of gaining the diploma of the Royal College of Veterinary Surgeons'?

(d) If so, will Government be pleased to state what steps they intend taking to carry out this recommendation?

The Hon'ble Mr. R. A. Mant replied:—

"The answer to questions (a) and (c) is in the affirmative.

With regard to questions (b) and (d), no decision has yet been arrived at on the recommendations of the Public Services Commission, but Local Governments and Administrations will shortly be consulted regarding the recommendations referred to by the Hon'ble Member, and the whole question of veterinary education will be considered by the Board of Agriculture in December next."

The Hon'ble Captain Ajab Khan, Sardar Bahadur asked:—

Barrack
furniture.

19. "What is the allowance of lamps and oil for lighting the barrack rooms of Indian units, and what other barrack furniture is provided them by the State?"

His Excellency the Commander-in-Chief replied:—

"Under existing rules, lamps and oil are only allowed to Indian units at Port Blair and in Burma; except to bodyguards, no furniture is supplied by Government to the barrack rooms of Indian units. The actual scales are shown in Army Tables, Miscellaneous Services.

The supply of lamps and of a suitable scale of furniture to Indian units generally is at present under the consideration of Government."

The Hon'ble Rao Bahadur B. N. Sarma asked — :

Prohibition
of export of
gold and
silver.

20. "Will Government be pleased to state how much money due to merchants in India for goods exported by them is locked up in the United Kingdom by reason of the prohibition of the export of gold and silver and the lack of facilities for the sale of Council drafts?"

The Hon'ble Sir William Meyer replied:—

"The Government of India have no information as to the amount of money due to merchants in India for goods exported to the United Kingdom."

QUESTIONS AND ANSWERS.

[12TH SEPTEMBER, 1917.]

[Rao Bahadur B. N. Sarma ; Sir William Meyer ; Sir William Vincent.]

The Hon'ble Rao Bahadur B. N. Sarma asked :—

21. "With reference to the constitution of Boards in the various provinces to encourage recruitment to the Indian army will Government be pleased to state—

Recruitment for the Indian Army.

(a) Whether the cost which will be incurred by additions to the regular forces will be paid from the Indian revenues or is to be borne by the British Exchequer ;

(b) Whether the increased cost by reason of casualties in the regular forces is proposed to be borne by the British Exchequer ;

(c) Whether additional allowances to officers or men are proposed to be met by the British Exchequer ;

(d) Whether the increased cost incurred in 1916-17 and the approximate additional cost estimated to be incurred in 1917-18 by reason of additions to the regular forces are proposed to be borne by British estimates."

The Hon'ble Sir William Meyer replied :—

"The replies to the Hon'ble Member's question are as follows :—

(a) Expenditure connected with special measures of recruitment undertaken in order to meet the needs of the Indian Expeditionary Forces is debitable under existing arrangements to His Majesty's Government.

(b) All abnormal non-effective charges arising from the occurrence of casualties with the Indian Expeditionary Forces will be borne by His Majesty's Government.

(c) Any additional allowances which may be granted to officers or men in connection with (1) the special measures of recruitment already referred to, (2) the despatch of the Indian Expeditionary Forces, and (3) service with these forces, will be debitable to His Majesty's Government.

(d) Any extra expenditure incurred in 1916-17, and likely to be incurred in 1917-18, in connection with temporary additions to the regular forces, which may be made in order to meet the requirements of the Indian Expeditionary Forces will be debitable to His Majesty's Government. Any expenditure on permanent additions to the regular forces in India, or on temporary additions which are unconnected with the requirements of the Indian Expeditionary Forces, will fall upon Indian revenues."

The Hon'ble Rao Bahadur B. N. Sarma asked :—

22. "Have the Government of India issued any instructions to Local Governments in the matter of prohibiting or regulating the holding of public meetings or conduct of processions in connection with propagandist work for the securing of constitutional reforms advocated by the Indian National Congress and the Moslem League and for marking public approval or disapproval of Government measures ?"

Prohibition of public meetings.

The Hon'ble Sir William Vincent replied :—

"As stated in reply to a question asked by the Hon'ble Dr. Tej Bahadur Sapru confidential instructions were issued to Local Governments in connection with the Home Rule movement. Government have nothing to add to the reply then given."

QUESTIONS AND ANSWERS.

[*Rao Bahadur B. N. Sarma ; Sir William Meyer ; Maharaja Sir Manindra Chandra Nandi.*]

[12TH SEPTEMBER, 1917.]

The Hon'ble Rao Bahadur B. N. Sarma asked :—

Income Tax.

23. "Will Government be pleased to state the total number of persons in 1916 (including firms, joint stock and other companies, etc.)

(a) Who were assessed to income tax in British India for incomes—

(i) between Rs. 5,000 and 9,999,

(ii) between Rs. 10,000 and 24,999, and

(iii) of Rs. 25,000 and upwards, and

(b) who have paid the super tax ; and the total amount thus realized? "

The Hon'ble Sir William Meyer replied :—

" I presume that by 1916 the Hon'ble Member means the financial year 1916-17.

(a) We do not receive information from Local Governments as to the number of assesseees to income tax in an official year until the October following. As the Hon'ble Member was informed in July last, in response to a written enquiry made by him, the statistics for which he asks will be supplied to him as soon as they become available.

(b) The Super Tax Act was not in force in 1916-17; consequently no one was assessed to super tax in that year. No statistics are as yet available for the current year."

The Hon'ble Maharaja Sir Manindra Chandra Nandi asked :—

Currency legislation in India.

24. " Will Government be pleased to state all the currency legislation and measures adopted in India since 1893 and the objects with which they were adopted? "

The Hon'ble Sir William Meyer replied :—

" A summary of the principal currency legislation and measures adopted in India from 1893 until the Chamberlain Commission reported, and of the objects with which they were adopted, will be found in paragraphs 12 *et seq* of the Commission's Report which I have laid on the table. Full details with regard to subsequent legislation and measures will be found in my speeches introducing the last three Financial Statements. "

The Hon'ble Maharaja Sir Manindra Chandra Nandi asked :—

Herschell, Fowler and Chamberlain Commissions.

25. " Will Government be pleased to lay on the table the principal recommendations of the Herschell Committee, the Fowler Committee and the Chamberlain Commission on Indian Currency, and state how many of them have been so far given effect to and with what result? "

The Hon'ble Sir William Meyer replied :—

" I place on the table a copy of the final report of the Royal Commission on Indian Finance and Currency presided over by Mr. Chamberlain. This summarises the principal recommendations made by the previous Committees referred to and the extent to which their recommendations were given effect to. I regret that spare copies of the reports of the earlier committees referred to are not available, but I shall be glad to lend the Hon'ble Member copies of them for perusal if he desires them.

The recommendations of the Chamberlain Commission's Report have been circulated to Local Governments, Chambers of Commerce, etc., for their opinions. Those consulted were, however, informed that the submission of their opinions might be deferred till after the war in order that they might,

QUESTIONS AND ANSWERS.

[12TH SEPTEMBER, 1917.]

[*Sir William Meyer ; Maharaja Sir Manindra Chandra Nandi.*]

in replying, be able to take advantage of the further experience gained during the present crisis. Meanwhile, as explained in paragraph 93 of my speech introducing the Financial Statement for 1915-16, we have provisionally adopted two of the Commission's proposals by replacing the silver previously held in the Gold Standard Reserve in India by gold, and also by taking powers to make an increase in the fiduciary portion of the Paper Currency Reserve. With regard to the latter we have been obliged by circumstances, as a temporary measure, to go further than the Commission actually recommended with normal conditions in view. Since the Commission reported, however, there has, as the Hon'ble Member is probably aware, been a large increase in the circulation of our currency notes, owing mainly to the fact that we have in the meantime taken various steps in order to popularise them, this action also being in entire accordance with the recommendations of the Commission. We have also, as I explained in the speech just referred to, given a public and unqualified assurance of our determination to support exchange by all the means in our power, thus adopting another and a very important recommendation of the Commission with an emphasis which gives it a definite finality. Further, with regard to the question of a gold mint for India, which is discussed in paragraphs 69-73 of the Commission's report, His Excellency announced at the last meeting of Council that the Home Treasury has agreed as a provisional measure, subject to reconsideration after the war, to our undertaking the coinage of sovereigns at Bombay, a branch of the Royal Mint being established there for the purpose."

The Hon'ble Maharaja Sir Manindra Chandra Nandi asked :—

26. "What are the various Ordinances, if any, issued during the last five years for the restriction of the importation of gold and silver into India and for the regulation of the sale of Council Bills?"

Ordinances restricting the importation of gold and silver.

The Hon'ble Sir William Meyer replied :—

"The only Ordinances issued during the last five years for the restriction of the importation of gold or silver into India are the two Ordinances recently promulgated, copies of which I place on the table for the information of the Hon'ble Member. No Ordinance has been issued for the regulation of the sale of Council Bills, which is a matter entirely within the executive discretion of the Secretary of State."

The Hon'ble Maharaja Sir Manindra Chandra Nandi asked :—

27. "(a) Have His Majesty's mints been closed to the free coinage of silver? If so, what has since been the annual amount of the gold currency reserve in England and of the amount of silver coins reserved for the Indian paper currency?"

Gold currency reserve in England.

(b) How has the proportion of metallic reserve to the reserve in paper securities varied during the last four years?

(c) How has the amount of the gold currency reserve in England been utilised in England since 1900?"

The Hon'ble Sir William Meyer replied :—

"I understand that the Hon'ble Member's question relates to the Indian mints and to the silver and gold held in the Paper Currency Reserve. The Indian mints were closed to the coinage of silver in 1893. I place on the table a statement* showing the gold held in the Paper Currency Reserve in England and silver coin held in this Reserve in India on the 31st March in each year since that date, and also the percentage of the total reserve held in the

* Appendix B.

QUESTIONS AND ANSWERS.

[*Sir William Meyer ; Maharaja Sir Manindra Chandra Nandi ; Sir George Barnes.*] [12TH SEPTEMBER, 1917.]

metallic and invested form, respectively, on the same date in each of the last four years.

As regards the last part of the question, the gold held in the Paper Currency Reserve in England has generally been employed for the purchase of silver or in order to assist the Secretary of State's treasury balances. In the latter case, the gold is transferred to the Home Treasury against an opposite transfer of coin or notes from the Treasury to the Currency Reserve in India."

The Hon'ble Maharaja Sir Manindra Chandra Nandi
asked :—

Imports of
Gold and
Silver into
India.

28. "What is the total respective value of the gold and silver imported into India for other than Government requirements since 1893?"

The Hon'ble Sir William Meyer replied :—

"I lay on the table a statement* showing the value in rupees of the gross imports of gold and silver year by year into India on private account from 1893 onwards."

The Hon'ble Maharaja Sir Manindra Chandra Nandi
asked :—

Re-opening
of the mints
for the free
coinage of
silver.

29. "Do Government intend to re-open the mints for the free coinage of silver?"

The Hon'ble Sir William Meyer replied :—

"The answer to the Hon'ble Member's question is in the negative."

The Hon'ble Maharaja Sir Manindra Chandra Nandi
asked :—

Duty on
Salt.

30. "Will Government be pleased to lay on the table a Statement showing year by year since 1900, the successive deductions in the duty on salt and the total amount of salt consumed in India since 1910 and the quantity imported and manufactured in 1912 and 1916?"

The Hon'ble Sir George Barnes replied :—

"The statements† asked for by the Hon'ble Member are placed on the table."

The Hon'ble Maharaja Sir Manindra Chandra Nandi
asked :—

Salt
gambling.

31. "(a) Are Government aware that the present arrangements for the sale of salt lend themselves to gambling which results in the periodic enhancement of the price of this commodity?"

(b) Will Government be pleased to consider the desirability of taking steps to put an end to speculative transactions in salt and to ensure that in every centre of trade and commerce throughout the country facilities are offered to the public for the purchase of salt at duly notified prices?"

The Hon'ble Sir George Barnes replied :—

"The Government of India are not of opinion that the arrangements for the supply of salt from Government sources lend themselves to speculative operations to a greater extent than in the case of many other articles of commerce, so far as the price to the consumer is concerned."

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[12TH SEPTEMBER, 1917.]

[*Sir George Barnes ; Maharaja Sir Manindra Chandra Nandi ; Rai Bahadur B. D. Shukul ; Mr. R. A. Mant.*]

Circumstances arising out of the war however have brought about a reduction in the quantity of salt imported, which has certainly rendered it possible for merchants to force up prices for short periods in certain limited areas. The Government of India recognise that, in the case of an article in the supply of which they possess a partial monopoly, it is undesirable in the public interest that speculation should take place to the injury of the consumer, and have in accordance with this policy taken steps, as explained in the Press Communiqué issued on the 16th February last, of which I will send my Hon'ble friend a copy. The Government of India have brought this arrangement to the notice of other Local Governments who will no doubt introduce them should circumstances necessitate such a course."

The Hon'ble Maharaja Sir Manindra Chandra Nandi asked :—

32. "(a) Will Government be pleased to consider the question of allowing salt to be manufactured on a larger scale along the sea coast of India, particularly in Bengal, under proper licenses and safeguards?"

(b) Is it not a fact that salt was formerly manufactured very largely in Bengal and Orissa and that such manufacture has now been abandoned?

(c) If so, will Government be pleased to state why and under what circumstances the manufacture of salt was abandoned in these Provinces?

(d) From what sources does Bengal get its supply of salt at present, and how much of the salt consumed in Bengal is imported from England and Foreign countries?"

The Hon'ble Sir George Barnes replied :—

"The question of increasing the output of salt in India has been under the consideration of the Government of India for some time past and the Governments of Madras and Bombay, who are chiefly concerned, have recently been addressed on the question.

A memorandum* by the Government of Bengal on the subject of salt production in that province is laid on the table for the Hon'ble Member's information, together with a statement shewing the sources from which salt was imported into Bengal in the year 1916-17."

The Hon'ble Rai Bahadur B. D. Shukul asked :—

33. "Will Government be pleased to order the publication of the following papers and documents regarding the economic condition of the people in this country and place the same on the table :—

(a) Papers in connection with the Cromer Inquiry of 1882.

(b) Papers in connection with the Dufferin Inquiry of 1887-88.

(c) Papers in connection with the Inquiry undertaken in 1891-92.

(d) The statistical memorandum and notes on the condition of the lower classes in the rural areas furnished to the Famine Commission of 1898 by the Provincial Governments.

(e) The official memorandum worked out from figures collected for the Famine Commission of 1898.

(f) The appendices to the report of the Famine Commission of 1901?"

The Hon'ble Mr. R. A. Mant replied :—

"(a) The Hon'ble Member apparently refers to an enquiry made by Sir D. Barbour, when Accountant General, Bengal, into the incidence of taxation in

QUESTIONS AND ANSWERS.

[*Mr. R. A. Mant ; Rai Bahadur B. D. Shukul.*]

[12TH SEPTEMBER, 1917.]

British India. The report on this enquiry was a departmental publication which is now out of date, and the Government of India see no advantage in publishing it.

(b) The attention of the Hon'ble Member is invited to the supplement to the *Gazette of India* of 20th October 1888 in which the papers he asks for were published.

(c) The Government of India regret that they do not know to what papers the Hon'ble Member refers.

(d), (e) and (f) The papers are voluminous and the statistical matter included in them is now out of date. For these reasons and because the expense of publication would be great and would not be justified the Government of India are not prepared now to order their publication."

The Hon'ble Rai Bahadur B. D. Shukul asked :—

Incorporation of the principles of assessment in the Land Revenue Code.

34. "(a) Did the Decentralization Commission recommend the incorporation of the principles of assessment in the Land Revenue Codes of the different provinces ?

(b) If so, is it a fact that the Government of India have decided not to accept the above recommendations and that this decision is embodied in their despatch addressed to the Secretary of State, dated 30th June, 1910, and the reply thereto ?

(c) If the answer to (b) is in the affirmative, are Government aware that the above decision has caused keen disappointment amongst landholders, and will they be pleased to reconsider the question ? "

The Hon'ble Mr. R. A. Mant replied :—

"(a) and (b) The reply is in the affirmative.

(c) The Government of India are not at present prepared to reconsider the question."

The Hon'ble Rai Bahadur B. D. Shukul asked :—

Experiments demonstrating the economical use of water for irrigating crops.

35. "(a) Is it a fact that an experiment to demonstrate the economical use of water for irrigating wheat crops carried on by Mr. and Mrs. Howard in Baluchistan has met with success ?

(b) If so, will Government be pleased to advise the Agricultural Departments of the various provinces to try similar experiments wherever practicable, with a view to prevent the unnecessary waste of water in irrigation ? "

The Hon'ble Mr. R. A. Mant replied :—

"(a) The Government of India believe that, so far as Baluchistan is concerned, the experiments have been successful.

(b) A note on the saving of water in irrigating crops by Mr. B. Coventry, then Agricultural Adviser to the Government of India, was forwarded to Local Governments and Administrations, with Circular No. 10-121-1, dated 3rd May 1915, a copy of which is laid on the table, and they were advised to carry into effect the suggestions made therein as far as local conditions permit. At the Meeting of the Board of Agriculture in India to be held at Poona in December 1917, the following question will be discussed :—

'The necessity for further investigation into the water requirements of crops. The advisability of laying down proposed lines of investigation for different tracts of India, especially irrigation tracts.'

QUESTIONS AND ANSWERS.

[12TH SEPTEMBER, 1917.]

[*Mr. B. A. Manj; Rai Bahadur B. D. Shukul; Sir C. Sankaran Nair; Sir George Barnes; Sir William Vincent.*]

Pending the decision of the Board on the subject the Government of India think it will be premature to take any further action in the matter."

The Hon'ble Rai Bahadur B. D. Shukul asked :—

36. "(a) Have Government received any definite proposals from the Government of the Central Provinces, regarding the establishment of a University at Nagpur, and if so, will such proposals be published for general information? Establishment of a University at Nagpur."

(b) Will Government be pleased to state when a Bill for the establishment of a University at Nagpur is likely to be introduced in this Council?"

The Hon'ble Sir C. Sankaran Nair replied :—

"Proposals have been received from the local Administration for the establishment of a University for the Central Provinces, and are now under consideration. It is therefore undesirable to publish the proposals at present, and impossible to give a definite reply to the question when a Bill for the establishment of the contemplated University will be introduced."

The Hon'ble Rai Bahadur B. D. Shukul asked :—

37. "(a) Is it a fact that there has been an appreciable increase in the prices of refined sugar in India since the outbreak of war; and that, notwithstanding such increase, there has been a decrease in the production of raw sugar in the year 1916-1917? Increase in the price of refined sugar."

(b) If so, will the Government be pleased to state the reasons of this decrease in production?

(c) Do the Government propose to take any steps with a view to ensure a steady increase in the outturn of sugar?"

The Hon'ble Sir George Barnes replied :—

"The answer to the first part of the Hon'ble Member's question is in the affirmative.

With regard to the second part, the estimate of outturn of raw sugar in India in 1916-17 shows a decrease of 0.3 per cent as compared with 1915-16, but an increase of 11.2 per cent over the average of the preceding five years. The slight decrease in 1916-17 is due to the fact that in certain parts of the United Provinces and Bengal the crop was damaged to some extent by excessive rainfall and floods.

The energies of the Agricultural Department are being steadily devoted to an increase of sugar production. The cane-breeding station at Coimbatore is investigating the possibility of finding a better cane suitable for the United Provinces and Northern India generally. Experiments are being conducted to test the possibility of growing cane on a commercial scale in Assam, while the Departments of Agriculture in other provinces of India where the crop is of importance are directing their efforts to increasing the area under the best varieties of cane."

The Hon'ble Rai Bahadur B. D. Shukul asked :—

38. "Is it under the contemplation of the Government of India to appoint a Lieutenant-Governor with an Executive Council, for the Central Provinces, and if so, when? If not, do Government propose to take this matter into consideration, at an early date?" Lieutenant-Governor-ship for the Central Provinces.

The Hon'ble Sir William Vincent replied :—

"The answer to the question is in the negative. But the Government of India are willing to examine the matter if any strong public opinion manifests itself on the subject."

QUESTIONS AND ANSWERS.

[*Khan Bahadur Saiyed Allahando Shah ;
Sir C. Sankaran Nair ; Sir William
Vincent ; Mr. R. A. Mant.*]

[12TH SEPTEMBER, 1917.]

The Hon'ble Khan Bahadur Saiyed Allahando Shah asked :—

Communal
representa-
tion on
municipali-
ties.

39. "(a) Will Government be pleased to state in how many and in which Municipalities in India the system of communal representation is in force ?

(b) If the system is in force only in some of the Municipalities, will Government be pleased to state why the system is not extended to the others ? "

The Hon'ble Sir C. Sankaran Nair replied :—

"(a) and (b) The existing law permits of communal representation on municipalities in all the Provinces except Bengal, Bihar and Orissa and Assam. But the Government of India have no recent information as to the number and names of the municipalities in which the system of such representation is actually in force."

The Hon'ble Khan Bahadur Saiyed Allahando Shah asked :—

Mahomedan
representa-
tion on local
Councils.

40. "(a) Is it a fact that throughout India, excepting Sindh, Mahomedans are given the right of sending a separate representative to the Provincial Councils ?

(b) Will Government be pleased to state the reasons why no such separate representation is granted to the Mahomedans in Sind ? "

The Hon'ble Sir William Vincent replied :—

"(a) The Muhammadans in the Punjab, Burma and the Central Provinces do not elect any member to the local legislative council. In other provinces there is provision for the election of Muhammadan representatives.

(b) It was not considered necessary, at the time when the regulations were framed, to give separate representation to the Muhammadans of Sind, as it was anticipated that the community would be able to secure the election of Muhammadans to the District Boards seat, and the Landholders seat in that Province. This anticipation was justified, as the persons elected to the two seats have invariably been Muhammadans."

The Hon'ble Khan Bahadur Saiyed Allahando Shah asked :—

New canals
in the
Punjab
and water
supply of
Sind.

41. "(a) Is it a fact that owing to the opening of new canals in the Punjab, the water supply of the Province of Sind has been adversely affected ?

(b) If so, will Government be pleased to state what steps, if any, they propose to take to remedy this state of affairs ? "

The Hon'ble Mr. R. A. Mant replied :—

"The matter referred to has been engaging the attention of Government for some time past and from the researches that have been made there is no indication that the water supply of the Province of Sind has been adversely affected by the opening of new canals in the Punjab."

The Hon'ble Khan Bahadur Saiyed Allahando Shah asked :—

Appoint-
ments made
to the post
of District
Superinten-
dent of
Police.

42. "Will Government be pleased to state how many Deputy Superintendents of Police have been permanently appointed to the post of District Superintendents of Police in India since the creation of the former appointments, and how many of these have been Hindus, Mahomedans, Parsees and Indian Christians ? "

The Hon'ble Sir William Vincent replied :—

"The information will be collected and communicated to the Hon'ble Member."

QUESTIONS AND ANSWERS.

[12TH SEPTEMBER, 1917.]

[*Khan Bahadur Saiyed Allahando Shah ;
Sir William Vincent ; Mr. M. B.
Dadabhoy ; Sir William Meyer.*]**The Hon'ble Khan Bahadur Saiyed Allahando Shah** asked :—

43. “(a) Is it a fact that the question of appointing an equal number of Europeans and Indians on the Executive Councils is under consideration ?”

Appointment of an equal number of Europeans and Indians on the Executive Councils.

(b) If the reply is in the affirmative, will Government be pleased to state if they propose to take any steps towards Muhammadan representation on these Councils ?”

The Hon'ble Sir William Vincent replied :—

“The question of the constitution of Executive Councils is under consideration, but it is impossible to make any definite statement on the point at present.”

The Hon'ble Mr. M. B. Dadabhoy asked :—

44. “(a) Has any agreement been made with the Government of the Netherlands Indies for the supply of opium at an agreed fixed price? If so, will Government be pleased to state this price ?”

Supply of opium to the Netherlands Indies.

(b) Is this price below Rs. 3,200 per chest? If so, will the reasons for fixing it at a lower figure be stated ?

(c) Will Government be pleased to state the price or prices at which opium is now supplied to the Government of the Straits Settlements and Hongkong ?

(d) What are the periods for which the present agreements for the supply of opium to the Governments of the Straits Settlements, Hongkong and the Netherlands Indies hold good ?

(e) In fixing the upset price of opium to be sold by auction, have Government consulted expert opinion ?

(f) If the answer to (e) be in the negative, will Government be pleased to state why dealers and experts have not been consulted in the matter ?”

The Hon'ble Sir William Meyer replied :—

“ (a) My Hon'ble friend seems to have overlooked paragraph 10 (1) of my speech introducing the last Financial Statement in which I announced that we had concluded an agreement with the Government of the Netherlands Indies, with effect from 1st January last, similar to those which we already have with the Straits Settlements and Hongkong, under which that Government will now take from us at an agreed fixed price all the opium it requires from India.

(b) to (d) Subject to certain subsidiary conditions the agreements for the supply of opium to the Governments of the Straits Settlements, Hongkong and the Netherlands Indies remain in force for five years. The Government of India, as I told my Hon'ble friend when he raised the question in the final budget debate last March, are not prepared to publish any further details of the arrangements than have been given in the press *communiqués* issued at the time. I repeat here for convenience of reference what I said on the occasion in question :—

‘I cannot divulge the secrets of these arrangements, but I can assure my Hon'ble friend that I drove good bargains and that we are not throwing away money. Of course he will understand that when you get an agreement for say five years with a country to take a certain amount of opium from you year by year, you naturally give it at a reduction in price as compared with what might be obtained at auction sales to-day, but which might not be obtained in another year.’

QUESTIONS AND ANSWERS.

[*Sir William Meyer*; *Mr. M. B. Dadabhoy*; [12TH SEPTEMBER, 1917.]
Sir William Vincent; *Mr. Kamini*
Kumar Chanda.]

(e) and (f) I do not know to what expert opinion the Hon'ble Member refers. We naturally do not consult dealers in fixing the upset price of opium to be sold by auction; for as they are the persons who are primarily affected by our sales we could hardly expect their advice to be disinterested. I may say, however, that before we make any change in our opium arrangements we consider the circumstances very fully and consult confidentially with those whom we think best capable of giving us disinterested advice."

The Hon'ble Mr. M. B. Dadabhoy asked :—

Appoint-
ment of
judges to
high execu-
tive office.

45. "(a) Has the question of the appointment of a judge to a high executive office or of a high executive officer as a judge been considered by Government from time to time, and has it formed the subject of correspondence between the Government of India and the Secretary of State for India?"

(b) If so, will the papers relating to the subject be laid on the table?"

The Hon'ble Sir William Vincent replied :—

"The whole question has been considered by the Government of India and has not been overlooked whenever it has been pertinent. The question of the appointment of judges to high executive office formed the subject of correspondence with the Secretary of State in 1910-11, the result of which is briefly summarised in the replies given in Parliament to Mr. Ramsay MacDonald's questions of March 14, 1911, copies of which will be supplied to the Honourable Member should he so desire. There has been no correspondence between the Government of India and the Secretary of State in regard to the question of the appointment of high executive officers to judgeships."

The Hon'ble Mr. Kamini Kumar Chanda asked :—

Reforms
asked for by
the Punjab
Chiefs'
Association.

46. "(a) Has the Chiefs' Association of the Punjab submitted any representation to Government asking among other things (1) that India should be given her proper place in any scheme of Imperial Federation, and (2) that commissions in the Indian Army should be granted to Indians?"

(b) Will the Government be pleased to state what classes of people in the Punjab are represented by the said Association, and whether such classes include what are known as the Military classes?"

The Hon'ble Sir William Vincent replied :—

"(a) The answer is in the affirmative.

(b) It is understood that this Association has at present 161 members of whom 77 are Sikhs, 53 Muhammadans and 31 Hindus. The members belong almost exclusively to the land-owning aristocracy of the Punjab, though they include a member of Sikh and Muhammadan religious leaders. A number of the members are representatives of houses which once enjoyed sovereign powers and several of them are men of high education. About 20 or 30 belong to families which have or till recently had representatives in the Army. The Association also numbers among its members practically all the leaders of the Jat Sikhs, the Dogras and the Punjabi Muhammadans, who form a large proportion of our fighting forces."

USURIOUS LOANS BILL.

[12TH SEPTEMBER, 1917.]

[*The Vice-President ; Mr. Krishna Sahay ; Mr. M. B. Dadabhoy.*]

USURIOUS LOANS BILL.

The Hon'ble the Vice-President:—"Further discussion on the motion by the Hon'ble Sir William Vincent that leave be given to introduce a Bill to give additional powers to Courts to deal in certain cases with usurious loans of money or grain will be continued."

The Hon'ble Mr. Krishna Sahay:—"The Usury Bill has been introduced into this Council none too soon and I welcome it. The Hon'ble the Home Member has instanced the province of Bihar and Orissa as furnishing cases of usurious loans. It is unfortunately too true that the evil exists there, and as a very flagrant instance of it I may mention a case in which for the principal sum of Rs. 25,000 the creditor put in a claim before one of the subordinate Courts at Patna for the recovery of 2 crores, 98 lakhs and some odd thousand rupées! However surprising it may appear, it is a fact, and this huge figure of the claim was arrived at because there was a stipulation in the bond in suit for the interest to run at 5 per cent. and the interest at the end of each month to be consolidated with the principal, and interest of 5 per cent. to run on that consolidated sum. The creditor took good care to institute the suit very many years after the execution of the bond. Happily this case was compromised in the Court of First Instance; but cases have cropped up before the Patna High Court in which interest at the rate of 75 per cent. per annum has been claimed and actually allowed by the High Court, on the ground that the Court is not competent to rip up a contract merely because it considers the rate of interest high and unconscionable, and the debtor in such a case cannot be relieved except by showing that it comes within the four corners of sec. 16 of the Indian Contract Act, that is, unless undue influence is proved. This was a case from Bihar. In another case from Orissa the High Court has allowed interest at 37 per cent. taking the same view of the law and holding further that the Indian law does not recognise the English principle of equity which gives relief to the rate of interest unduly high. These two are reported cases to be found in the Patna Law Weekly and I invite the attention of the Hon'ble the Home Member to the facts of those cases. They illustrate, in my opinion, the sheer inability of the Courts to give relief under the existing law or under the existing law as it is interpreted by them—their sheer inability, I say, to grant relief to debtors even in admitted cases of hard and unconscionable bargains."

"It seems to me that the remedy for such a state of things must be elastic in its nature, must not only be a restriction on the amount of interest or the rate of interest, but a remedy which may be applied to all cases of vicious contracts and extortionate demands. I think the Bill under discussion goes far enough in that direction and for that reason I support the principle underlying it."

The Hon'ble Mr. M. B. Dadabhoy:—"Sir, as one of the representatives of the Central Provinces where this evil, if not widely prevalent, is by no means small, I rise to accord my whole-hearted support to this Bill. I may at the outset state that this Bill was long overdue. For the last 25 years people working in the law courts and administrators have all felt the propriety and the justice of some sort of legislation to cope with the growing evil of usury. Unfortunately there have been numerous difficulties in the way of Government in the matter of bringing forward legislation of this nature which would satisfy the requirements of all parties and which would meet the requirements of the whole of India generally; and I must congratulate the Government on this occasion and specially my friend, Sir William Vincent, for the manner in which he has grappled with the situation. His long judicial experience as well as his administrative knowledge have greatly helped him in framing a Bill which will meet the requirements of the present situation. In my province this evil is not rampant, but I know several instances in which it has been felt that some steps should be immediately taken for the suppression of the evil. My friend, Sir William Vincent, in his very exhaustive and illuminating speech the other day

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quoted instance after instance showing the prevalence of this great evil, and I can multiply these numerous cases by giving several examples to which I have been an eye-witness in my thirty years' practice at the bar. I shall not detain the Council by quoting any of those illustrations, but I will content myself with referring to one instance in which I had the misfortune to appear for the creditor and got a decree to my great sorrow, because the courts were helpless in giving any relief to the debtor. In that case a loan of Rs. 50, which had been kept alive under section 20 of the Limitation Act for a period of 41 years, was ultimately enforced against the third generation; and the grandsons had to pay the money to the wily creditor who made them parties from time to time when the adjustment took place of the previous bonds. The difficulty in the present situation which the courts have to encounter is how to deal with bonds which have been previously settled. Under the ordinary law a settled account cannot be re-opened except on the ground of fraud, and though our courts of law have always been anxious to grant relief, they find themselves in a helpless predicament by the mere fact of the debtor having signed previous agreements, and made it almost impossible for the courts to re-open those transactions. This power which has been given now, will, therefore, be a very useful one. So far as the present Bill is concerned, I must state that it is not a perfect Bill, and it is almost impossible to have a perfect Bill in a matter of this sort. However, the provisions which have been made and the lines on which the Bill proceeds show that wide and comprehensive powers are to be given to our courts; and I have no doubt the hands of our courts will be considerably strengthened by the wide discretion allowed to them. I know in many cases there will be numerous difficulties. I know that the result of this Bill will be to prolong the duration of cases in many instances. There will be difficulties, but on consideration I do think that the balance of advantages outweigh the disadvantages in the present case. I have heard it contended often that the rule of *damdapat* which prevails in Berar and many other provinces would be a safe rule for legislation to go upon, and that a codified law in that direction might be introduced. There are advantages in this, but as this Council knows there are many cases in which the creditor has to wait at the request of the debtor and give him time. It will be unjust and unfair to the creditor in those cases that the rule of *damdapat* should be strictly enforced. It would cause hardship and in many cases severe injustice. I think, therefore, it is much better to allow our law courts wide and comprehensive discretion and leave them unfettered in the matter of opening up transactions and reviewing the situation from all points of view. This is not the time to discuss at length the details of the Bill. I shall have another opportunity of doing so; and in the meanwhile I shall content myself with giving this Bill my whole-hearted support."

The Hon'ble Rai Bahadur B. D. Shukul:—"Sir, as a representative of the landholders of the Central Provinces, a community which has already suffered much from the evils of usury, I rise to accord my support to this Bill and I trust that there is none here in this Council who will not accord a hearty welcome to this most urgent measure. In fact, my own feeling is that it has come not a day too soon, rather the evils of usury have run on their unchecked course far too long. And we must not shut our eyes to the fact that even when we have placed this measure on the Statute Book, as I hope we will do, it is merely the fringe of the question of general indebtedness that will be touched. For, the redemption of the masses, from their general indebtedness including both agriculturists and artizans, constructive and comprehensive measures of an altogether different kind will be needed. Measures such as restrictions of the powers of alienation of land, the Deccan Agriculturists' Relief Act and the present bill, howsoever good so far as they go, will never appreciably remedy the state of affairs that I have just indicated. Even in the matter of the prevention of usury this piece of legislation, I am afraid, will go but a small way towards the mitigation of the evil. As the statement of objects and reasons so modestly points out, the Bill, when passed into law, will chiefly prevent the civil courts from being used, hereafter, for the purpose of

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enforcing harsh and unconscionable loans carrying interests at usurious rates. But Sir, there will still remain a vast mass of usury, which will never come within the cognizance of the law courts. So long as capital is scarce and the needs of the small borrowers remain insistent and pressing and so long as the co-operative movement has not made sufficient progress, quite commensurate with the needs and requirements of the vast population of this country, till then, I am afraid, usury cannot be eradicated from the land. Yet, an attempt by the Government to do what is legislatively possible to check the evil, is what we welcome most.

"Sir, as one connected with the co-operative movement of my Province for a long time and having had to do a lot with the co-operative societies there, I may be permitted to point out that in my dealings with them, I have met with a number of cases, where the necessity for such a measure has been keenly felt and with regard to which, I am sure, the enactment of this Bill would produce beneficent results. In our enquiries we often had occasions to deal with the question of old debts of the society members. It has been our experience that even when the amount of the principal originally borrowed had been repaid many times over, the creditors were still unwilling to come to any terms and would not agree to any reasonable debt conciliation proceedings. Under the present circumstances the creditors are fully conscious of the fact that if their cases are taken to courts, the courts would be bound to decree the full amount found due according to the terms of the contract. But, henceforth, especially so far as future transactions are concerned, the co-operators, whenever they want to compound the old debts of the members of the co-operative societies, will, I feel sure, be able to bring such unconscionable creditors to terms, as they will be now under the wholesome fear of the courts being able to re-open all transactions and go behind the bonds. And I have every reason to hope that this fear will make them take a more reasonable and sympathetic view of the case.

"I am glad, Sir, that provision has been made in the Bill to cover cases of loans of grain as well as money, since, in most parts of the country loans in grain are made on terms as exorbitant and even more than those in cases where money alone is advanced. With these few remarks I beg to support this Bill."

The Hon'ble Maharaja Sir Manindra Chandra Nandi:—

"Sir, I don't want to inflict a speech on the Council on the Usurious Loans Bill at this stage. I have the fullest sympathy with the principle underlying this measure. I have, therefore, no objection whatever to leave being given to Sir William Vincent to introduce it into the Council today. If the large bulk of the agricultural, and lower middle-class population of India and in some provinces, as in Bengal, the landed aristocracy, deserve any protection at the hands of the Government against any class of men, it is certainly against the money-lenders and the class of men commonly known all over the country as the Mahajans and Sowcars. I will not repeat before the Council any stories of their cruelty or their inhuman exactions. Their usurious contracts and their treatment of the people who come into their grip have passed into a tradition of infamy and a byword of reproach. It is one of the highest duties of the State to save large classes of indigent population from running from poverty into distress and from distress into blank hopelessness. I, therefore, congratulate the Government on the step which they are about to take in protecting Indian poorer classes from what has now become perhaps the greatest trouble of their lives. But, at the same time, I think it my duty to utter a word of caution to the Government. In trying to protect one class of people, the Government ought not to be hard upon another. In preventing the Civil courts being used for the purpose of enforcing harsh and unconscionable loans carrying interest at usurious rates, the Government must be careful not to make money-lending a most discouraging business in the land. There can be no doubt that money will be always wanted by the Indian cultivators and artizans, and if the money-lender will not feel tempted to make any advances to them on account of the risks of law, the cultivator and the artizan will suffer most severely."

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entire agricultural and other industries of India, than the money-lenders themselves. Say what we may, we cannot ignore the fact that the money-lender is only a necessary evil in the economy of Indian life. We cannot suppress him without paralysing and upsetting our entire social, industrial and commercial organisations, nor would it be wise or prudent to make his occupation impossible so long as facilities for popular banking or co-operative financing are not established all over the country. I would, therefore, very much ask the Government to define what excessive interest and unfair transactions should mean and to lay down a maximum rate of interest for all loans in cash or kind, and not to leave creditors entirely at the mercy of the Civil courts. All that I beg to suggest is that the discretionary powers of the Courts should be limited by law so far as possible. This done, the money-lender and the cultivator will know where they stand and how the land lies before them. This will also establish an uniformity of procedure and a common rate of interest in the different parts of the country and make for a civilised standard of living. If these safeguards are attached to this bill, the abuses of the sowcar and the mahajan will disappear in no time, and no grievance will be felt in any quarter if the courts will then investigate into the attendant and antecedent circumstances of the transactions in question and use their discretion so far as will be still left to them under the law."

The Hon'ble Mr. Kamini Kumar Chanda:—"Sir, speaking for Assam and specially the Surma Valley Division of the Province from which I come, I respectfully submit that the Bill has not been introduced a day too soon. The state of things in Assam is not a bit better than the description which the Hon'ble the Home Member gave the other day. There is this difference only that, whereas my Hon'ble friend Mr. Sahay speaks of crores and my Hon'ble friend Dr. Sapru speaks of lakhs of rupees, the figures would be unintelligible in Assam which is a poor province; otherwise the proportion of profit is the same. Any practising lawyer will be able to quote any number of instances which are as startling as those given by Dr. Sapru and Mr. Sahay. We heard from the Hon'ble the Home Member that Local Governments were consulted in the matter in 1913, Government did me the honour of asking my opinion and in the note which I submitted I quoted a number of cases from my own experience. I will not trouble the Council by repeating these cases, I will however mention one case only. A man lent Rs. 18 and the rate of interest was Rs. 1 per Rupee a day in a few months the man ran a case for Rs. 3,000 after foregoing his claim to Rs. 1,000 or so, I confess to my shame that I was in the same boat as the Hon'ble Mr. Dadaboy in this matter and like him so assisted the man in getting a decree. Mr. Anderson now a Reader in the Cambridge University was the Judge and most reluctantly passed a decree. Such cases are not rare even now. After my election to this Council I received numerous communications from a public Association in my Province called the Surma Valley Musalman Zemindars Association in which they urged me to bring this matter to the notice of Government and suggested that a maximum rate of interest should be fixed by law. There can be no manner of doubt that this is a crying evil and that something should be done at once—the question is what would be the best remedy. The Hon'ble the Home Member told us the other day that three alternative suggestions are made for the consideration of Government; in the first place the maximum rate of interest might be fixed by law; in the second place the maximum amount of interest to be realised might be fixed something on the lines of the law against Dandapat whereby no Hindu in the Presidency towns can recover interest more than the principal; thirdly the courts might be empowered to go behind any transaction in which interest or profit claimed appears to be unreasonable and extortionate, and after an investigation of the circumstances, antecedent and attendant, the courts might be given discretion to revise the transaction between the parties and if necessary to reduce the sum which would be recoverable as interest. Sir, the case is one of extreme difficulty although in the Note I submitted to Government in 1913, I accepted the third alternative which is the principle adopted in the Bill, empowering, in accordance

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that I am not free from doubt in this matter. There was a suggestion that the rate of interest might be fixed and I have heard from gentlemen whose opinions are entitled to great weight that this would be a far better alternative than to leave the whole question to the discretion of the court.

“ But Sir, it would be an extremely arbitrary thing to fix a maximum rate of interest. What would be a moderate rate of interest, in one case and in one part of the country might be very excessive in another ; and there is the fear that if a maximum rate of interest was fixed by law all interest would tend to rise to that maximum. I submit, Sir, in my humble view, taking everything into consideration the alternative provided in the Bill seems to be the least objectionable of course, we cannot deny that a very large discretion is going to be vested in the Courts. It is a melancholy fact that as seen by experience where discretion is vested in a body of people in a large number of cases the discretion is mis-exercised, and it is also a fact to be borne in mind that the courts who are to go behind the transactions and reopen past ones will often be courts of the lowest grade and their decisions would not always be open to the supervision of the higher courts because cases below thousand rupees may be decided in the courts of small causes and there is no appeal there nor any right of revision by the High Court either, in such cases it being a pure question of fact. But still it will not be a mere matter of caprice but judicial discretion, and the Courts will have to take into consideration all the circumstances of the case, the risk which the money-lender took and the circumstance that the debtor perfectly understood the transaction and knowing the circumstances much better than the Court can possibly do agreed to pay the interest and after making due allowance for all circumstances the Courts will consider what would be a reasonable sum to allow. With these few remarks, Sir, I give my humble support to the introduction of this Bill.”

The Hon'ble Raja Sir Rampal Singh :—“ Sir, though I am not prepared to receive the Usurious Loans Bill with that unqualified approval with which it has been received by some of my Hon'ble Colleagues, yet the observations which I am about to make are not prompted by any hostile spirit to its main principle. It is undeniable that a decade or two before, the practice of usury was prevalent in most parts of India to an alarming extent and numerous families especially of land owning and agricultural classes fell victims to it. And even now it cannot be said that the evil has disappeared to an appreciable extent and there are not still good many black sheep amongst the money-lending classes whose over greediness for exorbitant rates of interest over their loans knows no bounds and whose cupidity and squeezing propensity for profits on the capital thus invested are not allowed to have free play only to be regulated by the present and future capacity of the debtor and his heirs to repay them. But, My Lord, as far as my knowledge and experience go I can confidently assert that there is marked improvement in the mitigation of the evil as compared with former times and this is due to the diminishing potency of the causes that were at work then in sustaining and maintaining the evil practice. The extent to which those causes have become less operative, the evil has diminished in proportion. So, My Lord, while providing a measure for the relief of the debtors from this evil, its causes should not be lost sight of, if its wholesale eradication is to be aimed at. The long delays which the money-lenders have to face in the recovery of their loans through the agency of courts, the enormous expenses—a good many of which being irrecoverable from the debtors—which they have to incur in that process, the risks and losses which they have to run and sustain in Mahajani transactions, the insufficiency of facilities for obtaining credit by needy persons whose proportion is always very large, want of regular Banks and co-operative societies to serve this purpose and above all the illiteracy and the general poverty of the people are all stimulating the practice of usury and taken advantage of by the money-lenders in pursuance of their self interest. If the above-mentioned causes disappear the evil is sure to die a natural death. The extension of the co-operative system and the establish-

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ment of Land Banks and joint stock companies all over the country are sure to have a very salutary effect over the suppression of the evil. While fully sympathizing with the debtor class it is but just to be fair to the money-lenders as well. It is a matter of common knowledge that the agriculturists do not fully avail themselves of the system of Taqavi advances made by the Government for agricultural purposes. The main cause of this reluctance on their part is that the Government demands for repayment are peremptory and cannot be evaded or shirked while the Mahajan's demands are evaded and even shirked and sometimes with impunity. Such an attitude on the part of the debtor by itself serves the purpose of the money-lenders in the accumulation of the principal and interest to an enormous size and makes the debtor's position insolvent. Having all these considerations in mind I venture to observe that the provisions of the present Bill may affect injuriously the credit system of the country and unless some other machinery is provided to supply credit to the people, especially the agriculturists, no great relief will be afforded to them by it. I also fear that its provisions may make capital invested in such loans shy or may lead money-lenders to search loopholes to practice usury on simple minded persons in even more objectionable manner than at present. The wide discretion which the Bill provides to the courts to go behind any transaction and to award indemnity to the debtors is liable to cause an enormous increase of harassing litigation and to produce a state of things calculated to do more harm than the present evil to the benefit of third persons and at the cost of the parties involved. To a layman like myself it is unaccountable why the definition of usury has been left undetermined in the Bill to be evolved by courts afterwards. This want in the Bill will also make matters worse. Therefore I am of opinion that its provisions may be made more definite and explicit so that the money-lenders and their clients may know their positions for certain. By the above remarks I am not to be understood that I have little confidence in the courts to whom an additional discretionary power is being provided by the Bill. On the contrary I have implicit confidence in their sense of justice and I would not grudge any such power being given to them. All I desire to press is that no law is worth the name which stimulates litigation abnormally."

The Hon'ble Sir G. M. Chitnavis :—" Sir, I beg to support the Bill. The evil of usury is not so rampant in the Central Provinces as it is, we are told, in other provinces of India. In the Central Provinces the provisions embodied in the Bill are already in a way given effect to in many of the Courts. Sometime ago Arbitration Courts were appointed by the Local Government to compound debts of agriculturists. The people there gladly agreed to arbitration and were quite willing to compound their debts. Much good has come out of the action of Government. The intentions of Government are good, but a great deal will largely depend upon the personnel of the Courts which will have to adjudicate and decide such cases. There are many risks, as pointed out by my friend the Hon'ble Raja Rampal Singh, in respect of the discretion given to the Courts, which will have to be guarded against, but we all hope that the advantages will very largely outweigh the disadvantages. The Co-operative Credit movement which has made good progress in this country will put a stop to many of the evils in the case of agriculturists. I am sure the Bill will put a stop to the evil outside that class. With these few words I beg to support the Bill."

The Hon'ble Pandit Madan Mohan Malaviya :—" Sir, I heartily support the principle of the Bill. It is a humane principle and if the Bill which is based on it is properly framed and worked, it will certainly lead to much good to the great mass of the people. But I think Sir, the bill requires to be examined very carefully. The entire circumstances connected with the situation of banking and credit as it is found in India require to be gone into before the measure is passed into law in order that the humane objects which the Government have in view may be fully realized.

There can be no valid objection raised against the principle of restricting the

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the sage *Vashishtha* laid it down that no man ought to take more than 15 per cent per annum on the amount he advanced. The ancient law-giver *Manu* said :— 'Let a money-lender take in addition to the principal the interest fixed by *Vashishtha*, viz., an eightieth part of a hundred in every month.' This meant $1\frac{1}{4}$ per cent by the month or 15 per cent per annum. *Vyasa* explained later on that this was to be the rate where a pledge was given : a sixtieth part was to be paid if there was only a security, and if there was neither pledge nor security two in the hundred might be taken, which meant 24 per cent per annum. In a subsequent *sloka* it was provided that in certain circumstances interest might run even at a higher rate. *Narada* lays down in great detail how in varying circumstances the rates of interest ought to be varied. But the approved rule was $1\frac{1}{4}$ per cent per mensem or 15 per cent per annum as the maximum, and in certain cases 24 per cent. It was laid down that the man who contented himself with that rate of interest would not be guilty of the crime of covetousness.' In commercial transactions the entire circumstances were to be considered and it was provided that in certain circumstances interest might be higher than the rate mentioned above. The rule of *damdapat* also has been in force in this country for a very long time.

"I should not be supposed to be in favour of the high rates of interest mentioned above which were regarded as reasonable ages ago. I am in favour of a much lower rate. I have mentioned these facts to show that the principle of the Bill, that the award of interest should be restricted by law, is a time honoured principle in this country and that it cannot be reasonably objected to. I do not know whether the exacting of exorbitant interest was so much in vogue a hundred years ago as it is now. Perhaps in certain parts of the country it was, but whether it was so generally is a matter open to doubt. The evil seems to have grown enormously in recent years. This seems to be due to the fact that when the Usury laws were abolished and even when the Money Lenders Act was passed in England the Indian Legislature did not enact a measure like the one which is now brought before the Council. The result was that English Judges and other Judges of our High Courts took their law from the English law and practice and they felt themselves bound to allow interest without any limit according to the stipulations between the parties. We have heard from the Hon'ble Home Member that in some cases over 200 per cent has been allowed. The Madras High Court I believe allowed 228 per cent in one case, the Calcutta High Court 75 per cent and so on. And it has long been necessary to provide against this state of things by law. The Government have not moved in this matter one day too soon. But the question remains whether the object about which we are all agreed can best be obtained by the measure in the form in which it has been proposed. We should remember that the Money Lenders Act of 1900, the main provision of which the Bill before us has copied, did not succeed in limiting interest even in England to the extent that it was hoped it would, for I find that in a number of cases even after the passing of that Act interest was allowed at very high rates, for instance, at the rate of 60 per cent per annum in the case of *Michaelson v. Nichols*, in the case of *Carringtons, Ltd. v. Smith* (1906) at the rate of 30 per cent, in the case of *Oakes v. Green* (1907) at 40 per cent, in *Wolfe v. Batters* (1909) at 25 per cent, in *King v. Barnett* (1908) at 60 per cent, in *Jackson v. Price* (1909) at 50 per cent, in *Fortescue, Ltd. v. Bradshaw* (1911) at 50 per cent, and so on. So that there is no assurance that even when the present Bill is passed into law, the measure of relief which is desirable, which every man who has the right feeling for his fellowmen would desire to ensure by limiting interest to what would be regarded as a humane standard, will be given. For good reasons the bill does not lay down a standard rate of interest. It does not seek to define what excessive interest would mean. It leaves it to be determined by the Court after weighing all the circumstances surrounding a case, the risks involved, the poverty of the borrower, his inability to furnish security and so on and so forth. It naturally gives a large discretion to the Court. But, Sir, for that very reason the matter requires to be carefully looked

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into to find out what would best meet the special circumstances in which we are placed, to see whether the particular form of legislation which has been suggested and which as I have said before is a copy of the main provisions of the Money Lenders Act of England should be enacted as the law here, or whether the object can be attained by any other procedure, for instance by an amendment of section 74 of the Contract Act. If on careful examination it is found to be necessary, in order to meet the evil of exorbitant interest, to enact a measure which gives powers to the Court to the extent that this Bill proposes to do I shall certainly not oppose it. But I plead for a careful consideration of the matter as it seems to me to be of very great importance.

“I agree with my Hon'ble friend Raja Sir Rampal Singh that in the circumstances in which the country is placed the restriction of facilities for borrowing, the restriction of credit, will be a serious evil, which should be guarded against. My remarks relate only to the form of the measure. I have no alternative at present to suggest, but I hope that when the Bill is laid before the public it will be carefully considered whether the best way of dealing with the evil is to arm the Courts with the large discretion which is proposed by the bill or whether the object can be secured by any less drastic measure.

“There is one other point to which I must draw attention, and that is that we ought to remember what the root of the evil we are trying to contend against is. I agree with my Hon'ble friend Raja Sir Rampal Singh that the root of the evil is to be found in the poverty of the people and in the want of credit which prevails among the mass of the people. And I think, Sir, anxious as I am sure every member of the Government and every Member of this Council is to reduce this evil, the Government ought to find a solution for it in a larger measure than has yet been attempted in improving the circumstances under which people are constrained to borrow money at a high rate of interest. We have mainly three classes of persons to think of. There is the agriculturist. In his case much of the evil arises from the fact that the ancient system of payment in kind has given place to the system of payment in cash. There have not been wanting English and Indian statesmen who have urged that the system of payment in kind ought yet to be revived. The matter is worth considering. Much of the trouble of the agriculturist is due to the fact that when the time for the payment of rent or revenue comes he has to obtain money on what terms he can. He dare not delay payment, and he must pay in cash, and it is therefore that he is driven to the door of the village sowcar who is often described in very uncomplimentary terms.

“Secondly, there is the landholder. The landholders are a large body and they deserve well of the Government. But in many cases they too have to borrow money at high rates of interest in order to pay revenue. They have also to borrow for other purposes.

“As has been suggested by my friend there is a great need for hypothec banks, banks for land mortgages as exist in Japan and in Egypt. Hypothec banks, such as those in Egypt and Japan, would reduce to a minimum the necessity of the landowner going to the village sowcar and borrowing at high rates of interest.

“The third class is the commercial class. They cannot get on without borrowing money, and they must borrow at what rate they can. Where the water is scanty and the thirsty many each must try to have a portion of it at price he must if he can in order to sustain life. So also in the case of the industrialist. There are no Industrial Banks in the country. The need for them is great. Here too Japan has shown us an example. Germany has done so too, but I will not speak of Germany at present. Japan has its Industrial Banks. If industrial banks are established in different parts of the country a number of people who at present are forced to go to the money-lender would have no need for doing so and the attainment of the object which this Bill has in view would be much surer.

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“ I hope Sir, I have made my meaning clear, I think that the need of the situation is that, while we should undoubtedly pass a humane measure like this which will prevent the ruin of thousands of families and individuals, which will ensure a fair dealing between those who are in need of money and those who are able to help them in their need, while we should pass a measure like that, the Government ought to take steps early to promote the banking facilities of the country. As we know to our great regret, the general banking facilities here are very poor. The Government of Japan found in 1868 that they had to improve their system of banking. They asked a gentleman, I believe, it was Mr. Shand, who was recently a Director of the Paris Bank—to go to Japan and educate the Japanese in the art of banking. It was thus that they developed their banking business and it is a pleasure to see their financial annual now, which shows a tremendous growth of banking facilities and of credit. I submit, Sir, that that is the improvement which is needed in order to reduce this evil of usury.

“ I will draw attention to one other matter—the need for improving and developing the growth of co-operative credit societies. Government deserve credit and we are grateful to them for having started and encouraged the system of co-operative credit societies. The system has been growing, but what has been done is very small compared to what needs to be done in this matter, and I cannot do better than draw the attention of the Council and of Government to certain observations of Sir Daniel Hamilton who was the commercial member of Lord Curzon's Legislative Council. In an article reproduced in *New India* of August 1916, Sir Daniel Hamilton writing under the heading of *India*. Her present and her future ' wrote as follows :— ‘ One hundred and forty years ago the finger of Adam Smith pointed to the weak spot in British rule and the finger of Sir Edward Maclagan points to the same danger spot today. In 1775 Adam Smith wrote : ‘ In Bengal money is frequently lent to farmers at 40, 50 and 60 per cent and the succeeding crop is mortgaged for the payment..... Such enormous usury must in its turn eat up the greater part of the profits.’ In 1915 Sir Edward Maclagan wrote : ‘ The money lenders' rates we have found in many places to be as much as 38, 48 and 60 per cent per annum '. Financially, the people stand where they did at the commencement of British rule. Is it wise to leave them standing there any longer ? The great industry of four-fifths of the Empire still without a banking system, 250,000,000 of people without credit or cash. The sowcar's reef is the rock on which India lies stranded, and until the ship of State with its huge living freight is afloat on the silver sea of Credit, India will never reach the haven of peace and plenty and power. We have given the people a railway system which removes their surplus crops, but we have not yet given them a banking system to bring back the price. The world takes the surplus crops, the sowcar and the trader take the money, and the devil takes the people.’

“ In another portion of this article Sir Daniel Hamilton said : ‘ The want of credit among the masses is, I believe, a chief cause of unemployment and unrest among the classes. Multiply credit among the masses and you multiply employment and peace for all. Credit is purchasing power, and an increase in the purchasing power of 315 millions of people will start the greatest trade boom the world has ever seen, and create employment for man and beast.’

“ I commend the whole article, Sir, to the attention of the Hon'ble the Home Member, the Hon'ble the Finance Member and the Hon'ble the Member for Commerce and Industry. The writer has drawn an instructive comparison between what has been done in the matter of co-operative credit societies in India and Russia. I will not take up time : by quoting all that he has said on that point, though it is very helpful, but I will quote one portion where, after showing how India lags behind Russia in this matter, he says : ‘ If India is to catch up and keep abreast of the world SEE AND GO must be her motto. ‘ Where there is no vision the people perish.’ For what is India waiting ? Is it money from Whitehall ? If Whitehall

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could not find money enough for India's needs in the green tree, when it was plentiful and cheap, how will she find it in the dry, when it is so scarce and dear? To look to Whitehall for money is to lean on a broken reed. India must develop her own financial system, and the only sound way to do so is to develop the finances of the people—to build from the foundation upwards. The way is plain. It only wants men. In Sir Edward Maclagan's report he gives the number of men employed on Co-operative Credit work as 267. Applying this figure to India's 750,000 villages, at least 10,000 men are wanted. Here is a grant outlet for the pick of India's youth. Will Government give the young men the chance?"

The Hon'ble the Vice-President :—" I would suggest to the Hon'ble Member that he is travelling rather far from the subject. The question before the Council is whether this Bill to deal with usurious loans should be introduced or not. We are not dealing with the whole question of the co-operative credit movement."

The Hon'ble Pandit Madan Mohan Malaviya :—" I bow to your ruling, Sir. I have only tried to show how usury can be combated effectively. So long as cheap credit is not provided for the great mass of the people, they will have to borrow at the high rates of interest which they do. I have quoted the views of an experienced ex-member of the Government to show that in addition to the efforts to introduce the present Bill or to bring in an enactment in some form or another like the Bill suggested, the great need of the situation is to develop the banking system and the co-operative credit system. Without some attempt to promote banking facilities, the efforts of the Government will fail to the regret of those who desire really and truly that the great mass of the people should be saved from the hardship of paying high rates of interest. In that view I urge that while promoting the measure before us the Government should be pleased to do all that lies in their power to further promote the co-operative credit system and to develop the banking system. If this is done, the Bill before us and the measures which I have suggested will usher in a new era of prosperity for India and will earn the deep gratitude of the people for the Government."

The Hon'ble Khan Zulfikar Ali Khan :—"Sir, on behalf of the Punjab landowners I give my emphatic support to the measure which is now before the Council. I have no hesitation in saying that this Bill will be a great boon to the agricultural classes all over the country and that it will afford the greatest relief to them. Instances of atrocious rates of interest have been adduced by practical lawyers and others and I need not adduce any more instances in support of them. All these instances afford us a realisation of the causes which led to the unkind treatment which the mild Jew received in the middle ages. I think in this country also the same fate might have befallen those who charge such exorbitant rates of interest had it not been for the just and merciful hand of Government which suppresses any outbreak of violence. Sir, historical houses and men worthy of honour from every point of view have been ruined on account of such rates of interest, and people whose deeds are described in histories and who rolled in wealth have been reduced to beggary. The miserable end which has overtaken them is an instance of the adverse fate which the continuance of this state of affairs might indefinitely threaten people. But the measure which the Hon'ble the Home Member has introduced I believe will save those unhappy people from such a miserable end. Sir, the question is whether the agricultural classes who suffer most from these calamities, and for whom Government has from time to time adopted measures of relief, are to be protected or not. I think there can be no controversy as to the urgency of this question. In the Punjab I have had personal experience of these agricultural classes, who suffered from the calamities I allude to before the Land Alienation Bill was passed. When Government passed that Bill, great relief was afforded to them and I have no doubt that the measure before us will come as a great boon in the Punjab.

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[*Khan Zulfikar Ali Khan ; Rai Sitanath Ray Bahadur.*]

“ Sir, the rural classes, who are the backbone of the country and who have sacrificed so much in the service of the Empire, must be protected, and their self-respect and solvency maintained at any cost. It is not altogether devoid of interest that whereas any former Ruler would have made this measure a means of self-glorification—and stories of such merciful acts on the part of those Rulers would have resounded throughout the land—the Hon’ble the Home Member very quietly introduces this measure in a remarkably unobtrusive manner and certainly without any flourish or any idea of self-aggrandisement. These are civilised methods no doubt, and are characteristic of the present Government which works in the interests of the masses who suffer from the rapacious ways of the money lenders.”

The Hon’ble Rai Sitanath Ray Bahadur:—“ Sir, in the face of the general support which the Bill before us has received at the hands of most of the Hon’ble Members of this Council, it might seem somewhat of an anomaly that I should not be able to give my unqualified support to a measure apparently so full of benevolent intentions, breathing sentiments of sympathy for a class of a people called debtors. I must state at the outset that I am not opposed to the principle of the Bill. I am opposed to the Bill in its present form. But I must not be misunderstood. In order to avoid misconception, I may be permitted to state that I have every sympathy with debtors whose intentions are good and who honestly endeavour, by all reasonable and legitimate means, to pay off their just debts. I am not opposed to any measure intended to give relief to honest debtors, any measure intended to protect debtors from unconscionable bargains or unfair contracts, any measure intended to relieve them from the payment of usurious rates of interest.

“ If it is intended for the benefit of debtors to revive the Usury Law, I shall be only too glad to give my humble support to it. If it is intended to enact the law of *Damdapat* in some form or other please say so plainly. What I beg to say is that whatever your intentions are, please state them in plain definite and unequivocal words so that creditors may not be left in the dark, so that they may readily understand and realise their position and where they stand. It is, I say, hardly proper to pick up a few isolated cases of extremely unconscionable bargains from here and there and then, on the strength of these few stray cases, to proceed to frame a law which would be highly prejudicial to them. I may as well cite thousands and thousands of cases in which debtors have taken advantage of every possible flaw, every technicality, have in fact adopted every possible means, however dishonest, to avoid their just obligations.

“ The Bill in its present form is somewhat vague and indefinite, in as much as instead of indicating what its intentions are and what it wants, instead of formulating any rule or instead of laying down a standard or criterion by which a court may judge whether a transaction or contract is fair or unconscionable, whether the amount claimed is excessive or moderate, whether a rate of interest is usurious or not, it has left everything to the discretion or rather to the idiosyncracies of the presiding officers of the different courts of law and the probability is that even on the same point different courts may, according to the temperaments of presiding officers, arrive at different conclusions, one court holding the rate of interest at 10 or 12 per cent per annum as fair and another court holding the same rate as excessive. Here everything has been left to the discretion or rather to the sweet will of the court. If the court is to have the power of revoking contracts or agreements entered of free will, of reopening past transactions and taking a fresh account between parties, of unsettling all settled accounts settled, say, a decade or two ago, and, above all, if the court is to be invested with the power even to order the creditor to repay any sum which the court may consider to have been paid in excess, why, it will give so many handles to the debtor to evade payment of just debts, to harass his creditors for an indefinite period till he is coerced to forego a goodly portion of his dues.

“ If old accounts settled long ago are to be reopened there would be no finality and a heavy onus or burden would be thrown on the creditor which it will not be very easy for him to discharge.

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B. N. Sarma.]

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"It was very aptly said by Sir Barnes Peacock that the troubles of a decree-holder begin after the decree. But if the present Bill is passed into law then I may say that the troubles of a creditor will begin as soon as he will enter the threshold of a court of law to obtain relief against his debtor.

"The Bill if passed in its present form, will not only be prejudicial to the interests of money-lenders, but will be likewise detrimental to the interests of debtors. It will go to restrict and hamper loan-transactions and thereby hamper business. It will go to accelerate the ruin of the debtor, for the creditor, for fear of his claim being considered excessive, would never give time or shew any indulgence or undue leniency to his debtor and would rather prematurely resort to a court of law for recovery of his money.

"Sir, in this connection it would be proper to consider what effect the proposed legislation would have on the inland trade of the country which is entirely financed by Indian capitalists.

"In conclusion I beg to urge another objection against this Bill. It has always been understood and acted upon that no contentious measure should be introduced or brought up for discussion in any council. The present Bill is I must say a highly contentious measure which is sure to foment agitation in the country. Then why throw this apple of discord in our midst?

"This is not an opportune moment for discussing a Bill like this."

The Hon'ble Rao Bahadur B. N. Sarma:—"Sir, on behalf of Madras I cordially welcome this measure. I feel sure that the Government will follow up this measure by others intended to organise the capital of the country and to strengthen its banking facilities. I welcome it from the large national point of view because I have felt for a long time that the facilities afforded by law to money-lenders precluded them from bestowing their attention on the immense industrial possibilities of this country. Once those facilities are curtailed in a reasonable manner, I feel sure that money-lenders, who are some of the shrewdest men in the country, will devote their energies towards improving her manufacturing industries. The genius of the Hindu and Muhammadan laws, as has already been pointed out, are behind the Government in this measure. Some of my Hon'ble friends seem to have forgotten that this measure will be introduced only into areas where the Local Governments feel the necessity for such introduction. It is no doubt a Government of India Act, but if there be no grave evil in any part of the country I feel sure the Local Governments would not ask for its introduction and would not introduce it. But at the same time it is clear that we have gone in advance of the Money-lenders Act in England. The Act there is confined to habitual money-lenders; but I think it would not perhaps be possible here for the purposes of this Act to classify money-lenders in the way they have done in England; because if that distinction were drawn here, I feel sure that a large number of people especially cultivators would not be able to obtain the benefit of the Act. I know intimately some of the conditions of rural Madras; and the poor ryot who cannot obtain credit, especially in the matter of seed-grain, once he gets into the hands, it need not be of a money-lender, but of a rich opulent ryot, can never extricate himself, and ultimately his little holding passes into the hands of the richer ryot. In all these cases courts will be in a position to do justice between party and party. There is no doubt that the amount of discretion vested in the courts is somewhat large; but I do not think that it can be helped. Courts have exercised their discretion in the past rightly, and I feel sure that all classes of people have ample confidence in justice being meted out by the law courts. So far as Madras is concerned, the legislature there has anticipated us by the introduction of a somewhat similar measure confined to the Agency Tracts of Madras. I shall not quote any instances of hardship from my experience at the bar at this stage of the discussion, but I am sure that Madras as well as other provinces are labouring under the evil sought to

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[*Rao Bahadur B. N. Sarma ; Khan Bahadur Mian Muhammad Shafi.*]

be remedied. In fairness to the Judges of Madras it must be said that they have not allowed this evil to assume such large proportions as seems to be the case in other provinces. With these few words I welcome the measure."

The Hon'ble Khan Bahadur Mian Muhammad Shafi:—

"Sir, I did not come into this Council chamber with any intention of interfering in the discussion on the Bill which the Hon'ble Sir William Vincent has introduced. But the speech of my friend, the Hon'ble Rai Sitath Ray Bahadur, has compelled me to say a few words. Two main arguments have been adduced by him in opposition to the motion which is now before the Council. One was that accounts settled ought not to be allowed to be reopened, for it would be unfair and unjust. Well, Sir, those of us who are familiar with what goes on between the money-lenders and their ignorant debtors with reference to the manner in which accounts are kept by these money-lenders and the manner in which the periodical settlements of these accounts are made can well judge of the validity of the argument which has been adduced by my Hon'ble friend. In 99 cases out of 100—I might have said in 999 cases out of 1,000—the accounts are kept in a language absolutely unknown to the debtor. He himself cannot read the Hindi words in which the accounts are written. When the money-lender and the debtor sit down, what is it that happens? The money-lender himself, after going through all the items as entered by himself in his own account book in a language which is unknown to the debtor, says 'Well, there you are; on this account, so much is due by you. Will you therefore, put your thumb-mark in acknowledgment of the amount which you, owe to me?' The poor ignorant debtor has no option but to put his thumb-mark by way of acknowledgment of the correctness of the account—an account the nature of which he has probably no knowledge whatsoever. During my somewhat extensive experience in the Punjab extending over 25 years and more, I have come across hundreds and hundreds of cases between money-lenders and agricultural debtors in which this sort of thing goes on. I wish to give to Hon'ble Members one instance. It is quite true that this instance is of the worst possible description, but it will at any rate illustrate the length to which some money-lenders can go. I was engaged in appeal in a case in which the Munsif had given a decree in favour of the money-lender for his claim in full. When I read the judgment I told my client that he had no case for appeal. The Munsif has stated that there was the account book, the sworn testimony of the money-lender was there, he had also produced one or two witnesses in support of one or two of the principal items, and there was the final balance struck to which the debtor had put his thumb-mark. But the client insisted on my lodging the appeal and I did so. When two days before the hearing of the appeal I looked at the account book in which the various items had been entered and in which the balance had been struck, I was surprised how any court could have given a decree without re-opening the account, nay, according to general principles of law that suit ought to have been dismissed.

"I found that in almost every single case the item as entered in the original had been tampered with and altered before the striking of the balance; it so happened that the entries were in Urdu, a language with which probably the debtor's friends were somewhat familiar. At the time of making the original entry the money-lender had entered one item and at time of the settlement when the balance was struck, the thumb-impression of the poor, ignorant zamindar was taken one or two days before, the original items had been tampered with. It is easy to alter 5 into 15, 1 into 10 and so on. When I pointed out to the Appellate Court what had been done the Court was compelled to dismiss the suit altogether because of material alterations made by the creditor. I do not think it is necessary for me at this stage to discuss either the principles or the details of this Bill. I quite agree with my friend Dr. Sapru and my friend Mr. Malaviya that the Bill does not go sufficiently far to eradicate the evil, it undoubtedly is a crying evil, which prevails in almost every province of India and particularly in the Punjab. This is a matter with which Hon'ble Members will be able to deal when the Bill is returned to this Council after publication

**USURIOUS LOANS BILL; GOVERNMENT SAVINGS BANKS
(AMENDMENT) BILL.**

[*Khan Bahadur Mian Muhammad Shaif ; Sir William Vincent ; Sir George Barnes.*] [12TH SEPTEMBER, 1917.]

and after the opinions of Local Governments and the public have been obtained. On behalf of the Moslem community of the Punjab whom I have the honour to represent in this Council I offer my sincere congratulations to Government for having at last made up its mind to tackle this crying evil."

The Hon'ble Sir William Vincent:—"Sir, before the debate concludes I should like to express my gratitude to the Council for the very sympathetic manner in which they have received this Bill. Indeed I think that the support that has been accorded to it is sufficient to show that it can scarcely be called with any show of justice a controversial measure. I will not attempt to deal with the various criticisms of the Bill at this stage, far less do I think it necessary to enter into the large questions referred to by the Hon'ble Mr. Malaviya as they appear to me to be very indirectly relevant to the discussion; it is also not within my province to deal with the question which he has raised nor am I competent to do so. The Bill will now be circulated to all Local Governments and I think I may say that it will be carefully examined, as is the wish of the Hon'ble Pundit. The Council will also be given ample opportunity of discussing the general principles of the Bill on the motion to refer it to Select Committee and they will, if I may say so, then be in a better position to judge of its merits or demerits in the light of the opinions that have been received. I only ask the Council at present for leave to introduce the Bill with a view to its publication and circulation."

The motion was put and agreed to.

The Hon'ble Sir William Vincent:—"Sir, I introduce the Bill and move that the Bill together with the Statement of Objects and Reasons relating thereto be published in the Gazette of India in English, and in the local official gazettes in English and in such other languages as the Local Governments think fit."

The motion was put and agreed to.

**GOVERNMENT SAVINGS BANKS (AMENDMENT)
BILL.**

The Hon'ble Sir George Barnes:—"Sir, I beg to move for leave to introduce a Bill to amend the Government Savings Banks Act, 1873. The object of the Bill is set out in the Statement of Objects and Reasons and it is difficult for me to add to what is there said. The object is to increase the limit of Savings Banks deposits which may be paid to the heirs of deceased depositors without the formality of obtaining probate, letters, of administration or succession certificates. The only operative clause of the Bill is the second which provides that in section 4 and section 8 of the Government Savings Banks Act, 1873, for the words 'one thousand rupees' the words 'three thousand rupees' shall be substituted. Under section 4 of the Government Savings Banks Act, 1873, only Rs. 1,000 could be paid over without the production of Probate or Letters of Administration. It is now proposed to increase the amount from Rs. 1,000 to Rs. 3,000. In the same way under section 8 of the same Act, a Savings Bank deposit which did not exceed Rs. 1,000 was excluded in computing the fees chargeable on Probates or Letters of Administration. It is now proposed to extend this exemption from Rs. 1,000 to Rs. 3,000. It is believed that the latter figure of Rs. 3,000 will cover a very large proportion of the Savings Bank deposits and the result of this Bill when passed into law will, I hope, be a great convenience to the families of deceased depositors."

The motion was put and agreed to.

The Hon'ble Sir George Barnes:—"Sir, I introduce the Bill and move that it together with the Statement of Objects and Reasons relating thereto be published in the *Gazette of India* in English."

The motion was put and agreed to.

**PRESIDENCY SMALL CAUSE COURTS (AMENDMENT) BILL;
REPEALING AND AMENDING BILL.**

[12TH SEPTEMBER, 1917.]

[*Sir William Vincent; Rao Bahadur
B. N. Sarma; Mr. A. P. Muddiman.*]

**PRESIDENCY SMALL CAUSE COURTS (AMENDMENT)
BILL.**

The Hon'ble Sir William Vincent:—"Sir, the Bill which I now seek to introduce relates to the amendment of the Presidency Small Cause Courts Act. The Bill is of a simple character and is not I hope likely to evoke criticism—it may be explained in a few words. Under section 7 of the Act the only persons eligible at present for appointment of the office of Chief Judge of a Presidency Small Cause Court are advocates of a High Court. In 1916 the Hon'ble Mr. Patel, a non-official member of the Legislative Council of Bombay, sought leave to introduce a Bill in that Council providing that vakils and attorneys who are eligible for appointment as Judges of these Courts should also be eligible for the office of Chief Judge. He pointed out that vakils were already eligible to be High Court Judges and there was no reason why they should not be Judges of the Small Cause Courts. He also stated that the restriction to which I have referred had in fact prevented the appointment of a vakil, who was otherwise suitable. The principle of the Bill was accepted by the Local Government and forwarded to the Government of India, who, in consultation with other Local Governments, found that the amendment proposed for Bombay was equally desirable in the other Presidencies. The Bill I now seek to introduce is based on Mr. Patel's Bill and it is proposed to remove the anomaly in the three Presidencies. As pointed out there is no reason why a vakil or attorney, if he is the most suitable person, should be excluded from the office of Chief Judge and the Government do not think it can be suggested that persons who are eligible for appointment as High Court Judges are not suitable for this appointment.

"At the same time I wish to point out that it is not intended to modify the provisions of the law which provide that one-third of the Judges shall be Advocates of the High Court. I have told the Council that the authorities whom we have consulted on this Bill are unanimous in favour of the amendment and I hope that it will commend itself to this Council. If I am correct in my anticipation, it is my intention, at a future meeting of this session, to move that the Bill be taken into consideration and passed.

I now move, Sir, for leave to introduce the Bill."

The Hon'ble Rao Bahadur B. N. Sarma:—"Sir, on behalf of the Vakils of Madras and the Vakils in general, I wish to thank the Hon'ble Member for introducing this Bill."

The motion was put and agreed to.

The Hon'ble Sir William Vincent:—"Sir, I beg to introduce the Bill and to move that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the *Gazette of India* in English."

The motion was put and agreed to.

REPEALING AND AMENDING BILL.

The Hon'ble Mr. A. P. Muddiman:—"Sir, I move for leave to introduce the Bill to amend certain enactments and to repeal certain other enactments. The Bill, as will be seen, is a formal one, and I need not detain the Council with any lengthy remarks beyond saying that the operative part of the Bill is contained in the Schedules. The first schedule repeals certain spent or useless matter in the Statute Book and the second Schedule makes a few formal or unimportant amendments which are for the most part rendered necessary by recent legislation. The reasons for the proposed changes are explained in the notes in the last column of the schedules."

The motion was put and agreed to.

REPEALING AND AMENDING BILL; SIR CURRIMBHOY
EBRAHIM BARONETCY (AMENDMENT) BILL.

[*Mr. A. P. Muddiman; Mr. Kincaid.*]

[12TH SEPTEMBER, 1917.]

The Hon'ble Mr. A. P. Muddiman :—“Sir, I beg to introduce the Bill and to move that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the *Gazette of India* in English.”

The motion was put and agreed to.

SIR CURRIMBHOY EBRAHIM BARONETCY (AMEND-
MENT) BILL.

The Hon'ble Mr. C. A. Kincaid :—“Sir, I beg to move for leave to introduce the Bill to amend the Sir Currimbhoy Ebrahim Baronetcy Act, 1913. Sir, this Council, even including the Hon'ble gentleman who is sitting just below me, will probably admit that this is a non-contentious Bill; and as a statement of the facts underlying the Bill which I have the honour to introduce is given in the Statement of Objects and Reasons appended to the Bill, it will suffice for me briefly to recapitulate those facts. In the year 1911 His Majesty was pleased to confer on Sir Currimbhoy the honour of a Baronetcy. Now there are a good many Baronetcies in Bombay and a custom has grown up there that if any gentleman becomes the recipient of such an honour, he, in consultation with Government, settles a considerable property, so that the income of it may be enjoyed by his successors and the honour and dignity conferred on him properly kept up. It was in accordance with this custom that Sir Currimbhoy wished to set aside as a trust in perpetuity for himself and his successors considerable properties in Poona and Bombay valued at 20 lakhs. He desired that the bulk of the income of that property should be enjoyed by himself and his successors. But he also wished to create, by a somewhat complicated system of finance, two other properties to be known as the 'Sinking Fund' and the 'Repairs Fund.' In order to make the Sinking Fund Sir Currimbhoy desired that annually 00·61 per cent of 20 lacs during the period of 60 years should be invested in British and Indian Government stock at 3 per cent. It was calculated by the Actuaries consulted that if this was done for 60 years the property known as the 'Sinking Fund,' would amount to 20 lacs. The second property, namely the 'Repairs Fund' was to amount to 2 lacs and was to be created by putting aside 3·72 per cent of 2 lacs during a period of 20 years. The wishes of the Baronet were communicated to his Solicitors who prepared a draft Bill and that draft Bill was submitted to this Council and the Bill became law in 1913.

“Well, Sir, it might have been thought that at this point Sir Currimbhoy's cup of happiness was full and that he could look forward to a long period of ease and dignity for himself and afterwards to a long line of wealthy worthy and titled successors. Unfortunately, just after the Bill became law it was discovered that his Solicitors had made an extraordinary error in drafting the Bill. Instead of putting in sections 7 and 14 that Sir Currimbhoy's trustees were to pay annually the amount of Rs. 12,200 which represented 00·61 of 20 lacs and Rs. 7,440 which represented 3·72 per cent of 2 lacs, they had put in the draft sections that Sir Currimbhoy's trustees were to pay these two sums every six months. The trustees and Sir Currimbhoy took counsel together with the result that they took upon themselves the responsibility of only paying this sum annually until they could get the error corrected. Sir Currimbhoy approached the Government of Bombay. The Government of Bombay placed the matter before this Government. This Government in the interests of the remainder men thought that an enquiry should be held. It was held by the Advocate General of Bombay who came to the conclusion that the representations of Sir Currimbhoy were well founded. It is, therefore, now decided to introduce this Bill. Section 2 (1) is introduced with a view to make the correction, and section 2 (2)

SIR CURRIMBOY EBRAHIM BARONETCY (AMENDMENT) BILL; INDIAN REGISTRATION (AMENDMENT) BILL.

[12TH SEPTEMBER, 1917.]

[*Mr. C. A. Kincaid; Pandit Madan Mohan Malaviya.*]

is enacted so as to cover the act of the trustees when they took upon themselves the responsibility of making the payments annually and not every six months."

The motion was put and agreed to.

The Hon'ble Mr. C. A. Kincaid :—“ Sir, I beg to introduce the Bill and to move that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the *Gazette of India* in English.”

The motion was put and agreed to.

INDIAN REGISTRATION (AMENDMENT) BILL.

The Hon'ble Pandit Madan Mohan Malaviya :—“ Sir, I beg to move that the Report of the Select Committee on the Bill further to amend the Indian Registration Act, 1908, be taken into consideration. It is hardly necessary for me to explain at length again the reason for the proposed legislation as I fully did so when I asked for leave to introduce the Bill. Hon'ble Members will remember that in the case of *Jambu Prasad vs. Aftab Ali Khan*, their Lordships of the Privy Council decided that where the person who presented a document on behalf of the man who advanced the money for registration did not possess a power-of-attorney executed and authenticated in the manner laid down in section 33 of the Registration Act, the document had not been duly presented, and the document not having been presented according to law the Registering Officer did not have any authority to register the document and the registration effected by him was ineffective. In that view the claims of mortgagees to recover the amounts which they had secured by mortgages of property which had been registered on presentation by the agent of the creditor who did not hold a power-of-attorney as required by section 33 of the Registration Act, were defeated. This meant a manifest injustice to the creditor. And it was to remedy this injustice that the Bill was introduced. The original draft of the Bill suggested that notwithstanding anything contained in the Registration Act, the registration of a document registered before or after the commencement of this Act, shall not be deemed to be invalid by reason only of the fact that the document was presented for registration by an agent not duly authorised by a power-of-attorney executed and attested or authenticated under the provisions of any enactment in force. But it was pointed out that there were other courses in which the remedy needed might be provided. One of these courses was that the legislature may provide that a document which has been improperly admitted to registration in disregard of section 33 may be registered again on production of a proper power-of-attorney or on presentation by the parties themselves within a prescribed limit of time. After having considered the various suggestions the Select Committee arrived at the conclusion that the last course that I have mentioned was the most appropriate one to adopt in the circumstances of the case. This would not interfere at all with the general provisions of s. 33 of the Act, and it would provide relief in all cases excepting those in which a suit based on a document which had been improperly accepted for registration has already been decided. The bill as amended by the Select Committee seeks to embody that provision. It seeks to lay down that notwithstanding anything to the contrary contained in the Registration Act, if in any case a document requiring registration has been accepted for registration by a Registrar or Sub-Registrar from a person not duly empowered to present the same, and has been registered, any person claiming under such document may, within four months from his first becoming aware that the registration of such document is invalid, present such document or cause the same to be presented, in accordance with the provisions of Part VI for re-registration in the office of the Registrar of the district in which the document was originally registered; and upon the Registrar being satisfied that the document was so accepted for registration from a person not duly empowered to present the

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[*Pandit Madan Mohan Malaviya; Sir C. Sankaran Nair; Rao Bahadur B. N. Sarma.*] [12TH SEPTEMBER, 1917.]

same, he shall proceed to the re-registration of the document as if it had not been previously registered, and as if such presentation for re-registration was a presentation for registration made within the time allowed there for under Part IV, and all the provisions of the Registration Act, as to registration of documents, shall apply to such re-registration; and such documents, if duly re-registered in accordance with the provisions of this section, shall be deemed to have been duly registered for all purposes from the date of its original registration; provided that within three months from the day of the passing of this Bill any person claiming under a document to which this section applies may present the same or cause the same to be presented for re-registration in accordance with this section, whatever may have been the time when he first became aware that the registration of the document was invalid.

“Hon'ble Members will see that the proposed law will not only fully meet the difficulties of those whose documents improperly registered before the Act comes into force have not yet been adjudicated upon, but it also provides for the rectification of any similar mistake in registration in the future. In all such cases the claims of justice will be fully met by the Bill.

“There was another provision in the Bill which sought to give retrospective effect to the measure of relief which was proposed to be enacted, in suits which had been dismissed by reason of such mistakes in registration in the United Provinces. But the Committee had no information before them as to the number of cases which might be involved and as to the desirability of reopening proceedings in them. Nor had they any information as to whether such cases had occurred in any other Province. They thought therefore that it might appropriately be left to the Government of the United Provinces themselves to deal with this question of retrospective effect being given to the provisions of the Bill and if they think it proper on the information they possessed, to introduce legislation to that effect.”

I move that the Report of the Select Committee be taken into consideration.

The motion was put and agreed to.

The Hon'ble Pandit M. M. Malaviya:—“In the draft of the Bill before the Council, the date of the passing of the Act will, of course, be inserted later on. I beg to move that the Bill as amended be passed.”

The motion was put and agreed to.

PATNA UNIVERSITY BILL.

The Hon'ble Sir C. Sankaran Nair:—“Sir, I move that the Report of the Select Committee on the Bill to establish and incorporate a University at Patna be taken into consideration. The Report of the Committee contains full information. It sets out the changes made in the Bill as originally introduced. I do not propose to detain the Council with any observations at this stage. I will only mention that the Select Committee contained all the Non-Official Members coming from the Province of Bihar and Orissa, all the official members coming from that Province and the representatives of the other Universities; and we have come to a unanimous conclusion on the questions which were under discussion.”

I move now, that the Bill be taken into consideration.

The motion was put and agreed to.

The Hon'ble Rao Bahadur B. N. Sarma:—“Sir, I beg to move the first amendment which stands against my name, and that is to substitute the words ‘shall be elected by the Senate’ for the words ‘shall be appointed by the Local Government’ in clause 6, sub-clause (1). The clause as it stands reads:—‘The Vice-Chancellor shall be appointed by the Local Government.’ As sought to be amended by me, it would read:—‘The Vice-Chancellor shall be elected by the Senate.’”

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[*Rao Bahadur B. N. Sarma.*]

“At the outset I may be permitted to explain my position in moving these amendments to the Bill as it has emerged from the Select Committee after the support of the members who formed the Select Committee, subject to certain conditions which are embodied in the Select Committee's Report. I have no desire to make this Bill a controversial measure. I heartily welcome this measure on behalf of the country and am deeply grateful to the Government as well as the members of the Select Committee and the Education Member in particular for making it so little contentious except in one or two important matters and for the large improvements which have been effected in the original Bill. We hope that the Council will see its way to accept these amendments which are not of a radical nature and do not substantially alter the principles of the Bill. I may also be permitted to state that the Bihar Provincial Conference adopted a resolution on the lines on which I have moved the amendments. They have also approved of the Bill as it has emerged from the Select Committee, but they hope to be able to see further improvements and have sent an appeal to the Government. It is in that spirit that I bring forward these amendments. Now the object of this amendment is to make the constitution of the University in Bihar at Patna, which is an advance in some respects on the Universities of the old model, more self-contained and less dependent on the Government, especially in view of the acceptance of the principle of election in its composition. We are grateful that the Select Committee has been able to make a large section of the members of the Senate elected members, and now the question is whether there are any valid reasons for denying them the privilege of electing their own Chairman. Of course the election of the Chancellor is out of the question. He corresponds to the visitor in other places; he represents His Majesty's Government and consequently we cannot take up the question as to whether the Chancellor of this University should be elected or not. He does not take any part in the discussions. The person most vitally concerned in the University is the Vice-Chancellor. The question is: are there any valid reasons why we should deny this largely elected body representing the educated Indians of Bihar and Orissa and consisting of the nominees of the Government, the power of choosing its own Vice-Chancellor? If we look to precedents in the United Kingdom I find authority for my position. The acts of 1858 and 1889 dealing with the Universities of Scotland make ample provision for that purpose.

“The practice obtaining in Oxford and Cambridge with regard to corresponding offices is the same. With regard to London Lord Haldane's report proposes that the Chancellor should be elected by the Convocation, that the Pro-Chancellor should be elected by the Court and that the Senate should elect the Vice-Chancellor. Therefore the precedent and the practice of the Universities in the United Kingdom amply support and justify the amendment which I place before you. Of course, when representative institutions are asked for in India, the general answer is that the vast majority of the people are not fitted for them. That, however, is a controversial question and I shall not go into it. But at any rate, so far as educated Indians are concerned, so far as the University composition is concerned, the objection cannot be urged the principle has been conceded and it cannot be said that we have an ignorant electorate. Therefore, Sir, I say that there is absolutely no danger whatsoever, but ample justification, in asking that the corporate body should be self-contained. There is a prejudice in the popular mind against higher education being made a department of the Government. The existing Universities are considered mere departments of the Government and, rightly or wrongly, are supposed to work at the will and pleasure of the Government. Here, in this measure, we see a substantial concession in favour of the people. Then, is there any danger in pushing that to its logical conclusion and making the University more independent? I respectfully submit that there are absolutely no valid reasons. If you say that the working of this act should be watched before the power of electing the Vice-Chancellor is given, my submission is that there is no necessity for it. Let us take the composition of the electorate of the Senate

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as it is. It contains a large majority of educationists. All sections of the community, the educated section, the teaching staff, Government servants, etc., are strongly represented therein, and it cannot be contended for a moment that such an eminent body will go wrong in choosing their Vice-Chancellor. I hope, therefore, that the Government will raise no objections whatsoever, but make the scheme of the University complete, perfect, and self-contained.

“With these remarks I beg to move my amendment.”

The Hon'ble Sir C. Sankaran Nair :—“Sir, I am unable to accept this amendment. I am glad to accept the assurance of the Hon'ble Member that he does not wish to make the Bill a controversial measure. He thinks apparently that his amendment would make only a very slight change; I do not agree with him there. It is a very radical proposition which he has put forward. He thinks that the Vice-Chancellor is only a chairman of a meeting. That is not the case. The Vice-Chancellor has various duties to perform. He is an officer and servant of the University. He is the man to appoint and control every officer and servant of the University whose emoluments do not exceed Rs. 200 per mensem. He is also an officer who is entitled to inspect the colleges. He is not, therefore, simply a chairman of a meeting. The Hon'ble Mr. Sarma, instead of going into the precedents in India itself, goes to Scotland and to England for precedents. He forgets that in all the other Universities in India the Vice-Chancellor is not elected by the Senate. The fact that the majority of the members of the Senates are elected in this University and that this bill (thus) marks a great advance is not a reason, as he puts it, for going further in that direction. The Senate is a new body; they are elected under new conditions, and we have to wait and see how the Senate works before we entrust them with further powers. In these circumstances, Sir, I am not prepared to accept this amendment.”

The Hon'ble Rao Bahadur B. N. Sarma :—“Just a word, Sir. The precedent of London may not be altogether appropriate but still the proposed Vice-Chancellor under Lord Haldane's scheme is a permanent official and the chief administrative officer of the University. Therefore, he has to discharge functions almost akin to, if not wholly the same as, those of the Vice-Chancellor of our proposed University. The Commissioners had sufficient confidence in the Senate of the London University to give them the power of electing their Vice-Chancellor. I do not think, therefore, that argument has much force.

“In regard to the other Indian Universities, we have been asking for a similar privilege in respect of these Universities, and the fact that the Government has not been able to confer the privilege hitherto is no reason for saying that we should not concede the privilege to the Patna University now.”

The motion was put and negatived.

The Hon'ble Dr. Tej Bahadur Sapru :—“Sir, the amendment which stands against my name runs as follows :—

“The first Vice-Chancellor shall be appointed by the Local Government and shall hold office for three years from the date of his appointment, but his successors shall be elected by the Senate subject to such regulations as may be framed by the Senate and shall hold office for three years from the date of election. Such appointment shall be subject to approval by the Local Government.”

“It will be noticed that the amendment which I have the honour to put before the Council practically covers the same ground as that which has just been negatived, with his difference only that my amendment is much more moderate than the amendment of the Hon'ble Mr. Sarma was. I move this amendment in no spirit of hostility. I am perfectly alive to the fact that the Bill as it stands now is a very much more liberal measure than it was when it was

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originally introduced. But I see absolutely no reason why in a measure like this the Government should not be prepared to extend the principle of election which they have recognised in the Bill itself in the constitution of the Senate and which they have so willingly recognised in the case of the Benares Hindu University. It will be further noticed that the proviso which I have added to my amendment has been taken bodily from the Hindu University Act, so that there can be absolutely no danger of the Senate going wrong without being corrected.

“Now, Sir, my friend the Hon’ble Mr. Sarma has quoted examples of foreign Universities. I will not quote similar examples; I shall content myself by referring to the latest opinion which has been expressed on the subject in the Haldane Commission’s report. Even there it is recommended that the Vice-Chancellor should be appointed by the Senate. Now, Sir, so far as public opinion in Bihar is concerned, I am strongly persuaded that it strongly supports my amendment, and it is no reflection upon the members of the Select Committee that I, belonging to the United Provinces, should undertake to move an amendment which I know for a fact represents the general feeling in Bihar.

“I am afraid the task of my friends, the members of the Select Committee, was none too easy and I appreciate the spirit of compromise in which they have accepted the provisions of the Bill, as it stands at present. But with all due respect to my friends, the members of the Select Committee, and with every desire on my part to co-operate with them in the successful termination of this measure, I see absolutely no reason why opinion in Bihar as it has been expressed from time to time should not be put forward before this Council.

“Sir, I was just looking into the first schedule which has been supplied to us and I find that out of the 75 names there 33 are Europeans; I have not been able to calculate the number of officials. I venture to think that in future too the number of officials in the Senate and the number of English Professors would be sufficiently large to safeguard against any apprehension of the Indian members of the Senate going wrong. I therefore do not see any valid reason for denying this privilege to the Senate. If you will not trust a body of cultured and educated men like the members of the Senate with the privilege of exercising the right of election of the Vice-Chancellor, I for one cannot see which other electorate can safely be entrusted with the privilege of electing any officer to preside over its deliberations. It has been said that other Universities—the official Universities—have never had such a privilege given to them. Unfortunately this is too true; but I hope the day is not far distant when the other Universities will come into line with the Benares University. When you can entrust a non-official University like the Benares University with the right of electing a Vice-Chancellor, I see no reason why in a measure like this, hemmed in by so many safeguards and with a Senate so full of the official element, the same privilege should not be willingly accorded to the members of the Senate of the Bihar University. On those grounds I put my amendment before you.”

The Hon’ble Mr. M. B. Dadabhoy:—“Sir, I should have supported this amendment of my Hon’ble friend Dr. Sapru but for the fact that, as the Hon’ble Sir Sankaran Nair has just mentioned, it seeks to introduce a new principle in University matters. The older Universities of Calcutta, Bombay and Madras have not this privilege up to date, and I think in the case of a new University which we are just establishing and sanctioning, it would not be right and proper that this innovation should be introduced. I do admit and acknowledge very freely that there is a great deal of truth in what the Hon’ble Dr. Sapru has stated; but this Council have not had the opportunity of discussing the matter and also of taking the opinion of their constituents. Dr. Sapru was present when the Bill was introduced, and I remember he made a very strong speech criticising the Bill when it was introduced.”

The Hon’ble Dr. Tej Bahadur Sapru:—“Sir, may I rise to a point of order? My Hon’ble friend is not right in saying that I made a speech opposing the Bill. I welcomed it.”

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The Hon'ble the Vice-President :—“The Hon'ble Mr. Dadabhoy only says that the Hon'ble Member made a strong speech. My own recollection coincides with that of the Hon'ble Mr. Dadabhoy.”

The Hon'ble Dr. Tej Bahadur Sapru :—“Sir, I understood Mr. Dadabhoy to say that I made a strong speech opposing the Bill.”

The Hon'ble Mr. M. B. Dadabhoy :—“No, the Hon'ble Member is under a misapprehension. There is still another point. The University Commission which has been appointed by His Excellency Lord Chelmsford will begin its deliberations very soon. This is a matter which we should leave to the serious consideration of the University Commission, and I have no doubt it will be considered very carefully by the Commission. If among the other reforms which the Commission suggests, this reform is recommended, I shall be very glad to welcome it and give it my support; and I have no doubt that in that case Government would bring in a Bill introducing such a reform. On the eve of such a Commission sitting in India, and considering that the change which my Hon'ble friend wishes to introduce is a very radical and a very important one, pregnant with many possibilities, I think it is advisable that it should not be introduced at this stage, especially in the case of a new University like the Patna University. For these reasons I request my Hon'ble friend Dr. Sapru to withdraw his amendment, and I hope he will see the propriety of not introducing it at this juncture.”

The Hon'ble Pandit Madan Mohan Malaviya :—“Sir, I support the motion which has been introduced by my Hon'ble friend Dr. Sapru. I fully appreciate the position in which we are at present; and I must say we owe gratitude to the Hon'ble Sir Edward Gait and the Hon'ble the Education Member—and I should like to add to the Director of Public Instruction in Bihar and Orissa—for the very liberal spirit in which they have received the suggestions of the public in regard to the constitution of the University.

“The Bill now before the Council is a very different measure from the Bill in its original form, and our thanks are due to these gentlemen no less than to the Members of the Select Committee, for what has been done. But that very fact supplies a strong reason for desiring that they would see their way to accept the suggestion put forward by my Hon'ble friend. It is a suggestion which is in entire conformity with the spirit of the times, with the most up-to-date recommendations which have been made by the University Commission presided over by such a distinguished educationalist as Lord Haldane. It is, I repeat, a suggestion in entire conformity with the spirit of the times for educational reforms and I feel certain—as certain as I am standing here—that within a short time in this very Council a Bill will be introduced which will seek to make the appointment of the Vice-Chancellor of every Indian University an elective appointment requiring that he should be elected by the Senate. I submit, Sir, that there can be no electorate more qualified, more competent, to decide who should preside over the deliberations of the University, than the Senate of the University; and I am glad to find—and here again I offer my thanks and congratulations to all concerned particularly to Sir Edward Gait, the Hon'ble the Education Member and Mr. Jennings—from the excellent Schedules to the Bill that the composition of the first Senate and Syndicate leaves nothing to be desired. And that fact furnishes a strong reason why this suggestion further to liberalise the constitution of the University ought to be accepted. I hope the Hon'ble the Education Member will consider the matter favourably.”

The Hon'ble Mr. H. Sharp :—“Sir, I rise to deal with a minor point which has cropped up in the speeches of the Hon'ble Rao Bahadur Sarma and the Hon'ble Dr. Sapru. Both of them referred to Lord Haldane's Commission on the London University in support of their proposals. I should like to point out that I fear this is an example of the confusion which arises out of the use of terms without fully explaining their meaning. It is perfectly true

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that under the Haldane Commission's proposals for the London University, the Senate will elect the Vice-Chancellor. But the Senate which is proposed for that University will be as different from the Senate which is proposed for the Patna University as chalk from cheese.

"The two terms do not mean at all the same. The Senate of the Patna University will answer more nearly to the Court of the London University. The Senate, as proposed in the Haldane Commission's Report for the London University will be a very small and very select body consisting—if I remember rightly—of not more than 15 persons, 5 of whom will be appointed by the crown.

"The election of the Vice-Chancellor by such a body is of course a totally different thing from his election by a large and heterogeneous body such as the Court of the proposed London University or the Senate of the proposed Patna University."

The Hon'ble Rao Bahadur B. N. Sarma:—"Sir, the ground of the distinction is this: Taking for granted that the Court there corresponds to our Senate, the recommendation is that the Pro-Chancellor who is to preside over the Court is to be an elected member. Therefore, even if there is a distinction in the office, I think the recommendation is in our favour."

The Hon'ble Sir C. Sankaran Nair:—"Sir, I oppose this amendment. My friends still seem to be under the impression that the main function of the Vice-Chancellor is to preside over the deliberations of the Senate. That is not his main function. He has other duties to perform.

"As to the case of the Benares Hindu University the reference is misleading. It is a denominational university, whereas the Vice-Chancellor in this case will have to deal with Government officials and with Government colleges and mission colleges. So we cannot go to Benares for an analogy. No doubt my friend's amendment is moderate compared to the one which was put forward by Mr. Sarma; but it is open to the same objection. It is also open to this further objection, that he is dealing with a matter which is to come three years afterwards. There is ample time before us, if this new experiment is justified, for him to come before the legislature again. As I have already pointed out, the fact that the Senate as now constituted is very different from the Senates of other universities and that the Bill is progressive in that respect is not a reason for now going much further, but is rather a reason for watching the results of the experiment before we make any further advance."

The Hon'ble Dr. Tej Bahadur Saprū:—"Sir, I shall deal with some of the important points raised by the Hon'ble Sir Sankaran Nair. He says that I am dealing with a matter which will arise three years hence. I can only say that I am following his own example. He did it in the case of the Benares Hindu University. Under the Hindu University Act the first Vice-Chancellor has been appointed by the Government. His successor will be appointed by election, so that I am not unique in this; I was only following the example set by Government.

"The second point was that we had misunderstood the functions of the Vice-Chancellor. The Hon'ble Member said that the Vice-Chancellor's function was not only that of a Chairman. As a member of the Allahabad University I know it too well. It is perfectly true that he has not got merely to preside over meetings, but has got to decide many things without coming into the meeting. Then he said that the Vice-Chancellor will have to deal with Government colleges and with officials. I fail to see how a man ceases to be effective by the mere fact that he is elected, when the very same man might have been entrusted with those duties if he had been nominated by the Government. Take any official in the Senate. He might be elected if he has got the confidence of the majority of

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the Senate. How will he cease to be effective if he is elected, and how will he be more effective merely because he has been nominated by the Government ?

“Sir, then with regard to the argument of the Hon’ble Mr. Sharp that the analogy of the London University will not hold good in the case of the Patna University, I do not rest my case wholly on that. Whether the Vice-Chancellor there has got to preside over a body like the Senate of the Bihar University or a very much smaller body, the fact remains that he is going to be elected, and a Commission like that of Lord Haldane did not consider it necessary that he should be nominated by the Government in order that he might be really effective. So that, it seems to me, Sir, that the arguments which have been advanced in opposition to my amendment are not, with all due respect to Sir Sankaran Nair and the Hon’ble Mr. Sharp, convincing.”

The amendment was put and negatived.

The Hon’ble Rao Bahadur B. N. Sarma:—“I request you to permit me to deal with all these alternative amendments in one speech so as to save time and not try the patience of the Council unduly.”

The Hon’ble the Vice-President:—“I must warn the Hon’ble Member that he has got only a quarter of an hour left, and I doubt if within that time we should be able to deal with all these amendments. I suggest, therefore, that he should take them up in the order in which they appear on the paper.”

The Hon’ble Rao Bahadur B. N. Sarma:—“Sir, the first amendment which I move is that sub-clause (5) of clause 7 be omitted. The scheme of the clause is to make the Senate supreme in the management and superintendence of all the affairs and concerns and property of the University, and it is to have residuary jurisdiction in all matters not otherwise provided for. This is provided for by sub-clause 4. Now a limitation is imposed upon those powers in certain cases which are specified in sub-clause 5. The question is as to whether there are any valid reasons for restricting this supremacy of the Senate, the complete control of the Senate, over the Syndicate in any manner whatsoever, as is provided for in sub-clause (5). Hon’ble Members will see that even in sub-clause (5) the jurisdiction of the Senate has not been altogether ousted, but is partially restricted in the manner suggested therein, that a minority of six Syndics disagreeing with the opinion of the majority shall have the right to move the Senate for an expression of its opinion which shall decide the question at issue between the minority and the majority. Now, the point at issue on this amendment of mine is as to whether there is any reason for restricting the powers of the Senate in the manner suggested by this Bill. I rely in this particular case upon the existing practice which obtains in the older universities. The Hon’ble Member in charge of the Bill quoted a precedent on a former occasion with some effect, and I hope I shall have equal good fortune on this occasion in appealing to the same precedent. These universities have been working with the supremacy of the Senate over the Syndicate for over fifty years without any friction whatsoever between the Senate and the Syndicate. The question is as to whether there is any valid reason for depriving the Senate of the powers which they have been competently and satisfactorily discharging during the last fifty years. If anything, we are trying to make the Senate more representative, more elective, and consequently any difficulties in the matter of cliques or minorities joining together because they have been nominated in a particular way would disappear under the new scheme.

“One answer may be forthcoming, that is that in the matters referred to in clause 7 it would be preferable to introduce a smaller body because a smaller body would be more competent to deal with such matters satisfactorily. I know that in Lord Haldane’s recommendations he deprecates the unlimited review of the Senate in certain matters. There is a difference between the composition of the bodies suggested in the Report whose authority has been evoked in this respect and the composition of the Senate and Syndicate under Patna University Bill.

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We have not created any body exclusively academic competent to discharge functions which are specifically educational in character, but we have created two bodies which consist of administrative officers and educational officers. In the Senate the educationists can be supreme because out of 50, 20 are to be elected by the teaching Staff, there are 6 ex-officio educationists and other members who might be elected by other bodies, that is registered graduates and associations. It stands to reason that in the composition of the Senate you will have a large preponderating educational element. In the Syndicate you have the educational element giving a majority because under section 8 there must be at least 10 educationists out of 18; in the Syndicate you have a body in which there are 10 educationists and 8 non-educationists you have a large number of educationists, possibly a majority. Thus the two bodies are composed of practically similar lines; therefore it does not seem to me that there would be any danger in giving the right of review to the Senate. It is only in extreme cases where there was a feeling that the Syndicate was exercising its authority incorrectly that action proposed would be taken. In my view there is no reason for deviation from existing procedure. I would therefore ask the Council to take into consideration my amendment for the deletion of the clause."

The Hon'ble Sir C. Sankaran Nair:—"Sir, I am unable to accept the amendment, this and the succeeding amendments refer to the relations between the Syndicate and the Senate. My friend has strongly relied upon the existing law, the Act of 1904, according to which the Syndicate acts under the directions of the Senate which has a power of review. As a matter of fact under the existing Act of 1904 the graduates elect only 10 per cent of the total number of the members of the Senate, with the result that the elected members are not really represented by the Syndicate; the senate is composed of only 10 per cent of really elected members, naturally therefore the elected members desire that all the actions of the Syndicate should be subject to the criticism of the Senate, though they could scarcely hope to over-rule the actions of the Syndicate. Thus the criticism in the Senate is the only check so far as popular opinion is concerned to which the Syndicate is subject.

"I can therefore well understand the desire of the general public that the resolutions of the Syndicate on every question should be subject to consideration by the Senate. But what do we find here; we have got in the Senate a substantial majority of elected members, they elect the Syndicate, therefore the Syndicate really represents the elected members of the Senate also; If competent members are elected by the Senate, the occasions for interference must be very few. Further if the Syndicate members are found unsatisfactory the Senate need not elect those members again but might elect members who will carry out their behests. My friend also seems to assume that the Syndicate are independent. As a matter of fact the Syndicate can only act subject to the regulations of the Senate; whether the latter think fit to give latitude to the Syndicate or whether they wish to restrict them they can do either. Again, it is the Senate that passes the Budget, therefore in all those questions in which the finances are involved, the Syndicate is subject to the control of the Senate. The Select Committee have recognised the broad distinction that in all legislative questions, in all questions dealing with general principles, the Senate should have supreme control; in questions of executive government relating to academic matters only, a good deal of freedom is left to the Syndicate; the difference can be seen if Hon'ble Members will look at the matters left to the Syndicate for disposal and compare them with those left to the Senate alone for decision for instance, the courses of study are determined by the Senate, but the arrangement for teaching, etc., are left to the Syndicate. My friend has correctly stated that the Senate will interfere only in extreme cases. For such cases there is a provision in the Bill which enables six members of the Syndicate to bring before the Senate in appeal any decision of the Syndicate, therefore that so far as effective control in the management of the university is concerned, the Senate will have much larger powers than under the present Act of 1904.

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“For these reasons I am unable to accept this amendment. I trust that my friend will withdraw not only this amendment but also the others. The alternatives which my friend has suggested were considered by the Select Committee who came to the conclusion that the provisions in the bill contained the best solution in the circumstances.”

The Hon'ble Rao Bahadur B. N. Sarma :—“I shall not take up the time of the Council with regard to this amendment. I shall only point out that Lord Haldane speaks of the danger of giving the Senate supreme authority. Speaking of the danger of giving Senates supreme authority, the Royal Commission on University Education in London said in their report ‘It is not to be supposed that a minority on the Senate would always appeal to the Court against the majority when the views of the Academic Council were disregarded, but the power to appeal would remove some of the dangers which we are aware beset the small and powerful growing governing bodies of American Universities and would we hope, afford a means of settlement from within for those controversies as to policy which seem from time to time to invade all Universities.’ It is for this reason, Sir, that I wanted to keep the power of the Senate supreme inasmuch as the Hon'ble Member said that there would be no danger in practice of the Senate misusing the powers.”

The Hon'ble the Vice-President :—“, I understand the Hon'ble Member wishes to withdraw his amendment.”

The Hon'ble Rao Bahadur B. N. Sarma :—“Sir, I have a point to make, and that is this. The Hon'ble the Education Member does not agree to the amendment.....”

The Hon'ble the Vice-President :—“I understand the Hon'ble Member will withdraw if the Hon'ble the Education Member opposes it.”

The Hon'ble Rao Bahadur B. N. Sarma :—“I think my point is important.”

The Hon'ble the Vice-President :—“Then I will put the amendment to the Council.”

The motion was put and negatived.

The Council adjourned till Thursday the 13th September 1917.

SIMLA :

The 19th September 1917. }

A. P. MUDDIMAN,

Secretary to the Government of India,
Legislative Department.

APPENDIX A.

Statement showing the number of gazetted appointments above the rank of Registrar in the Government of India Secretariat and attached offices.

| Department or Office. | NUMBER OF APPOINTMENTS.* | | | |
|--|--------------------------|------------------|--------------------|------------------|
| | ON RS. 2,000 AND ABOVE. | | BELOW RS. 2,000. | |
| | Held by Europeans. | Held by Indians. | Held by Europeans. | Held by Indians. |
| Home Department | 2 | ... | 1 | ... |
| Office of Director-General, Indian Medical Service | 1 | ... | 2 | ... |
| Office of Director, Criminal Intelligence ... | 1 | ... | 3 | ... |
| Foreign and Political Department | 4 | ... | 2 | ... |
| Finance Department | 2 | ... | 1 | 1 |
| Public Works Department... .. | 3 | ... | 2 | ... |
| Legislative Department | 2 | ... | ... | 1 |
| Army Department | ... | ... | ... | ... |
| Railway Department | 6 | ... | 8 | ... |
| Revenue and Agriculture Department ... | 3 | ... | 2 | ... |
| Commerce and Industry Department ... | 3 | ... | 7 | ... |
| Education Department | 3 | ... | 4 | 1 |
| Financial Adviser, Military Finance ... | 2 | ... | 6 | 1 |
| TOTAL | 32 | ... | 38 | 4 |

*Appointments ordinarily held by military officers and temporary appointments are excluded.

APPENDIX B.

Statement showing the Gold held in the Indian Paper Currency Reserve in England and Silver Coin held in the Paper Currency Reserve in India.

| Date. | | Gold in the Indian Paper Currency Reserve in England. | Silver Coin in the Paper Currency Reserve in India. |
|------------|------|---|---|
| | | Rs. | Rs. |
| 31st March | 1895 | ... | 22,70,00,105 |
| " | " | 1896 | 17,96,91,990 |
| " | " | 1897 | 18,75,33,124 |
| " | " | 1898 | 14,50,86,344 |
| " | " | 1899 | 15,15,01,089 |
| " | " | 1900 | 5,37,72,122 |
| " | " | 1901 | 9,42,40,037 |
| " | " | 1902 | 11,12,54,180 |
| " | " | 1903 | 10,93,42,656 |
| " | " | 1904 | 11,49,75,648 |
| " | " | 1905 | 11,36,48,837 |
| " | " | 1906 | 10,56,75,006 |
| " | " | 1907 | 10,53,75,000 |
| " | " | 1908 | 5,55,75,000 |
| " | " | 1909 | 2,25,00,000 |
| " | " | 1910 | 3,75,00,000 |
| " | " | 1911 | 7,56,75,000 |
| " | " | 1912 | 8,55,00,000 |
| " | " | 1913 | 9,15,00,000 |
| " | " | 1914 | 9,15,00,000 |
| " | " | 1915 | 7,65,00,000 |
| " | " | 1916 | 11,92,50,000 |
| " | " | 1917 | 6,67,50,000 |

| | | PERCENTAGE OF TOTAL CURRENCY RESERVE FORMED BY | |
|------------|------|--|-------------------|
| | | Metallic portion. | Invested portion. |
| 31st March | 1914 | 79 | 21 |
| " | 1915 | 77 | 23 |
| " | 1916 | 70 | 30 |
| " | 1917 | 44 | 6 |

APPENDIX C.

Value in Rupees of Gold and Silver Coin and Bullion Imported into India on Private Account.

| Year. | | | | | Gold. | Silver. |
|-----------|-----|-----|-----|-----|--------------|--------------|
| 1893-94 | ... | ... | ... | ... | 8,14,65,800 | 15,27,87,264 |
| 1894-95 | ... | ... | ... | ... | 1,75,62,800 | 7,80,27,273 |
| 1895-96 | ... | ... | ... | ... | 5,02,92,692 | 8,32,97,162 |
| 1896-97 | ... | ... | ... | ... | 4,49,11,790 | 8,58,41,738 |
| 1897-98 | ... | ... | ... | ... | 7,28,12,221 | 13,19,50,644 |
| 1898-99 | ... | ... | ... | ... | 8,84,00,542 | 9,04,39,025 |
| 1899-1900 | ... | ... | ... | ... | 11,44,78,674 | 9,51,06,458 |
| 1900-01 | ... | ... | ... | ... | 11,87,13,827 | 4,59,22,253 |
| 1901-02 | ... | ... | ... | ... | 8,39,76,205 | 11,35,07,591 |
| 1902-03 | ... | ... | ... | ... | 13,14,66,553 | 12,10,90,721 |
| 1903-04 | ... | ... | ... | ... | 20,13,11,752 | 11,81,20,869 |
| 1904-05 | ... | ... | ... | ... | 21,81,19,745 | 11,21,55,553 |
| 1905-06 | ... | ... | ... | ... | 14,74,29,715 | 6,17,83,175 |
| 1906-07 | ... | ... | ... | ... | 18,47,07,817 | 8,73,02,041 |
| 1907-08 | ... | ... | ... | ... | 20,73,46,032 | 12,08,58,260 |
| 1908-09 | ... | ... | ... | ... | 8,40,42,295 | 14,22,76,236 |
| 1909-10 | ... | ... | ... | ... | 25,01,75,218 | 12,40,85,517 |
| 1910-11 | ... | ... | ... | ... | 27,89,25,134 | 11,77,45,711 |
| 1911-12 | ... | ... | ... | ... | 41,49,30,057 | 11,92,84,876 |
| 1912-13 | ... | ... | ... | ... | 41,29,07,855 | 9,90,72,187 |
| 1913-14 | ... | ... | ... | ... | 28,22,64,078 | 8,39,40,378 |
| 1914-15 | ... | ... | ... | ... | 10,70,35,506 | 11,06,68,261 |
| 1915-16 | ... | ... | ... | ... | 5,24,41,821 | 6,61,10,252 |
| 1916-17 | ... | ... | ... | ... | 12,59,44,494 | 1,55,95,527 |

APPENDIX D.

Statement showing year by year, since 1900-01, the successive reductions in the duty on salt.

| Year. | Rate of duty per maund. | | | REMARKS. |
|------------|-------------------------|-----|-----|---|
| | Rs. | A. | P. | |
| 1900-01 | ... | ... | ... | |
| 1901-02 | ... | ... | ... | |
| 1902-03 | ... | ... | ... | |
| 1903-04(a) | ... | ... | ... | (a) Duty reduced to Rs. 2 from 18th March 1903. |
| 1904-05 | ... | ... | ... | |
| 1905-06(b) | ... | ... | ... | (b) Duty reduced to Rs. 1-8-0 from 22nd March 1905. |
| 1906-07 | ... | ... | ... | |
| 1907-08(c) | ... | ... | ... | (c) Duty reduced to Re. 1 from 20th March 1907. |
| 1908-09 | ... | ... | ... | |
| 1909-10 | ... | ... | ... | |
| 1910-11 | ... | ... | ... | |
| 1911-12 | ... | ... | ... | |
| 1912-13 | ... | ... | ... | |
| 1913-14 | ... | ... | ... | |
| 1914-15 | ... | ... | ... | |
| 1915-16 | ... | ... | ... | |
| 1916-17(d) | ... | ... | ... | (d) Duty raised to Rs. 1-4-0 from 1st March 1916. |

Statement showing the quantity of salt imported and manufactured in 1911-12 and 1915-16.

| Year. | Imported (maunds). | Manufactured (maunds). |
|---------|--------------------|------------------------|
| 1911-12 | 15,898,098 | 33,360,910 |
| 1915-16 | 16,917,244 | 36,202,561 |

The total quantity of salt consumed in India from 1910-11 to 1915-16, amounted to 281,703,762 maunds.

APPENDIX E.

Memorandum by the Government of Bengal, dated the 5th April 1917, on the production of salt in that Province.

1. The question of the revival of the manufacture of salt has from time to time been brought to the attention of this Government. It was last considered in the year 1908 when the Lieutenant-Governor of that time came to the conclusion that it would be useless to attempt to revive the industry that had at one time existed in the province.

2. Salt was at one time largely manufactured on parts of the sea-board of Bengal as constituted prior to 1912. It was of two kinds; *Panga* educed by a process of boiling from brine, and *Karkatch* produced from solar evaporation and confined only to the neighbourhood of the Chilka Lake in Puri. The manufacture was at outset under a system of Government monopoly. This system prevailed till 1863 when it was abandoned and the trade was left to private enterprise under a system of excise. This latter system never took root, except in Orissa and the 24-Parganas. The effect of the importation of Madras salt began to be felt in the years 1879-80 to 1882-83. This, combined with the costliness of the manufacture due to the expensiveness of fuel—an essential necessity for *Panga* manufacture—and the extent of land kept out of cultivation, as well as the competition of Liverpool salt, made it clear that the manufacture of *Panga* salt could only be carried on in the expectation of recoupment from smuggling, which could not of course be permitted. It was consequently abandoned, first in the 24-Parganas in 1882-83 and then in 1888-89 in Orissa, where the salt administration was then under the Madras Government. *Karkatch* salt alone continued to be manufactured in the Chilka Lake, but the season of 1891 was the last in which the excise licensees were allowed to work on the old lines, which had proved a failure. Then followed a direct or monopoly system under which two Government factories were opened, one at Tua in Puri and the other at Sartha in Balasore. A third factory was soon after opened at Gurubai in the Puri district with a view to ameliorate the condition of the Parikud Rajah's raiyats, and also to secure his help and co-operation which were considered essential for the successful working of the system just inaugurated on the Chilka Lake. But the manufacture of *Karkatch* salt was doomed to failure, owing to climatic conditions and other reasons. The early nor'westers, which appear in Bengal and the northern parts of Orissa in March and April, were found fatal to *Karkatch* manufacture. Moreover, Madras salt, which is made under more favourable climatic conditions, was gradually but steadily ousting Chilka Lake salt; and when the East Coast Railway was opened, it drove the local salt out of the market. The Sartha factory had to be closed in 1893. The Tua and Gurbai factories, which struggled on for a few years more, were closed in 1897-98.

In 1901 in the interests of the people of Orissa, to whom salt manufacture was at one time a source of employment and advantage, the question was again raised of reviving the excise or license system of manufacture, as apart from direct management by Government, but after careful consideration by the Board of Revenue and Government, such revival was held to be impracticable. And the same conclusion was arrived at when the question was again examined in 1908.

3. A scheme for manufacturing salt on a large scale presupposes that brine of good quality and fuel could be brought together at a reasonable cost, and that only the installation of a vacuum plant is required to ensure the genesis of a successful industry. The Governor in Council entertains grave doubts whether such facilities for the supply of brine and fuel exist in Bengal. Along the Bengal littoral the only source for the supply of natural brine is the sea. Salt earth is found in scattered patches, but it is doubtful whether in any one locality there is a sufficient quantity to yield a continuous supply of brine of appreciable volume for an appreciable length of time. The water in the Sunderbans and at the head of the Bay of Bengal, regarded as brine, is weak. Its density is largely

reduced by the enormous volume of fresh water discharged into the Bay by the large rivers which form the Gangetic delta. It is charged with silt, more or less heavily according to season, but at no time is it even clear sea water. In this respect it differs largely from the strong pure Cheshire brine, and it follows that much more evaporation, to say nothing of cleansing, would be required than at Liverpool, and the quantity of fuel required would be much greater. Bengal thus stands in an unfavourable position as regards the supply of good brine. It is equally at a disadvantage in respect of the facilities for manufacturing salt from the existing supply inasmuch as no sea water exists within easy reach of any industrial centre in Bengal, nor indeed at any place nearer a railway terminus than 40 miles. Close connection with a railway terminus is essential, not only owing to the necessity for easy access from the coalfields but, also, to lessen the lead and keep down the expenditure in bringing the manufactured article to the chief markets, and under existing conditions it would therefore be necessary for the re-establishment of the industry either to construct a railway to the sea or to bring the sea water by pipes to the vicinity of the existing railways—a distance of at least 40 miles—and as a consequence to set up a large pumping plant. Both these alternatives are out of the question. Even as a temporary measure to meet existing conditions it would not be practicable to construct a railway within reasonable time, while the greater part of the plant would have to be imported, and it is not likely that a new factory could be established within any reasonable time. And the re-establishment of the industry on a permanent basis in Bengal cannot be looked on as full of promise. The considerations which have been urged show that from an economic point of view it would not be a success, and it is clear that salt could not be manufactured except at a price which would be far higher than that at which it is imported or is manufactured elsewhere in India. The Governor in Council moreover sees no necessity for re-establishing the salt industry in Bengal in order to provide for the requirements of India. The end aimed at could be attained with greater success in the Madras Presidency where salt is already manufactured to a considerable extent. The nearest existing supply of salt to Calcutta is the salt factory at Huma in the Ganjam district, which is only 352 miles from Calcutta, and there are in fact two or three factories close to one another on the northern Ganjam coast which, if extended, would be capable of supplying the greater part, if not the whole, of Bengal with all the salt that it is likely to require.

Statement showing the sources from which salt was imported into Bengal in the year 1916-17.

| Whence Imported. | Calcutta. | Chittagong. | TOTAL. |
|------------------|-----------|-------------|-------------|
| | Maunds. | Maunds. | Maunds. |
| United Kingdom | 24,32,049 | 9 | 24,32,058 |
| Germany | Nil | Nil | Nil |
| Port Said | 23,23,637 | 3,71,169 | 26,94,806 |
| Spain | 12,55,904 | 2,56,440 | 15,12,344 |
| Massowah | 10,35,814 | Nil | 10,35,814 |
| Aden | 19,00,881 | 3,10,773 | 22,11,654 |
| Bombay | 3,60,797 | Nil | 3,60,797 |
| Taticorin | 1,021 | ... | 1,021 |
| Madras | 3,79,910 | ... | 3,79,910 |
| TOTAL | 96,90,013 | 9,38,391 | 1,06,28,404 |

GOVERNMENT OF INDIA.

LEGISLATIVE DEPARTMENT.

**PROCEEDINGS OF THE INDIAN LEGISLATIVE COUNCIL ASSEMBLED UNDER
THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT, 1915,
(5 & 6 Geo. V, Ch. 61):**

The Council met at the Council Chamber, Viceregal Lodge, Simla, on Thursday,
the 13th September, 1917.

PRESENT:

The Hon'ble Mr. G. R. LOWNDES, *Vice-President, presiding*, and 55 Members,
of whom 49 were additional Members.

PATNA UNIVERSITY BILL.

The Hon'ble Rao Bahadur B. N. Sarma :—“ Sir, the reason why I gave notice of the amendments standing against my name Nos. 17, 18 and 19, namely :—

“ That in clause 7 (5) for the words “ six members ” the words “ three members ” be substituted. ”

“ That in clause 7 (5) after the word “ Syndicate ” where it first occurs, the words “ or ten members of the Senate ” be inserted. ”

“ That after clause 7 (5) the following sub-clause be inserted :—

“(6) Where no reference is made to it by not less than six members of the Syndicate, as required by sub-section (5), it shall be competent for the Senate to review any acts referred to therein on a motion made by not less than ten members of the Senate, and where there is a difference of opinion between the Syndicate and the Senate the matter shall be referred to the Chancellor, whose decision shall be final.”

was to try if possible to induce the Council to make it more easy for members of the Syndicate or Senate, who differ from the position of the Syndicate, to appeal to the Senate in all matters provided for in clause 7 (5). And with regard to the reduction of the number from 6 to 3, I thought I had a good case inasmuch as the minimum administrative members provided for by the Act is 3, and following the precedent of the United Kingdom, that provision should be made for all the administrative members if possible to appeal to higher authority against any decision of the Syndicate composed of a majority of educationists. But having regard to the peculiar position we are in and the attitude of the Hon'ble Member in charge of the Bill, I do not think any good purpose will be served by moving these amendments and so I beg to withdraw them.”

The Hon'ble the Vice-President :—“ I understand the Hon'ble Member's proposal to withdraw is with reference to items 17, 18 and 19. The amendments are by *leave* withdrawn.”

PATNA UNIVERSITY BILL.

[*Sir C. Sankaran Nair ; Rao Bahadur B. N. Sarma.*] [13TH SEPTEMBER, 1917.]

The Hon'ble Sir C. Sankaran Nair :—“ Sir, I beg to move the amendment that stands in my name that in clause 9 (1) (a) for the words “ to such privileges ” the words “ as a college ” be substituted. It is only a question of drafting. You will find in clause 9 (1) (a) ‘ the admission of the institution to such privileges. ’ I move the omission of the words ‘ to such privileges ’ and the substitution of the words ‘ as a college ’ instead. The words ‘ to such privileges ’ as they stand now are unmeaning and make no sense. The mistake arose in this way. In the section as it originally stood in the Bill which was introduced by me the words in section 9 were ‘ to any privileges of the University. ’ Those words have now been omitted and the Council will find in section 9 ‘ as a college ’ printed in italics substituted. But after omitting those words in that clause by an oversight we did not omit them in clauses (a) and (b) and this is a motion now to rectify that error, I move accordingly that the words ‘ as a college ’ be substituted in section 9, clause (a). ”

The amendment was put and agreed to.

Hon'ble Sir C. Sankaran Nair :—“ For the same reason I move that the words ‘ as a college ’ be substituted for ‘ such privileges ’ in clause (b). ”

The amendment was put and agreed to.

The Hon'ble Rao Bahadur B. N. Sarma :—“ Sir, I beg to move the omission of sub-clause 3 (a) in clause 9. The sub-clause reads thus :—

No educational institution shall be admitted as a college of the University, unless the following conditions are complied with, namely :—

(a) in the case of an educational institution teaching to a degree standard, the buildings of the institution are situate in one of the following towns, namely :—Muzaffarpur, Bhagalpur, Cuttack, or Hazaribagh :

Provided that this condition may be dispensed with in any particular case if the Governor-General in Council so directs.

The reason why I felt it necessary to give notice of this amendment was because I thought, and I still think, that the inclusion of such a provision in the Statute would be highly detrimental to the future extension of higher education in the Bihar Province, and is calculated to confirm a large section of my country men who, rightly or wrongly, believe that the Government are not favourably disposed towards the extension of higher education in their view. In these days of educational development when ideals have changed so rapidly and when the position is that almost every young man who is qualified by his brains is entitled at the hands of the State to facilities for the highest development of his faculties which the Universities can give him, in these days it seems to be somewhat sad that these restrictive provisions, unless they are absolutely justified by the necessities of the case, should find a place in the Statute Book. The position of Bihar is admittedly not very satisfactory from the standpoint of higher education. The population numbers 34 million, and including the feudatory states 38, and yet the number of students in the colleges is about one-seventh or eighth of what obtains in Bengal, whose population is only a third or fourth more than that of Bihar and Orissa. There are a large number of districts, 29, and we make provision that there must be colleges in only 6 places and no other colleges can be started anywhere else except with the explicit permission of the Government of India.

“ One reason why the University Court in the London University was recommended to be composed of representatives of all classes was that, even in such

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a civilised country as the United-Kingdom, it was felt that it was absolutely necessary to enlist the sympathies of all classes in the interests of higher education in order that there may be a more satisfactory rate of advance than prevailed heretofore. If that was the condition of things in London three years ago, I must say that it is the interest of us all to see that all the people of Bihar and Orissa should have their patriotic interests roused, that local patriotism should if possible be stimulated, and that every one of them—every wealthy man—should be induced to give of his best for the purpose of starting colleges in the centres in which he is interested. We have only six at present and there is an omission, an unfortunate omission of large places in which I may say the whole of India is interested. For instance, a first grade college at a place like Puri which is resorted to by pilgrims from all over India and where alone caste distinctions are not observed, is a place which would appeal to the instincts of all Hindus. Gya is similarly situated. Darbhunga, the seat of a large and wealthy zemindar, is another place of that description. I have been told that the whole of Tirhoot is practically unrepresented. In such a condition of things I should imagine that this provision should be relaxed and that it should be enacted only when there is an absolute necessity for it.

“ It might be said ‘ you can obtain the sanction of the Government of India in a proper case.’ Sir, I respectfully submit that the energies of the Government of India might be utilized in various directions more useful than in considering as to whether a first grade college should be located or permitted to be located in a corner of Bihar and Orissa when the people are anxious that it should be located. We are all talking about decentralisation, and surely the educated people of Bihar and Orissa, can be trusted to safeguard the interests of existing colleges and higher education therein and to see that no unhealthy institution should be located in a place where the interests of higher education would be jeopardised. I can understand one reason which possibly actuated those who are anxious for this restriction upon location, and that is this. They might have thought that it would induce the promotion of better academic surroundings if a number of colleges could be located in one centre instead of being dissipated over a large number of centres. That is the only possible justification for a restriction of this description. You have some restrictions with regard to the large educational centre, *i.e.*, Patna and that provision is enough to meet the requirements of a residential college. With regard to other places, the present Bill, should encourage local patriotism and enable people to start as many external colleges as possible. That seems to be the first desideratum, In Scotland with 4 millions of people you can afford to have 4 Universities in four distinct places. Surely with a population of 34 millions and a vast area rivalling that of the United Kingdom you can certainly afford to have first grade colleges at all the larger centres.

“ It is because, Sir, I felt that the position of the Government might be misunderstood and we should do all that lies in our power to remove such a wrong impression and it is because I felt that the interests of the people of Bihar and Orissa would not be sufficiently protected if these restrictions be enacted that I have ventured to bring before you this amendment. I hope it will be accepted.”

The Hon'ble Pandit Madan Mohan Malaviya:—“ Sir, I strongly support the amendment which has been moved by my friend, the Hon'ble Mr. Sarma. It seems to me rather surprising that at this era of the world's progress there should be any desire on the part of any educational or administrative authority to demarcate a line beyond which educational institutions should not be established. In America they have 134 Universities, or rather had a few years ago. I wonder if they have not added to that number during the last few years.

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[*Pandit Madan Mohan Malaviya ; Sir C. Sankaran Nair.*]

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In England they had 9 Universities up to the sixties; now they have 18, if not more. In Italy they have 21 Universities; in Germany, 22. Now in this country for a large Province like Bihar and Orissa with its extensive area and its large population, it seems rather surprising, as I said, that the Government should desire to limit the area within which or the places where colleges of the first grade should be established. If Bankipore were a particularly healthy place, which I am sorry to say it is not, even then it would not be desirable to say to anyone who might be willing to make an endowment to establish a college at any other place, that he shall not be allowed to do so. Gya is one of the most healthy districts in Bihar. Monghyr was known for a long time as a sanitarium and used to attract lots of people; there is Arrah; there is Chapra. These are all big districts with many lakhs of population. Is it not time, in this twentieth century, that every one of these districts should be encouraged to establish a first rate college within their limits? Is it consistent with the desire of the Government to promote education by the establishment of a University in Bihar and Orissa that they should say to the people that they may establish colleges of the first class only at four centres in the province? For other purposes, for revenue purposes, for administrative purposes, these districts are regarded as large enough to require a full fledged district administration. Why not then for educational institutions also? I submit that there is very great reason why the Government should reconsider its decision on this matter. It is not right that, Canute like, they should say 'thus far and no further,' in regard to educational institutions. Wherever there is a desire among the people to make an endowment for a college, it ought to be encouraged. Who knows that among the rich men who visit Gya year after year there will be none who will be actuated by a desire to endow a first grade college there. Will it do anyone any harm that a college should be established there? You have got your rules and regulations with the stringent requirements of which an external college must comply before it can be admitted to any privileges of the University. Why then take this further power to restrict the growth of colleges within limited centres?

"It may be said that the restriction is meant not to check the progress of higher education but to ensure that it shall be efficient. I hope, Sir, we shall not hear much of efficiency in education now until we have a little more real efficiency in the administration. The cry for educational efficiency has been responsible for the sacrifice of a great deal of educational progress. I fear that many a young man who might have been receiving high education has been hampered and impeded by this fetish of educational efficiency. If the Americans are free to choose any locality they like for establishing a college, wherever they find a suitable healthy site and wherever any monied man is willing to endow a college, why should not His Majesty's subjects in Bihar and Orissa be equally free to do so. I do not think the proposed restriction can be defended, and I hope the Hon'ble the Education Member, and the Hon'ble the Director of Public Instruction of Bihar will see their way to agree to accept this amendment."

The Hon'ble Sir C. Sankaran Nair:—"Sir, I am afraid my friends forget that under the existing law a College in Bihar and Orissa can be affiliated only with the consent of the Chancellor. What is done now by this Bill is that that power is withdrawn from the Chancellor or the Governor-General and delegated to the Local Government in the case of Colleges that may be established at these four places, *i.e.*, Muzzaffarpur, Bhagalpur, Cuttack and Hazaribagh.

"In other places if a first-rate college is to be started and affiliated to this University, then the consent of the Governor-General in Council has to be obtained. No new restriction therefore is imposed by this Bill. What restriction there is already exists. Moreover there is no reason for all these apprehensions of my Hon'ble friends, because there is no reason to fear that if the

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necessity arises for the institution of colleges at these places, the Governor General will refuse his consent. I submit to the Council therefore that there is no necessity to go further."

The Hon'ble Rao Bahadur B. N. Sarma:—"I know that the Governor General as the Chancellor of the Calcutta University administers the present Patna Colleges; but, Sir, we have now made a division of duties and hereafter the Lieutenant-Governor is to be Chancellor. So I do not think the Government of India have surrendered very much when they say that a college can be started at the instance of the Local Government. Bengal too is shortly to have its own Governor as Chancellor of the Calcutta University. The point is not that the Governor General in Council will refuse his permission where there is a keen desire to open a college and all the preliminaries have been satisfied. My contention is cannot you trust the Senate? Cannot you trust the Syndicate and the local people? Why should people be made to apprehend that Government is against higher education, as they would apprehend if this clause were retained. That in itself would dissuade a lot of people from coming forward and opening new colleges. And for that reason I still hope that the Council will consider whether my amendment is not worthy of their acceptance."

The amendment was put and negatived.

The Hon'ble Rao Bahadur B. N. Sarma:—"Sir, I beg leave to withdraw amendment No. 23 that in clause 9 (3) (a) the word 'or' before the word 'Hazaribagh' be omitted and the words 'Patna, Gya, Arrah, Chapra, or Monghyr' be inserted after the word 'Hazaribagh.'"

The Hon'ble the Vice-President:—"Amendment No. 23 is by leave withdrawn."

The Hon'ble Pandit Madan Mohan Malaviya:—"I beg to move, Sir, that to clause 11 of the Bill the following further proviso be added; I will read it in the form in which I have modified it and of which I have informed you. I hope I have your permission to do so. It runs as follows:—

'Provided further that nothing in this section shall affect the power of the Benares Hindu University to admit to its admission examination, students of any school in Bihar and Orissa which has been recognised for the purpose.'

The reason for this amendment is this. The Benares Hindu University is not allowed to affiliate colleges situated outside Benares, but it is allowed to recognise schools, *i.e.*, to admit students of schools which have been recognised for the purpose to its admission examination. Under the regulations of the Benares Hindu University, it can admit to its admission examination either a pupil of a recognised school or a private candidate. A recognised school is a school which has been recognised for the purpose of sending up students to the admission examination of the Benares Hindu University, by the Local Government of the Province or of the Native State where it is situated.

"Section 11 as it stands at present says that 'notwithstanding anything in any other law for the time being in force, no University in British India other than the Patna University shall, after the commencement of this Act, admit any educational institution in the province of Bihar and Orissa to any privileges whatever.....'

"Under the regulations of the Benares University, which were framed by order of the Governor General in Council and which are therefore law, the Local Government of Bihar can recognise a school for the Benares University in order that the students of that school may go up for the admission examination of the University. But if the section 11 should remain as it is, laying down that no other University shall admit any educational institution in Bihar to any privileges, it will deprive

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a school in the province of Bihar, even if it is recognised by the Local Government of Bihar and Orissa, for the Benares University of the privilege of sending up students for the admission examination of the Benares University. The language used being what it is, *viz.*, that 'no University.....shall admit any educational institution in Bihar and Orissa to any privileges whatever,' if the section stands, the result will be that while the Local Government of Bihar and Orissa may recognise a school for the admission examination of the Benares University, the Benares University will not have the power to admit any student of such a school to its admission examination. I am sure this is not contemplated. I am sure it is due to an omission to take note of the Regulations of the Benares University and I hope the Hon'ble the Education Member will be pleased to accept my amendment.

"I wish to mention one thing more, that as the Council is aware, the Benares Hindu University is an All-India University, in the sense that it has its Patrons and its supporters all over the country. His Excellency the Viceroy is the Lord Rector, and the Governors of every Province are *ex-officio* Patrons of the University. Many of the Ruling Princes in different parts of India are also its Patrons. They have subscribed to its funds. The general public in all parts of India have also subscribed to its funds. It was in view of these facts that the Government were pleased to recognise that though they could not allow the University to affiliate colleges outside Benares, they should allow it to admit pupils from schools in whatever part of India they may be situated, if they have been recognised for the purpose by the Government of the place where they may be situated, and I hope, Sir, that that privilege will be allowed to stand untouched, unaffected by this Bill. If my amendment is accepted, that object will be secured."

The Hon'ble Sir Sankaran Nair:—"I fully sympathise with the purpose which the Hon'ble Member has in view. It is not the intention of the Government to deprive the Benares University of any of the privileges which it now has in the province of Bihar and Orissa, and if the words in the Bill did deprive the University of such privileges, I would have agreed to this amendment. But I think—and I am advised, that this amendment is unnecessary, because the words in the Bill have not that effect. The Benares University will have the same privileges in the province of Bihar and Orissa as it has elsewhere in India. The Bill itself only deals with the admission of any educational institution to certain privileges. They do not deprive any University of its right to admit any students to examinations. If afterwards it is found that those words are construed to deprive the Benares University of the privileges which they enjoy the act may then be amended. But, as I have said, I do not think that the words in the Bill have any such effect and therefore I think this amendment is unnecessary. On that ground I oppose it."

The Hon'ble Pandit Madan Mohan Malaviya:—"Sir, I am very thankful to the Hon'ble the Education Member for expressing sympathy with my amendment and for giving an assurance to the Council that it is not intended that the section as it stands should deprive the Hindu University of any privileges which it enjoys under the Benares Hindu University Act and its regulations. But I submit, Sir, that as the Hon'ble Member has seen that there are two opinions about this matter, and as he says that if there is any difficulty felt in the future there will be no objection to an amendment being brought forward to remove that difficulty; I most respectfully submit that it is much better to accept this amendment, to which no exception has been taken on the merits, now, rather than to make it necessary later on, if it should eventually prove necessary, that there should be another Bill introduced to rectify this matter....."

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of being passed by this Council. I have very great pleasure in, if I may say so, offering my best blessings to this University which is going to be established in Bihar and Orissa. There are only two or three matters that I think I need refer to briefly. The first is that I have silently watched and certainly have no hesitation in appreciating the attitude of the Government taken up from the very beginning, and what is more their attitude has satisfied the non-official members who were on the Select Committee ; and although amendment after amendment was moved in this Council by other members, those non-official members who represent Bihar and Orissa remained absolutely silent. That convinced me of one thing, that certainly Bihar is ready for provincial autonomy, because they maintained a sphinx-like silence just as Government sometimes do. Another thing which I want to refer to is that I think our hearty congratulations are due to the Hon'ble Sir Sankaran Nair, the Educational Member, who has piloted this Bill so successfully and so satisfactorily through this Council."

The Hon'ble Mr. Mazharul Haque :—“ Sir, the Patna University Bill has reached the stage when it is going to be placed on the Statute Book of the land. It was the long cherished desire of the people of Bihar to have a University of their own, and with the passing of this Bill into law that desire will be fulfilled. Sir, when this Bill was introduced by my Hon'ble friend, Sir Sankaran Nair, it was received with intense disapproval by the people of Bihar and by the whole country. But now when it has emerged from the Select Committee, it has emerged in a shape in which it can hardly be recognised. Undoubtedly, there are some defects in the Bill ; I recognise that myself. But, Sir, where is the human institution about which it can be said that it is perfect. I have no hesitation in saying that in many of its provisions this Bill is a great advance even on the present Act of 1904, and it has been received as such by my province. There were discussions in the Select Committee, and at times we were afraid that we had come to the breaking point and that the whole of this Bill would be wrecked. But it was due to the great tact and sympathy of the Hon'ble the Education Member that that critical stage was passed, and I may say, Sir, that it was greatly due to your own self in the way you presided as the head of this Committee. It would be ungrateful of me not to mention here the conciliatory attitude of my Local Government—of Sir Edward Gait and his Government—and also of the helpful attitude of my Hon'ble colleagues, Messrs. Jennings and Sharp.

“It was their help which made this Bill a possible one. Sir, All these stages have passed and now I hope the Patna University will be conducted in such a way that it will be satisfactory to the people for whom it is designed. As my friend the Hon'ble Dr. Sapru has said, the success or failure of a University depends entirely upon the relations between the students and their professors. I personally do not believe in complicated regulations and statutes and what not. If the professors treat their students properly and with loving-kindness, the University is bound to be a success : otherwise it is sure to be a failure ; and it depends upon the Local Government of Bihar what professors they will have in their University. You may have, Sir, any number of elected members on the Senate and the Syndicate but they will not help to make the University a success.

“ In conclusion, Sir, I hope that this University will perform the functions for which it has been designed. It is going to the country with the blessings of all the official and non-official members of this Council and I wish it godspeed in its career of usefulness.”

The motion was put and agreed to.

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The Hon'ble Khan Bahadur Mian Muhammad Shafi :—“ Sir, I beg to move that—

“ This Council recommends to the Governor General in Council that the legislative and administrative system in the Punjab be assimilated to that of the Province of Bihar and Orissa. ”

“ For purposes of comparison I have selected the province of Bihar and Orissa, not because we in the Punjab envy our brethren of that Province the good things which a bountiful Providence through the agency of a beneficent Government has bestowed upon them, but because, to use the language of one of her prominent citizens, Bihar is ‘ equipped with almost all the executive and judicial paraphernalia of an advanced administration.’ But to appreciate the true significance of the comparison which I am about to make it is necessary for Hon'ble Members to bear in mind two facts. The Punjab is, in its territorial extent, much larger than the province of Bihar and Orissa, and the provincial share of the annual revenues in her case exceeds the revenues of Bihar and Orissa by over 50 per cent. Sir, I do not propose to review the past history of the constitutional and administrative developments which have taken place in the various Indian Provinces in order to demonstrate the undeniable fact that the Punjab has at almost every stage received what I cannot help describing as stepmotherly treatment at the hands of Government. It is sufficient for the object which I have in view today to place before Hon'ble Members the principal points of difference between the legislative and administrative systems of the two Provinces in order to bring home to this Council the need of the reform which I wish to press upon the Government of India.

“ Turning first to the domain of legislation, the full statutory strength of the Provincial Legislative Council of Bihar, with an area of 111,829 square miles, is 50 members; while the total statutory strength of the Provincial Legislative Council of the Punjab, with its area of 135,880 square miles, is only 30. At present, the Legislative Council of Bihar consists actually of 44 members, of whom 21—that is to say, almost 50 per cent—are elected; while, thanks to the sympathy of His Honour Sir Michael O'Dwyer, our Provincial Council has already reached its maximum strength—that is to say, it consists of 30 members, of whom only 11 or about 33 per cent are elected. The Provincial Legislative Council of Bihar elects 2 representatives of that Province on the Imperial Legislative Council, while our Provincial Legislative Council elects only 1. The Province of Bihar, in addition, elects 2 members of this Imperial Legislative Council, 1 representing the Moslem community of that Province, the other representing the landholding classes; while in the case of the Punjab the representative of the Moslem community as well as the representative of the landholding classes is nominated by Government instead of being elected by their respective constituencies.

“ Coming now to the executive and judicial administration of the two Provinces, I would ask Hon'ble Members to bear in mind the fact that while the provincial share of the revenues of Bihar and Orissa amounts to 3 crores and 17 lakhs of rupees according to the Budget of 1916-17, the provincial share of the revenues of my Province is 4 crores and 80 lakhs. With a revenue then exceeding the revenue of Bihar by over 50 per cent the Punjab does not possess either an Executive Council or a High Court; and even going down to the lower rungs of our executive and judicial ladder, our officials are comparatively underpaid.

“ These are the principal points of difference to which I want to-day to invite the attention of this Council, and it is towards the removal of these differences that my Resolution is mainly intended.

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“What is it that lies at the root of these remarkable differences? Is it because it is supposed that the Punjab is an educationally backward province? It will be within the recollection of Hon'ble Members that in reply to a question which I put in this Council this time last year, a statement was furnished showing the number of candidates from Bihar and Orissa, the United Provinces of Agra and Oudh and the Punjab who had appeared at the various examinations of the Calcutta, the Allahabad and the Punjab Universities respectively in the years 1915-16.

“It would be, I think, unnecessary for me to-day to take Hon'ble Members through the figures of the two years. I will, for my purpose, confine myself to the state of things revealed by the figures of 1916. In the year 1916, 266 candidates appeared in the Matriculation examination from the province of Bihar and Orissa, while 4,710 candidates appeared in the same examination from the province of the Punjab: 746 candidates appeared in the Intermediate in Arts examination from Bihar and Orissa while 922 appeared from the Punjab; and in the Science Faculty 122 from Bihar as compared with 391 from the Punjab. Coming to the B. A. examination, I find that in that year 346 students appeared from Bihar while 845 appeared from the Punjab. In the B. Sc. examination only 26 students appeared from the province of Bihar and Orissa while 57 appeared from the Punjab. And in the M. A. examination the figures are 18 against 66; while in the M. Sc. examination no candidate appeared in Bihar while there were 16 from the Punjab. In the Bachelor of Teaching examination the figures were 25 against 66; in the Bachelor of Laws examination 32 against 101; and while no student appeared in the Bachelor of Medicine examination from Bihar and Orissa, 15 appeared from the Punjab. In short, the total number of students who took their chance in all the University examinations from the matriculation upwards from the province of Bihar and Orissa was 4,129, while the total number of the Punjab candidates was 7,637. It should be remembered that these figures do not include what are known as the Oriental Faculty examinations of the Punjab University. I have confined myself only to those examinations in which our University stands on the same footing as the other Indian Universities. It is, therefore, I say, impossible to give educational backwardness as a reason for the remarkable difference in the legislative and administrative systems of the two provinces.

“Is it, then, the relative superior political importance of the province of Bihar and Orissa as compared with the province of the Punjab which lies at the basis of this remarkable difference? With reference to this part of my case, I venture to submit that the province of the Punjab is politically of greater importance to the Empire than not only Bihar and Orissa but every other province of India, be it Bombay or Bengal or the United Provinces of Agra and Oudh. From the early years of its annexation there never has been any campaign in or beyond the frontiers of India, may even in China or Africa, in which our Government has been involved when the Punjab has not played the lion's part in upholding the honour and glory of England. In this world-war in which the British Empire is at present engaged in fulfilment of sacred obligations arising out of international treaties and in the vindication of the right of smaller kingdoms and smaller nationalities to work out their own regeneration on their own lines, the part which the Punjab has played is one of which we in the Punjab are justly proud. About one-half of the total strength of the Indian Expeditionary Force is drawn from our province, and over half of those who have already shed their life-blood in the service of their King-Emperor or have been wounded on the various battle-fields of the three continents are Punjabi soldiers. Over 64 per cent of the entire number of recruits who have enlisted in the Indian Army since the commencement of this terrible war have been drawn from our province; and the major portion of the various labour corps which have been sent to Mesopotamia or to Flanders have

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also been recruited in the Punjab. Poor as our province is, it has taken the third place in the Indian War Loan, only coming after Bombay and Bengal, and has subscribed to the loan an amount which at one time it was thought the Punjab would probably not be able to do. When we saw that the Aeroplane was going to play a very important part in this warfare it was the Punjab that took the first step to subscribe a large fund in order to present a fleet of aeroplanes to His Majesty; and in the Imperial Relief Fund and in other funds which have been started in connection with this world-war, the Punjab has played an important part. It seems to me that ready as India is, as no one can have had any ground for doubting, at all times to support the cause of the Empire whole-heartedly and unstintedly the Punjab has contributed more than its share in that support. It is idle to say under those circumstances that there is any reason for treating the Punjab differently from the other provinces in the matter of its legislative and administrative systems.

“ Now, to take up two or three of the principal points of difference. Our Legislative Council, as I have said, consists of thirty members only. What is the result? The result is this: that all the important interests in the Punjab are not adequately represented. The few electorates that there are are unwieldy. For instance, in one of the municipal groups, which elects one member to the provincial legislative council, you have Lahore, the capital of the province situated in the centre of the central districts of the Punjab and Dehra Ghazi Khan, on the edge of the south-western border, in one constituency. If the number of our members were to be raised, the result would be that the population of the Punjab would be adequately represented on their provincial council, that the distribution and constitution of the electorates would be consistent with sound principles and that there would be no complaint, such as we have heard in the past, of this community at one time and of the other at another time being inadequately represented.

“ So far as the question of an executive council for our Province is concerned, I would remind Hon'ble Members that the Punjab Hindu Conference as well as the Punjab Moslem League Conference have for years past, almost every year, been passing Resolutions calling upon the Government to give an executive council and finally last year in our Provincial Legislative Council a Resolution was moved by one of the elected representatives of our Province recommending that an executive council should be given to our Province. H. H. Sir Michael O'Dwyer adopted what was a very correct attitude, if I may venture to say so, in connection with the subject, an attitude which indicated his sympathy with the legitimate aspirations of the people. He allowed the non-official Members to have an absolutely untrammelled say in the matter and the result was that the Resolution was carried by practically the unanimous opinion of all the non-official members, elected as well as nominated.

“ Coming to the question of a High Court, some years ago in the Provincial Legislative Council a Resolution was put forward advocating the elevation of the Punjab Chief Court to a High Court. The Local Government recommended to the Government of India that this reform be introduced into our province. The Government of India I believe recommended to the Secretary of State that the claim of the Province should be conceded. I have been told that the elevation of the Chief Court to the status of a High Court will involve additional expenditure and therefore the introduction of the reform has been postponed until after the war. Well, all I can say is that the additional expenditure at the most would amount to one lakh and our province is rich enough to be able to afford that additional expenditure. It seems to me that the postponement of every kind of reform, even a reform that is long overdue, to a period after the war is not only unjustifiable but is calculated to cause great disappointment to the people of my Province.

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“Sir, some Hon’ble Members may have wondered why in the Resolution I have addressed to the Council to-day I have made no reference to larger questions such as the appointment of a Governor in Council, provincial autonomy and so on, which constitute prominent features of the various post-war reforms put forward in this country and in England. In view of the advice given by His Excellency in the memorable pronouncement delivered by him on the opening day of this session which I venture to say with confidence sent a thrill of satisfaction throughout the length and breadth of the country, and in view of the forthcoming visit of the Right Hon’ble the Secretary of State in connection with these very post-war reforms, it would be premature as well as ill-advised on my part to discuss these large questions. To-day my sole object is to ventilate the past grievances of my province and to invite the attention of the Government of India to certain points in our provincial administration with reference to which, in my humble judgment, reform has been long overdue. I have no hesitation in saying that whatever may be the nature of the post-war reforms which may eventually be decided upon by the Government, my province will expect absolutely the same treatment which may be extended to the other major provinces of India. I am content to-day to invite the attention of the Government of India to some features of our provincial administration with reference to which reform has in my humble judgment been long overdue. The suggestions I have ventured to make satisfies the three tests laid down by His Excellency the Viceroy in the speech to which I have just referred, they are obviously judicious, in the highest degree practical and unquestionably based on justice and right. With these few words I commend my Resolution to the acceptance of the Council.”

The Hon’ble Sirdar Sundar Singh Majithia:—“Sir, it is close upon seventy years that my province passed under the British Crown and formed part of the great British Empire. Since then it has taken rapid strides in every direction and the improvement has been steady. Canals carry the water of the Punjab rivers to arid plains which are being transformed into green fields adding to the grain store of the world. Railways are spreading their net-work and thus afford a handy agency to transport the produce of the land to different parts of the country in much less time than in bygone days. Educational institutions are springing up everywhere thus carrying the torch of light and learning to the remotest corners of the province. Punjab is enterprising and the restrictions of caste not being so rigidly observed as in other parts of India the sons of the soil are to be found in far off climes and countries thus helping the growth of public opinion which is not confined to the upper classes only. All this we owe to the progressive character of the British Government. I am proud to say that though mine is a younger province but in record of services to the Empire it has surpassed all other provinces of India. The heart of the Punjab is true and brave. The sons of the Punjab ever since the annexation have given their all in the service of the Empire. In this great war our soldiers with their lives stemmed the tide of the enemy forces which was invading the fields of France and Flanders. The history of Neuve-Chapelle and Gallipoli when it is officially published will bear witness to the heroism and the splendid services of the brave sons of the Punjab to the cause of the Empire.

“Though we are comparatively poor, we have not done badly in the Indian War Loan securing for our province the third position in the list of subscriptions. Now with such a record of progress in all directions and the services rendered to the Empire, not for any reward, but as a loyal duty to our august Sovereign, it is sad to find that we Punjabis have not been placed on a par with the other major provinces of India, so far as legislative and administrative systems of Government are concerned.

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“ Bihar and Orissa, a new province, which came into existence as a modification of Lord Curzon's partition of Bengal, has been given a higher system of administration while the Punjab is still left in the cold. After nearly seventy years of civilised rule, we have a right to be placed on the same footing as other major provinces of India. Surely, Sir, we Punjabis may be considered to have passed through those primitive stages when rough and ready methods of administration were needed and it is time that Government were pleased to give the province a higher status. It is matter of congratulation that we have been promised a High Court and now we may reasonably expect an Executive Council with an equal number of Indian Members and all the other privileges which are conferred on other major provinces of India as the result of Mr. Montagu's consultation which may be suitable to our local conditions. Yesterday I received a telegram from the Secretary of the Indian Association, Lahore, and have also seen some comments in the provincial papers on the subject of the Hon'ble Mr. Shafi's resolution. Our critics seem to think as if we were bent on bartering our birth-right and recklessly mortgaging away our future. I have no hesitation in affirming that neither the representatives of the Punjab nor the Government of India have ever dreamed of such a thing. Indeed, I hold that as the Punjab has been foremost in its services during the war it must also be foremost in the matter of constitutional reforms. The Legislative Council of the province is indeed so small that even important interests of a growing province do not find an adequate representation. In this connection I would beg leave to bring to notice the claims of my community which has supplied the largest number of soldiers to the army and maintained a steady flow of recruits. The Sikhs with less than one per cent of the entire Indian population have furnished in this war twenty per cent of the fighting strength of the total Indian army. I submit that the representation of my community ought to be in the same ratio as the share taken by its members in the war. The principle of special representation for important minorities has been recognised by the Government of Lord Minto (we Sikhs who are decidedly a minority though an important one—do claim special representation in the Provincial and Imperial Councils.) The predominant note in the speeches delivered by His Honour the Lieutenant-Governor of the Punjab in his recent recruiting tour in the province was the recognition of the response which the Sikhs had made in this war, and I have every reason to hope that our claims will find a strong advocate in our sympathetic Lieutenant-Governor. We Sikhs look up to His Excellency the Viceroy to give us our due. Our services have been often highly commended, but we hope that His Lordship who believes more in deeds than in words, will grant us substantial recognition. We have no intention to press this point at the present juncture when all our resources in men and money should be at the disposal of the Empire; but when the proper time comes, we trust and hope that Government will be pleased to give our claims a generous recognition.

“ I welcome, Sir, the motion of my Hon'ble friend, and give it my hearty support and trust it will receive favourable consideration of the Government of India. I am sure the wide-awake Lieutenant-Governor of our province whose sympathy, interests and insight are unquestioned will support the claims of our province and forward our cause.

“ With these few words I beg to support the motion of my friend, the Hon'ble Khan Bahadur Mian Muhammad Shafi.”

The Hon'ble Sir William Vincent :—“ Sir, on behalf of the Government of India I gladly and freely admit that the great services which the Punjab has rendered to the Empire during the War, both in men, money and

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materials, have been such as to entitle it to ask that any reasonable demand which is supported by public opinion in the province, should receive very sympathetic treatment at the hands of Government. In fighting men not only has the Punjab, and the States connected with it, supplied more than 60 per cent of the total number of combatants enlisted in the Indian Army in the past, but at the present moment efforts have been made further to increase the number of recruits and so successful have those been that in the month of July the total number of men recruited from this province exceeded 16,000 men of whom 14,000 were combatants. The contributions of the province to the war loan which amounted to 445 lakhs are also indicative of the loyalty of the people and their desire to render assistance to Government. Further, the province has given approximately 50 lakhs of rupees to various Funds connected with the war including the Imperial Relief Fund, the Red Cross Fund and the Punjab Aeroplane Fund contributions to which alone amounted to 14½ lakhs. I ought to say, Sir, that these figures are inclusive of contributions made by the rulers and peoples of Native States who have given very generously to funds of this character.

“Nor, Sir, has the Local Government been backward in recognising these services, and as is right and proper, this recognition has been primarily directed to the agricultural classes from whom the Indian army is mostly drawn and who have made the greatest sacrifices. Thus, in the matter of land revenue, I am informed, that the recent settlements concluded in the districts which have supplied a large number of recruits have been the most lenient in India, and in many districts the term of settlement has been increased to 30 years as against the normal period of 20 years.

“Similarly, in the large canal colonies special priority and favourable terms are given to the agricultural classes who have rendered good service to Government and the Punjab Government has recently placed at the disposal of His Excellency the Commander-in-Chief an area of 180,000 acres of land for allotment to those Punjabi soldiers who have rendered special and meritorious services in the War and to the heirs of those who have lost their lives on service. I am informed further that in view of the urgent demand among the agricultural classes for an extension of primary education, all possible efforts are being made to meet the demand and it is proposed indeed to make such education compulsory where the Local Government can satisfy the Government of India that there is a desire for it, and that with due assistance from the Government the necessary facilities can be provided. In the direction of fostering co-operative credit and of undertaking special measures to secure for the agricultural classes a fair representation in the various departments of Government, I believe also the efforts made in the Punjab have not been equalled, or at any rate exceeded, in any other Province. Nor, Sir, can the recent announcement as to the grant of King's Commissions to Indian officers fail to be of material benefit to the Punjab, from which Province such a large proportion of our fighting men come.

“Sir, the Hon'ble Member now asks us to move in another direction, namely, that of constitutional and administrative changes. He refers in particular to the creation of a High Court, the constitution of an Executive Council, an increase in the numbers of the Provincial Legislative Council, and some change in the representation in the Imperial Council. Finally, he has suggested improvements in the pay of the subordinate judiciary. The Hon'ble Member has compared the position of the Punjab with that of my own Province and he has argued that the Punjab is less favourably treated. Sir, I have shown, I hope I do not wish in any way to depreciate the great services of the Punjab in the war and always to the Empire, but I doubt if it is necessary to make any invidious comparisons between the two Provinces. I think also that I may say

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that well as the Punjab has done in the way of combatants, the Province will never lack a trumpeter as long as the Hon'ble Mr. Muhammad Shaffi represents it in this Council.

" I think that the simplest method of dealing with the particular proposals which the Hon'ble Member has put forward is to take them *seriatim*. I begin with that of the question of a High Court. The position is a very simple one. As the result of strong and repeated recommendations of the Local Government, this proposal has been accepted both by the Government of India and by the Secretary of State, and the project is now only delayed by the definite instructions of the Secretary of State that the change in the constitution of the Court is only to be effected subject to financial considerations and after the end of the war. The policy of the Government of India in this matter is therefore declared and they cannot take further action save upon some special and urgent application from the Local Government.

" Turning to the question of an Executive Council, I have read with great interest the report of the recent debate in the Provincial Council and the arguments that were adduced on the proposal. Sir, all I can say is that if the Local Government approach the Government of India in this matter, I will engage that the proposal receives careful and sympathetic consideration. The Hon'ble Member is however aware that the question of an Executive Council for the United Provinces has not been definitely settled nor has the Council for the Province materialised and it is unlikely that during the present financial stringency the Government of India will be willing to incur the additional expenditure which the creation of a Council in the Punjab would involve. There were of course particular reasons for giving an Executive Council to Bihar. At the time of the creation of the Province the people were under Council government and it was thought desirable, when creating the new Province, to retain that form of Government and to avoid making any changes which might excite feeling and resentment.

" There is a subsidiary point to be considered in this connection and that is the constitution of these Councils. I think that the question whether the constitution and numerical strength of the Council in Bihar and Orissa is that which is best suited to meet the administrative requirements of another Province from the point of view both of efficiency and economy is one which will require careful consideration before the Government of India committed themselves to any undertaking on the subject. Similarly, there is the question of expenditure which is a very important factor. The Government of India understand, however, that this question of an Executive Council is engaging the close attention of the Local Government and that they will receive a report from His Honour the Lieutenant-Governor on it soon, and they have no doubt that the considered opinion of the non-official members of the Legislative Council will receive the weight to which it is entitled. I think therefore at present it would be premature for me to say anything more than to undertake carefully to consider any proposal which comes up.

" As to an increase in the numerical strength of the Legislative Council, there appears to be great force in the contentions of the Hon'ble Member and it is *prima facie* an anomaly that a Province with the revenue, and of the general importance, of the Punjab should have a smaller Legislative Council than Bihar. I might remind the Hon'ble Member, however, that the population of Bihar is approximately 34½ millions as against 20 millions in the Punjab. I only mention this because he has throughout his speech referred to area and not to population. Here, again, however, the real reason for the difference in the strength of the Legislative Council is the fact that when Bihar was constituted it was thought advisable to provide a Council there of the same strength as that of

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the parent Province. But I must draw the Hon'ble Member's attention to two important points here; in the first place, as he has already pointed out the Punjab Council has already reached the maximum strength provided by the law and no further increase can be effected unless the Government of India Act, 1915, is modified; in the second place, the subject is really very intimately connected with those questions which will be investigated during the visit of the Secretary of State for India to this country, and it would be obviously premature for the Government to make any definite statement on it. I may say further that so far as I am aware—I speak subject to correction—no representation has been made to the Local Government on the subject and I am quite sure that His Honour will afford any suggestion of the kind that is made to him very careful consideration.

“The position as regards the numbers of elected members in the Provincial Council has been explained by the Hon'ble Member. The Government have, however, under consideration a proposal to increase the number of elected members to 14 and to reduce the number of nominated members proportionately. Further, I should like to point out in this connection that in 1909 the number of elected members was only 5, and it has already been increased up to 11. I think that these changes and the proposed further modification to which I have referred indicate the policy of the Local Government, and if the numerical strength of the Council is increased I have no doubt that the policy of increasing the number of elected members will also be considered. I did not quite understand the reference to the Imperial Council. The Hon'ble Member said that three members were elected from Bihar and only one from the Punjab.....”

The Hon'ble Khan Bahadur Mian Muhammad Shafi :—

“What I stated, Sir, was that the Legislative Council of Bihar elects two members as its representatives.”

The Hon'ble Rai Bahadur Krishna Sahay :—“It has only one.”

The Hon'ble Khan Bahadur Mian Muhammad Shafi :—

“I am very sorry for the mistake.”

The Hon'ble Sir William Vincent :—“The position is really very simple. There are three members in the Imperial Council from Bihar and three from the Punjab. The difference is this, that from the Punjab one member only is elected and two are nominated, of whom I believe my Hon'ble friend is one. These two latter members are, as I understand, nominated, in the case of the Muhammadan representatives after consultation with the leading Muhammadan associations in the Province, and in the case of the landholders' representative, after consultation with the Chiefs' association or some similar landholders' association of a representative character. The question of converting the Muhammadan seat into an elected one is however, I believe, under consideration.

“There remains the question of improving the pay of the subordinate judiciary, and here again the first thing really is the question of expense. I am sure the Hon'ble Member will recognise that during the war when additional burdens have been placed on India any additional expenditure is a serious matter, and I do not think he quite appreciates either the extent or the danger of the large increase in recurring expenditure which he proposes. The creation of a High Court will involve a considerable charge on the revenues, the constitution of a Council means further expenditure, and if in addition to this the pay of the judicial officers were increased as he proposes, the cumulative effect on the finance of the province would be very serious.

“I must also remind the Council that the Secretary of State has laid down that, so long as the war lasts, no fresh expenditure of an unremunerative character is to be incurred unless there is an urgent necessity for it. Finally, so far as

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I am aware, we have not at present under consideration any proposals of the Local Government on this subject of increasing the pay of the judiciary. If, however, we do receive such proposals, and a good case is made out for them, the matter will be carefully considered.

“ Sir, I have explained the attitude of the Government towards this Resolution. I am afraid, for the reasons stated, I cannot accept it in its present form ; but I think I have said enough to assure the Hon'ble Member that the subject of his Resolution is entitled to, and will receive, very sympathetic treatment at the hands of the Government.”

The Hon'ble Rai Bahadur Krishna Sahay :—“ As a member of this Council coming from Bihar, I think it my duty to make my position absolutely clear to my friends from the Punjab. I have every sympathy with the Hon'ble Mr. Shafi in the very modest request that he has put forward before the Council on behalf of his province. In the very able and informing speech which he has just delivered he has unfolded before the Council the statistical, financial, educational, political and military virtues of his province. I am free to admit that the Punjab deservedly occupies a very high place, though not the highest that my friend has claimed for it, as a component part of British India. We are also proud of the very valuable services which have been rendered by the Punjab during these strenuous times of war. Speaking for myself, I have absolutely no objection to the 'assimilation' which my friend claims ; I hope the Council will not also grudge him the 'assimilation' that he claims.

“ I am pleased with the reference which my friend has made to the Province of Bihar, and the fact that he has taken that province as his model cannot fail to be flattering to us.

“ There was one little inaccuracy in the speech of my Hon'ble friend which has been corrected by the Hon'ble Sir William Vincent. That was that he was under the impression that the Bihar Legislative Council sent two members to the Imperial Council as their representatives. I wish it had been so. As regards the numerical strength of the two provinces also, I suppose my friend has an effective answer from the Hon'ble the Home Member. But with all that I think the Punjab has deserved well of the Government and of the country ; and the request that my friend the Hon'ble Mr. Shafi has put forward before the Council comes to this only that his province should have a Legislative Council of a larger size with a non-official majority and that His Honour the Lieutenant-Governor there should be assisted by an Executive Council. I do not know whether my Hon'ble friend claims a separate High Court. If he does, I have every sympathy with that. I am very glad that the Hon'ble the Home Member has given such a sympathetic reply to all the grievances that my friend has placed before him as regards his province.”

I support the resolution.

The Hon'ble Rai Bahadur Bishen Dutt Shukul :—“ Sir, I rise to support this Resolution. While doing so, I think I should make my position clear as I am afraid that this Resolution has given rise to some misunderstanding in certain quarters. In view of the illuminating speech that has just been delivered by the Hon'ble Mover, I find that the request which he makes will not affect the future fate of the Punjab under the post-war reform scheme. After all, the institution of Council Government in each province is one of the principal features in the memorandum of reforms

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which many members of this Council have submitted, and I believe we are not doing anything prejudicial to the reform scheme as a whole if we lend support to the principal part of it, with this important modification, however, in the Resolution before us, that the head of the province should invariably be some prominent public man from England.

"It is under these circumstances that I rise to accord my support to this Resolution which has been so ably moved by my Hon'ble friend, and while according support, I would not like to disguise the fact from the Council that it is not altogether from a disinterested motive that I am doing so. What one province gets to-day, I am sure another province will get to-morrow. The Hon'ble the Home Member has already stated in reply to my question that I put yesterday that the Government would be willing to consider the question of giving an Executive Council to our province if public opinion there is sufficiently strong, and this reply encourages me in the belief that at no distant future we will also have the advantage of Council government. Sir, there has always existed a real desire in my province also to have a Council Government, and although it may be that in pressing the demand we may not have shouted sufficiently loud nor have agitated nor have submitted any lengthy representations, but this should not be taken to mean that no real desire exists in our province. Rather the people of my part of the province have always appreciated the benefits of Council Government. And if they have not agitated it is not because the desire did not exist, but because the people of my part of the province are generally by disposition a quiet sort of people. And when the Government has already recognised the advisability of introducing Council Government in other provinces, we expect that the claims of our province will not be overlooked, but rather that the initiative in our case should come from the Government. I therefore support this Resolution which has been moved by my Hon'ble friend with all the earnestness and emphasis that I can command.

"Sir, we are on the eve of a great change in the internal polity of India. Everything points to a great upheaval in popular interest in matters of administration, (Government will be more and more subject to popular pressure in various directions from day to day, and unless prominent Indians are associated in a direct and responsible manner in the higher work of government by being made to share the responsibility of Government as colleagues in the Executive Councils of the provincial Governments they will always be lacking in one of the essential elements which will certainly make for considerable strength of the administration.) Considerations of expenditure, Sir, need not, I think, stand in the way of carrying out a reform of such vital importance. When the Government have already under consideration the recommendations of the Public Services Commission which involve a heavy increase in the outlay, I do not think it would be a good thing to allow this reform to stand over.

"With these few remarks I beg to support this Resolution and I congratulate the Hon'ble Mover on the sympathetic reply which he has just received from the Hon'ble the Home Member."

The Hon'ble Mr. Mahomed Ali Jinnah:—"Sir, as the Resolution is worded, I am afraid I cannot give my support to it. I thoroughly sympathise with its object, which is the limited ambition that the legislative and administrative system of the Punjab should be assimilated to the one which prevails in Bihar and Orissa. Sir, this reform is overdue, and I am glad my Hon'ble friend the Mover of this Resolution has at last after such a long time realised that his province was not properly treated. But now that he has aroused himself and brought up this Resolution, unfortunately he has brought it up at a moment which seems to me wholly inopportune. We know that the general question of constitutional reform, which affects the Province of

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the Punjab as well as the Government of India, is going to be taken up very soon. We have all seen the pronouncement made by the Secretary of State for India and we know that he is coming out to India for that very purpose. I personally, Sir, have held this view, that the Punjab should have a Governor in Council and not a Lieutenant-Governor. The Hon'ble Mr. Shafi however is much more modest in his views and he says he will be quite content to get what Bihar has got. I for one do not agree with him. I think the Punjab should have a Governor in Council like any other Province, like Bombay or Bengal; and I also go further than the Hon'ble Mr. Shafi does in another direction. I think the High Court should be under the control of the Government of India, like the High Court of Calcutta. That is a question of the utmost importance, not only to the Punjab but to every other Province, and the sooner the question is seriously taken up the better. I have no doubt it will be taken up when the general scheme of reform is being discussed. I am therefore unable to support the Resolution in the form in which it has been moved. I may tell you, Sir, I may tell the Council here, that considerable misapprehension has been aroused in the Punjab in view of the form in which the Resolution has been worded and the time at which it is brought before this Council. Several telegrams have reached us in which people have expressed grave apprehension about it. However, the reply which the Hon'ble the Home Member has given to this proposal will I have no doubt satisfy not only the Punjab but the whole of India, namely, that the Government will give it their sympathetic consideration and of course that was the only reply which the Government could have given at this stage. Therefore the question resolves itself into this, that this question of the Punjab must be taken up along with the general question of the constitutional reforms which should be introduced in India after the war. In these circumstances, I am unable to support the Resolution much as I sympathise with its object. I cannot support it, because it ought to have been brought long ago and the present moment is an inopportune one. Further, the form in which it has been put is not satisfactory, because in my opinion the Punjab should have a Governor in Council and a High Court under the control of the Government of India."

The Hon'ble Sir Michael O'Dwyer:—"Sir, I have been a silent member of this Council for four Simla Sessions because the interests and aspirations of the Punjab were so ably and adequately represented by its non-official members that no intervention on my part was necessary. But to-day's resolution raises issues so closely bound up with the recent history and future progress of the province that I feel constrained to break the cold chain of silence which has hung o'er me so long—in this Council if not outside—and to join in the discussion.

"In the first place I must congratulate the Hon'ble Mover on the eloquence with which he has championed the claims of the Punjab to a broader legislative and administrative system; I congratulate him even more in spite of the criticisms which his Resolution has received on the eminently sane and practical manner in which he has pressed those claims. Eloquence is a common enough quality in India; common sense and sanity of judgment are unfortunately less common; both are essentially Punjab qualities. They are also pre-eminently British qualities, and it is the common possession of those qualities—a heritage perhaps from the parent Aryan stock—that has led, ever since the destinies of the two were united, to mutual comprehension, mutual confidence and mutual co-operation between the British Government and the people of the Punjab. It is the fashion now-a-days in certain quarters to sneer at this mutual co-operation between the Government and the people. It is the fashion to picture the Government and the people as occupying hostile

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camps, and to substitute agitation for co-operation. My own unhappy country furnishes a sad instance of what that policy has led to elsewhere. It should be a warning to us in India. In opening this session His Excellency the Viceroy appealed for mutual confidence and co-operation between the Government and the people in considering the problems before us. Let us see what that co-operation has already accomplished in the Punjab. Within 70 years it has raised the Punjab from one of the most backward and impoverished provinces of the Empire to one of the most prosperous and progressive. It enabled the Punjab to save India in the mutiny, and in the present war it has enabled the Punjab to achieve those splendid results not only for India but for the British Empire which we have heard recited to-day.

“ At the risk of repetition I cannot refrain from going over some of the ground covered by the Hon'ble Mover and the Hon'ble Member in charge, and telling you in a little more detail what the Punjab has done.

“ With less than one-thirteenth of the population of the Indian Empire the Punjab furnishes 60 per cent. of the Indian army recruited in India. Though the drain on its manhood was already considerable at the outbreak of the war, it has responded to the King-Emperor's call with a promptness and a vigour which find no parallel in provinces that claim to be more advanced. Out of the 276,000 combatants recruited in India within the last 3 years, no less than 155,000 or nearly 60 per cent. were drawn from the Punjab—excluding some 40,000 non-combatants—leaving 120,000 from among the remaining 290 millions of the Empire.

“ The Council may be interested to hear how this total of 155,000 is made up, and the point is not without bearing on the resolution. For the claims of the province to a wider legislative and administrative system have been based largely on the services of those men, and it is well that we should know who they are. The composition is roughly as follows :—

| | | |
|-----------------|----------------------------|------------|
| Muhammadans ... | 70,000—Punjabi Muhammadans | ... 60,000 |
| | Hindustani Muhammadans | ... 8,000 |

And here I may say that the number would have been even greater were it not that many Muhammadans of the East Punjab distinctly object to being enlisted and styled as Hindustani Muhammadans, and I have now made a representation to His Excellency the Commander-in-Chief that they should be called what they actually are—Punjabi Muhammadans.

| | | |
|------------|-----------|-----------|
| Pathans... | ... 1,000 | ... 1,000 |
| Kashmiris | ... 1,000 | ... 1,000 |

Sikhs ... 43,000—They form less than one-hundredth of the population of the Empire but furnish one-sixth of the fighting forces.

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| | | | |
|-------------------|--------|----------|--------|
| Hindus | 41,000 | Jats | 16,000 |
| | | Dogras | 13,000 |
| | | Ahirs | 5,000 |
| | | Rajputs | 2,500 |
| | | Gujars | 2,500 |
| | | Brahmans | 2,000 |
| Indian Christians | 1,000 | | |

"These numbers were almost exclusively furnished by the agricultural classes, and this is a point which I wish to emphasise.

The figures are exclusive of the Imperial Service Troops furnished by our Punjab States. The Maharajas of Patiala, Jind, Kapurthala, the Rajas of Sirmur and Faridkot, the Nawabs of Bahawalpur and Maler Kotla have all sent to the various fronts splendidly equipped contingents which are serving with credit to themselves and with honour to their respective States.

"That is what we have already done in the Punjab, we are proud of it but we are not content with it. We are prepared to do as much again and are taking active steps to do so. In June and July the Punjab furnished over 23,000 combatants far more than the rest of the Indian Empire.

"Though the burden is heavy and the sacrifice is severe, with God's help we shall not bend under the burden nor shrink from the sacrifice. But we should be glad if other provinces would show due recognition of our efforts and bear a more equitable share of the burden.

"We should be glad if those who are so fond of basing political claims on the loyalty of India and the sacrifices of the Indian army—which is mainly a Punjab army—would show their loyalty to the King-Emperor and their sympathy for the province which is bearing the burden of sacrifice, not by words, however eloquent, but in some practical form, for instance, by active help in the recruiting campaign in those provinces which have hitherto made such an inadequate response to the King-Emperor's call.....

The Hon'ble Pandit Madan Mohan Malaviya:—"I rise, Sir, to a point of order. Is His Honour in order in referring to these matters?"

The Hon'ble the Vice-President:—"They appear to me to be relevant to the resolution before the Council."

The Hon'ble Sir Michael O'Dwyer:—"I thank you for your ruling and I am glad to know that I am in order in making this suggestion.

"This we are entitled to ask for but what do we find? I will quote an extract from a Bengali paper, dated 5th July, contrasting the lofty patriotism of Bengal with the mercenary materialism of the Punjab.

"Colonel Boudier, the recruiting officer in Bengal, has stated that from the Delhi Division alone 2,000 recruits are being secured every week while not 500 are being secured in a month from Bengal. This statement is true in one sense. . . . The class of men from Delhi, the Punjab and the United Provinces who become sepoy accept this service under the stress of hunger. Unless they can become fighting sepoy they come to Bengal and accept service as darwans under the Babus. Furthermore they are without any education and

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the profession of arms is their sole means of livelihood from generation to generation. There can be no comparison between them and the Bengali lads. . . . The sepoys of the Bengali *paltan* have not enlisted as sepoys for the sake of wages. . . . By comparing them with the wage-earning sepoy of the North-West, Colonel Boudier has hurt the feelings of the Bengali sepoy and the Bengali people. This comparison is in a large measure humiliating.

“Such is an appreciation from Bengal of the men who are prepared to sacrifice their all in the defence of the Empire including Bengal.

“Again, while our men of the Punjab are rallying in their hundreds of thousands to the service of their King and country, we find politicians in other provinces—I am happy to think we have none such in the Punjab—actually dissuading their fellow-citizens from joining the Indian Defence Force.

“So far the united efforts of prominent politicians have succeeded in raising some 3,600 applicants for the Indian Defence Force. I must correct myself or I shall be again accused of a reprehensible untruth, I should say the efforts of most of the prominent politicians—for from pique or petulance some of them thought fit to stand aloof. . . .

The Hon'ble Pandit Madan Mohan Malaviya :—“I rise to a point of order. Has that any relevance to this question? I think on the present resolution it does not arise.”

The Hon'ble the Vice-President :—I would suggest to the Hon'ble Member that there is nothing strictly irrelevant in what has been said. If I am to stop every possibly irrelevant remark in this debate, my task will be a very heavy one.

The Hon'ble Mr. Mazharul Haque :—I only hope, Sir, that we shall not be stopped when we speak like this.

The Hon'ble the Vice-President :—I shall hope to accord to the Hon'ble Member the same license that I am allowing to His Honour the Lieutenant-Governor.

The Hon'ble Sir Michael O'Dwyer :—Of these I am glad to find that the Punjab, though it came late into the field, has produced one-fifth. His Excellency the Viceroy at the last meeting commented on the meagre results. They will appear even more meagre when I inform the Council that I could lay my hand on half a dozen gentlemen in the Punjab, none of them claiming to be prominent politicians, but three of them non-official members of my Legislative Council, each of whom has provided over 3,000 combatants since the war began. Sir, consider how the anxieties of His Excellency the Commander-in-Chief would be relieved and my work as President of the Punjab Recruiting Board would be lightened if on a personal appeal from His Excellency, the 30 non-official members of the Council—excluding the Punjab—would undertake between now and the end of the war each to produce 3,000 combatants! Could there be any more worthy, more patriotic task?

“Take another aspect of the case. While the Punjab soldier is shedding his blood in three continents in gallant resistance to the King-Emperor's enemies, we find he is receiving with little recognition and little support from many of his fellow countrymen at home. And some of those gentlemen, forgetful of the security they owe to the British Navy and the British Indian Army, regardless of the terrible crisis through which the Empire is passing, callously discussing and even actively preaching the doctrine of passive resistance to the King Emperor's Government. Some of those men have, I believe, taken an oath to be faithful and bear true allegiance to His Majesty the King-Emperor. By

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what subtle reasoning they reconcile their oath to their practice is a mystery which I will not attempt to solve. Any how that conception of loyalty is not understood by us in the Punjab. The Punjab has no use even for passive loyalty, still less for passive resistance. I only hope that those who preach those pernicious doctrines elsewhere will be guided by the advice given by His Excellency at the last meeting, and at least in their own interests will see fit not to extend their propaganda to a Province where disloyalty under whatever name we may disguise it has never taken and will never take root.

The Hon'ble Mr. Mahomed Ali Jinnah :—“ I rise to a point of order. I want a ruling as to whether the Hon'ble Member is entitled to make these remarks and invidious distinctions comparing his province with other provinces. I want a distinct ruling, Sir.

The Hon'ble the Vice-President :—“ The Hon'ble Member shall have a distinct ruling. To-day has been a day of comparisons. Comparisons, we have heard, are odious, but we have had comparisons made in this debate by more than one Member, and I cannot prevent another Member who wishes to reply to them from making further comparisons. I cannot hold that comparisons though odious, are to-day irrelevant.”

The Hon'ble Sir Michael O'Dwyer :—Sir, I crave your indulgence for this digression. But I claim to understand the temper and feelings of the people of the Punjab and in justice to them I feel bound to emphasise the distinction between their genuine and spontaneous loyalty and the sinister attitude of those who would take advantage of the embarrassments of the Empire in her hour of need.

“ I need say no more on the question of men. But take our contributions in money.

“ The Punjab is not a Province of great wealth though thanks to the combined efforts of the administration and the people it enjoys a high degree of agricultural prosperity based on our wonderful irrigation system. We have little or none of the great industries, of the foreign trade, of the great estates which bulk so large in the wealth of other Provinces; and yet our contributions far exceed those of Provinces to which we are much inferior in wealth and population. In this respect the Punjab has given another instance of its self-sacrifice and loyalty.

The Hon'ble Mr. Mahomed Ali Jinnah :—“ May I point out that the Hon'ble Member has exceeded 15 minutes.”

The Hon'ble the Vice-President :—“ The Hon'ble Member is at least a minute too soon, and the interruptions which have taken place probably account for at least another minute.”

The Hon'ble Sir Michael O'Dwyer :—“ Again take the matter of materials. The provision of food-stuffs for our millions of troops in the field and the millions of workers in the United Kingdom has been one of the most serious preoccupations of the war. In this respect India is rendering valuable assistance, but I believe I am within the mark in saying that two-thirds of the food-stuffs exported from India—excluding Burma—are drawn from the Punjab.

“ So far I have dwelt on the services of the Punjab rendered in direct connection with the war and I would like to add that in that splendid record

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the Ruling Princes and Chiefs of the Punjab from His Highness the Maharaja of Patiala have played a great part, a part worthy of their noble traditions. But perhaps the most signal proof the province has given of its practical loyalty is the manner in which it has combated internal disorder and repressed incipient rebellion.

“Hon'ble members are doubtless familiar with the serious dangers which menaced the security of the Province during the first two years of the war, the *Ghadr* conspiracy and other overt and covert movements engineered by the King's enemies within or without India with the object of subverting the Government. But perhaps they are less familiar with the action, the prompt, vigorous and decisive action, taken by the people of the Punjab—Muhammadans, Sikhs and Hindus—to range themselves on the side of law and order and to stamp out sedition and anarchy. There was no hesitation, no sitting on the fence, no mawkish sympathy with red-handed crime, no insincere apologies for so-called misguided youths pursuing noble ideals, no subtle distinctions between evolutionary and revolutionary patriots.

“The Punjabi like the British is perhaps lacking in that mysterious quality known as spirituality. If you were to try and explain to him what it means he would probably shake his head and say no doubt it was an excellent thing, an admirable virtue something like charity and like charity often used to cover a multitude of sins.

“He might even go so far as to compare it in the latter respect with that equally vague term Home Rule, which many of our politicians propound as a legitimate and constitutional ideal while many of our revolutionaries have put it forward as the goal they have in view when attempting to subvert the King's Government by the sword, the pistol and the bomb. If any Hon'ble Member doubts the accuracy of this statement which I repeat with a full sense of responsibility, I would refer him to the evidence and the judicial findings in the various Punjab Conspiracy Cases, I would refer him to the files of the *Ghadr* newspaper and I would also ask him to verify his facts before recklessly launching an accusation of reprehensible untruth against the author of the statement. If any such accusation has been made whether in ignorance of the facts or otherwise, it would be honourable to withdraw it.

“I fear I may have spoken at undue length of the services of my Province to which His Excellency the Viceroy paid an eloquent tribute at his recent visit to Lahore. But this is my first and perhaps my last opportunity of bearing witness in this Council to the great qualities of the people I have known and loved for over 30 years. From what I have said it follows that I welcome most heartily the assurances given to-day that their steady loyalty and manly services are appreciated at their true value by the Government of India and are receiving and will continue to receive full and suitable recognition.

“Some of the forms which that recognition might take are indicated in the speeches of the Hon'ble Mover and the Hon'ble Member for the Home Department. The joint representation of the Local Government and the Government of India have already obtained the Secretary of State's sanction to the High Court at the end of the war if financial conditions allow, and I am happy to be in a position to say that I anticipate no difficulty on that score. The attitude of the Local Government and of the Government of India towards the question of an Executive Council has already been explained, and I need only repeat that the question is receiving close and sympathetic consideration from my Government which will endeavour to base its recommendation on the true interests of the Province as a whole. The same principle will govern our attitude in regard to the strength and constitution of the Legislative Council when the question is raised.

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[*Sir Michael O'Dwyer.*]

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"I would here explain that in the matter of Legislative Council we are on a rather different footing from other large Provinces as we were much later in making a start. The first Legislative Council was not established till 1897 and was entirely nominated. The system of election, which is still regarded with disfavour by the majority of the rural population, was of slow growth in the Punjab and was first introduced under the Council Regulations of 1909. Even then only 5 seats were open to election. The number has since then been steadily increased at the instance of the Local Government, as experience was gained and suitable constituencies were forthcoming, and our Council now consists of 11 elected members, 11 official members and 6 nominated non-official members besides 2 seats for experts. In connection with the general scheme of political reform the Punjab Government will be quite willing to consider the question of increasing the total strength of the Council (though having regard to population the present number compares favourably with other large provinces) and also of further increasing the proportion of elected members. But here I might say that there is no Province where special arrangements to secure due representation of races, religions, classes and interests are more necessary. All provinces have their Hindu-Muhammadan problem, we have the very important Sikh interests to consider as well. Of our population 55 per cent. is Muhammadan, 33 per cent. Hindu and 11 per cent. Sikh. In 1909 all three seats then open to election were carried by Muhammadans. In 1912 out of 6 seats 4 were won by Hindus, 1 by a Sikh and only 1 by a Muhammadan. Last year of 11 elected seats, 5 fell to Hindus, 5 to Muhammadans, 1 to a European and none to a Sikh.

"In the past it has therefore been necessary to rectify these anomalous results by resort to nomination and in the future we must continue to adjust matters by the same method or by a system of minority representation—most probably by both combined.

"I have covered the main points in which the Hon'ble Mover would assimilate our legislative and administrative system to that of Bihar and Orissa and I am glad to find that though we may differ as to details, there is no difference in principle between us. The other matters to which he has referred are matters relating to the improvement of the pay and prospects of the various services. They will come under consideration in connection with the recommendations of the Public Services Commission and I think the Hon'ble Mover hardly needs an assurance from me that as far as the Provincial Government is concerned—I cannot naturally bind the Cerberus who watches with such vigilance over the Treasure House of the Government of India—they will be considered in no carping or niggardly spirit.

"And now, Sir, I would invite the consideration of the Council to a broader aspect of the matter.

"Bihar and Orissa has been selected for comparison with the Punjab. But as the Hon'ble Mover and his supporters would be the first to admit, we in the Punjab have our own proud traditions which we desire to retain, our own aspirations which we hope to realise. We desire that our future development, whether political, social or economical, should not slavishly copy that of other provinces with which we may have little in common, but should follow the genius and aptitude of our people.

"Take one cardinal feature of the province. We have no great territorial aristocracy like other provinces, but we have what is perhaps even more valuable. We have over most of the province a large class of landed gentry or prosperous yeomen living on the land, in close touch with the rural masses of whom they are usually the recognized leaders, and an invaluable support to

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the administration. Over all the province we have that splendid body of stalwart peasant proprietors, Muhammadans, Hindus, Sikhs—whose energy and enterprise guided by a Government in which they have never lost confidence, have built up the prosperity of the Punjab—and whose loyalty and sturdy valour have built up the fabric of the Indian Army. These are the two classes to which the Punjab Government has looked and never looked in vain in times of stress and difficulty, those are the two classes to which we owe almost exclusively the magnificent contributions which the province is now making in men and materials. In recognising the services of the province during the war it is only just and reasonable that those classes should receive first consideration.

“ The political and administrative reforms already discussed and others which may follow in due course will appeal primarily to the educated urban class, which is in the best position to appreciate and profit by them: but they will leave the vast majority of the two classes in question cold.

“ The question, then has been asked by the Hon'ble Sardar what then have we done or what are we going to do to show our gratitude to those who have so strong a claim on us? I am glad to think that we have already a good record on the credit side. The great improvement in the pay, pensions and allowances of the Indian Army has already given a powerful stimulus to the fighting classes, the ear-marking of 180,000 acres of colony land for allotment to men who have rendered distinguished services in the field is a further encouragement, while the recent announcement in regard to the grant of commissions will specially appeal to the landed gentry.

“ Again the classes in question are almost exclusively land-holders and there is no part of the world where the ownership of land is so highly prized and so jealously guarded as in the Punjab.

“ At one time under our rigid law of contract and in the absence of any restriction on usury (a defect which we now have reason to hope will soon be remedied) the sturdy peasantry of the Punjab were being rapidly expropriated by the money-lending and commercial classes eager to acquire land both for the profits and the social status attaching to it. The Government of the Punjab was faced 20 years ago with a serious political and economic problem. It had the courage—whatever defects it may have, the Punjab Government I think like the Punjab people has never been lacking in courage—in spite of much agitation and opposition from the moneyed classes and even from those who posed as leaders of the people, to face the problem and to tackle it effectively by passing into law the Punjab Land Alienation Act of 1900. That Act about which there were so many misgivings and head shakings at the time supplemented by the beneficent system of co-operative credit, is now regarded by the Punjab zamindars as their Magna Charta. It is to it we owe the fact that we are appealing to-day not to a sullen, discontented and half expropriated peasantry, eager perhaps for a change which might restore them to their own, but to a loyal and contented body of men who realise that the Government has stood and still stands between them and ruin and who consequently rally in their tens of thousands to its support.

“ But we have not only done what legislative and administrative measures could do to maintain the zamindars in possession of their paternal acres, we have also relieved congestion and increased their prosperity by opening up to them several millions of acres in the great canal colonies. In allotting those lands we have invariably given them priority, seeking not so much the profit of Government as the advantage of the rural population.

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[13TH SEPTEMBER, 1917.]

"In the older colonies we have allowed the colonists who came in as Government tenants to purchase for Rs. 12-8-0 per acre, or even less, land which they could sell next day for Rs. 200 to Rs. 300 per acre; and even in the more recent colonies they are allowed to purchase the proprietary right, which has a present average value of Rs. 250 per acre, for a sum which must not exceed Rs. 100 per acre—the payment being spread over 30 years. We have also made large grants, I would draw the attention of the Hon'ble Sardar to this, covering some hundreds of thousands of acres in the various colonies, to the landed gentry and yeomen of the Province, on the same lenient conditions thereby restoring the prosperity of many an ancient and loyal family. We have other great projects of canal extension and colonization in contemplation and the knowledge that they will further promote the prosperity of our landed classes will be one of our strongest arguments in pressing them to realisation.

"Again, take the question of land revenue settlements. The Punjab Government has long accepted it as a principle of revenue administration that the peasant proprietors, especially in those districts from which the Indian Army is largely drawn, shall receive special favour in assessment. The re-assessment of all the rich districts of the Central Punjab has been completed within the last 5 or 6 years, and I am in a position to say that Government has really imposed a demand above half of the half net rental which is supposed to be the standard of assessment in the Province. At the same time where agricultural conditions are fairly stable and fully developed it has raised the term of settlement from 20 to 30 years. The result of this leniency is to appreciate enormously the value of proprietary rights which 50 years ago sold at from 5 to 10 times but now sell at an average of 170 times the land revenue demand, a figure which excites the envy and admiration of other Provinces, even those under permanent settlement.

"All these things are done in the interests of our zamindars and especially of those tribes and classes which enlist so freely in the Indian Army.

"To take a concrete case. A few weeks ago I had to decide on the term of settlement of a district in the North Punjab. The previous terms had always been 20 years or less and there were several arguments for adhering to that term. But the district is essentially one of small peasant proprietors and is among the first four or five in India in providing men for the Army. That fact turned the scale, and the Punjab Government readily sanctioned a thirty years term outside the tracts now coming for the first time under canal irrigation. I could multiply such instances but I think I have said enough to establish my claim that the Punjab Government is not forgetful of those who have deserved so well of the State.

"But Sir, we are not content with this; we want to do more and we are taking practical steps to do more for the progress and prosperity of the people and especially of the rural population to whom we owe so much. What are the evils from which they chiefly suffer? The most obvious are ignorance, disease, crime, abuse of office and corruption by those in authority, and finally excessive litigation and the law's delay.

"Some people tell us that the panacea for these and all other evils is self-government and that it should be granted at once or within a definite period. While sceptical about its being a panacea, I readily admit that self-government within the Empire in a form suitable to the traditions and aptitudes of the various component parts is a legitimate and an accepted ideal.....

The Hon'ble Pandit Madan Mohan Malaviya:—"I again rise to a point of order, Sir. Are we to hear an address on self-government?"

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[*The Vice-President ; Pandit Madan Mohan Malaviya ; Sir Michael O'Dwyer ; Mr. M. A. Jinnah.*]

The Hon'ble the Vice-President:—"Does the Hon'ble Member really wish me to answer the question?"

The Hon'ble Pandit Madan Mohan Malaviya:—"I submit it is not relevant."

The Hon'ble Sir Michael O'Dwyer:—"I confess, Sir, that I am trying to establish the fact that we want to better the position of the Punjab and its people. But I would remind those who press for it that the ideal can only be realised when the three indispensable conditions, laid down not by any bureaucrat eager to retain power but by so high an authority and so great champion of popular rights as Mill, are fulfilled. Those are—

- (1) That the great majority of the people shall desire it.
- (2) That they shall be capable of exercising it.
- (3) That they shall be able and willing to undertake the responsibilities—among them external and internal defence—which it entails.

"His Excellency at the opening meeting of this session undertook on behalf of the Government of India the responsibility of assisting the people to reach the goal, and indicated the three main lines of advance towards it. But speaking of my own Province while I would welcome speedy progress I may say that those conditions are not likely to be fulfilled for many a long day....."

The Hon'ble Mr. Mahomed Ali Jinnah:—"I would ask the Vice-President if there is any time limit to the speech of His Honour?"

The Hon'ble the Vice-President:—"His Honour has exceeded the ordinary time limit with my permission."

The Hon'ble Sir Michael O'Dwyer:—"Meantime—while the people with the aid of Government are fitting themselves for self-government the meaning and responsibilities of which at present but few understand—it is our duty to do what we can to ensure to them good Government which all desire and which all have a right to expect, for it was guaranteed to them in the most solemn manner by the Queen's Proclamation of 1858. This I venture to assert we in the Punjab are doing. I refer to these matters because it has been said that the Punjab has been treated in a stepmotherly way by Government and I want to show what Government has done and proposes to do for the Punjab.

"Take the common evils affecting the masses which I have already mentioned. We hope to combat ignorance and disease and at the same time promote local self-government by conferring larger powers on local bodies which will enable them with support and financial assistance from Government to extend widely the facilities for primary education, sanitation and medical relief. Among other measures a Bill is now being drafted by my Government which will enable Local Bodies to make primary education free and compulsory in areas where the majority of the people clearly desire it and where adequate school facilities are provided.

"Again, at the risk of being considered reactionary by advanced politicians, I venture still to hold the old fashioned view that the protection of the lives and property of the people is the first duty of a civilised Government and must have priority over all others. With the active co-operation of the great mass of the people we are waging a successful campaign against crime. Last year the reduction in serious crime was 16 per cent., and this year it promises to be even greater as the co-operation between the people and the police is steadily growing closer.

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[Sir Michael O'Dwyer; the Vice-President.]

[13TH SEPTEMBER, 1917.]

"A more difficult problem is the struggle against official corruption and abuse of power because it is one in which the assistance of an oriental people long accustomed to view these as necessary evils is not readily forthcoming. But here too we have boldly undertaken the task. The people already realise that the Government, while it will show no mercy to the false accuser, is actively on their side in exposing the bribe-taker and the extortioner; and many such even in high places have been already brought to justice.

"To find an effective remedy for the abuse of litigation and the law's delay is the most difficult task of all for we are dealing with people who regard the law courts as providing the interest and amusement which western countries find in the theatre, the race-course, the football ground and the boxing ring. We have tried many palliatives but I confess so far with indifferent success.

"But we do not despair, and by the codification of the customary law governing the civil rights of the rural population which we have now undertaken, we hope to attain ultimately a measure of precision and certainty which will reduce frivolous litigation and speed up the slow processes of the law.

"I fear I have wearied the Council with this long narrative of what we have done, are doing and propose to do to honour the claims which have been established by the people of the Punjab, and especially the rural population. The measures are practical and substantial rather than showy and will perhaps appeal but little to the impatient politician. But in these days when we are in danger of being deafened by political harangues, of being blinded by the shower of political manifestoes, it is well occasionally to return to mother earth, to clear our minds of shams and illusions, and to ask ourselves what will all this noise and talk do for the man on the sod, the man behind the plough, the man whose life is a long drawn question between a crop and a crop. It is on him after all that the burden of empire mainly rests. In the Punjab I hope we have not been forgetful of him.

"I will endeavour to sum up my arguments in a few propositions—

The Hon'ble the Vice-President :—"I would suggest to His Honour that the time has come to adjourn the Council and possibly it may be desirable to postpone the remainder of this discussion."

The Hon'ble Sir Michael O'Dwyer :—"I have just finished, Sir, if you will give me one minute.

The Hon'ble the Vice-President :—"Certainly."

The Hon'ble Sir Michael O'Dwyer :—" (1) The traditional good understanding and co-operation between the people of the Punjab and their Government have enabled the Province not only to overcome every attack on internal order and security but also to contribute out of all proportion to its population and resources to the defence of the Empire in this mighty struggle.

(2) The Province has thereby established *prima facie* its claim to the wider legislative and administrative developments indicated in the resolution the principle of which as modified by the Hon'ble Sir William Vincent has my complete support.

(3) But neither in the Punjab nor elsewhere can man live by politics alone, nor even by the political reforms now foreshadowed, and we have to look round for more direct and practical methods of recognising the services of the Punjab and especially of its fighting classes.

RESOLUTION *re* ASSIMILATION OF THE LEGISLATIVE AND ADMINISTRATIVE SYSTEM IN THE PUNJAB TO THAT OF THE PROVINCE OF BIHAR AND ORISSA.

[13TH SEPTEMBER, 1917.]

[*Sir Michael O'Dwyer ; Pandit Madan Mohan Malaviya ; the Vice-President.*]

- (4) I have indicated the substantial recognition already given by Government, and I have attempted to outline some of the further measures which are proposed.
- (5) I am confident that to-day's discussion will enable the Government of India and this Council to realise what they owe to the splendid loyalty and the virile manhood of the Punjab, that it will stimulate other provinces to similar if not equal sacrifices and that we in the Punjab can rely on the practical support of the Government of India and of this Council in honouring the debt.

“ One word more while claiming no exclusive merits for our administration in the Punjab, I hope we have kept before us the lofty ideal set forth in Queen Victoria's Proclamation of 1858 :—

‘ It is our earnest desire to administer its (*i.e.*, the Indian) Government for the benefit of all Our subjects resident therein. In their prosperity will be Our strength; in their contentment Our security; and in their gratitude Our best reward.’

“ I claim that the august words of Her Majesty of blessed memory have been substantially fulfilled in the Punjab of to-day and that with the same mutual confidence and co-operation between Government and the people they will continue to be realised in the Punjab of the future.”

The Hon'ble the Vice-President :—“ The Council will now adjourn till Wednesday the 19th September.”

The Hon'ble Pandit Madan Mohan Malaviya :—“ Mr. Vice-President, before we adjourn I have one request to make.”

The Hon'ble the Vice-President :—“ The Hon'ble Member will have the opportunity of speaking when the Council re-assembles.”

The Council adjourned till Wednesday, the 19th September 1917.

SIMLA ;
The 21st September, 1917. }

A. P. MUDDIMAN,
Secretary to the Government of India,
Legislative Department.



The Gazette of India.

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SIMLA, SATURDAY, SEPTEMBER 29, 1917.

Separate paging is given to this Part in order that it may be filed as a separate compilation.

PART VI.

Proceedings of the Indian Legislative Council.

GOVERNMENT OF INDIA.

LEGISLATIVE DEPARTMENT.

PROCEEDINGS OF THE INDIAN LEGISLATIVE COUNCIL ASSEMBLED UNDER
THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT, 1915
(5 & 6 Geo. V. Ch. 61).

The Council met at the Council Chamber, Viceregal Lodge, Simla, on Wednesday,
the 19th September, 1917.

PRESENT:

His Excellency BARON CHELMSFORD, P.C., G.M.S.I., G.M.I.E., G.C.M.G.,
Viceroy and Governor General, *presiding*, and 62 Members of whom 55 were
Additional Members.

STATEMENTS LAID ON THE TABLE.

The Hon'ble Sir William Vincent :—“ My Lord, I beg to lay on the table a reply, together with a statement* regarding clerical posts in the Government of India Secretariat. The statement is one which was promised in reply to a question asked by the Hon'ble Mr. Bhupendra Nath Basu on the 21st March, 1917.”

The Hon'ble Sir C. Sankaran Nair :—“ My Lord, the statement† giving the information promised in my reply to the question asked by the Hon'ble Rao Bahadur B. N. Sarma on the 16th February, 1917, is laid on the table. Bengal has been excluded from the statement as reliable figures for that Presidency are not available; but such figures as are available are being called for.”

QUESTIONS AND ANSWERS.

The Hon'ble Mr. Srinivasa Sastri asked :—

1. “ Will Government be pleased to make a short statement of the progress made in the different Provinces by co-operative building societies, and of the special facilities, if any, afforded to them by the local Governments and Administrations ?”

* Vide Appendix A.
† Not included in these proceedings.

QUESTIONS AND ANSWERS.

[*Mr. R. A. Mant ; Mr. Srinivasa Sastri.*] [19TH SEPTEMBER, 1917.]

The Hon'ble Mr. R. A. Mant replied :—

"The Hon'ble Member's attention is invited to paragraph 36 of the Reports on the working of Co-operative Societies in the Madras Presidency for the years 1914-15 and 1915-16, and to paragraph 55 of the Bombay Report for the year 1915-16. The Government of India have no further information on the subject."

The Hon'ble Mr. Srinivasa Sastri asked :—

Bombay Co-operative Housing Association.

2. "(a) Is it a fact that the Bombay Co-operative Housing Association made a representation, through its President, Sir Prabhasankar Pattani, pointing out the necessity of giving State loans to building societies composed of persons of limited means ?

(b) If so, will Government be pleased to state what orders, if any, have been passed on the representation ?"

The Hon'ble Mr. R. A. Mant replied :—

"No representation from the Bombay Co-operative Housing Association on the subject has so far reached the Government of India."

The Hon'ble Mr. Srinivasa Sastri asked :—

Financing of Co-operative building societies.

3. "(a) Is it a fact that Co-operative Central Banks mostly lend to agricultural societies for short periods at $7\frac{1}{2}$ to 9 per cent *per annum* ?

(b) Are Government aware that co-operative building societies for the benefit of the poor require capital repayable in easy instalments over periods ranging from 30 to 50 years ?

(c) Have Government received any representations on the best methods of financing co-operative building societies ?

(d) Are any measures, legislative or administrative, in contemplation to secure the above object ?"

The Hon'ble Mr. R. A. Mant replied :—

"(a) The Government of India have no information of the prevailing rates for short-term loans, but Central Banks lend both to agricultural and to non-agricultural societies at rates of interest varying from $7\frac{1}{2}$ to $12\frac{1}{2}$ per cent per annum.

(b) The Government are not aware that building societies require advances for such long periods as from 30 to 50 years.

(c) and (d) In 1915 the Government of Bombay submitted proposals for the grant of loans by Government to building societies for the encouragement of house building on approved sanitary lines, but the Government of India were unable to accept them, as they considered that such societies should preferably receive loans from Central Banks or other similar institutions, established for the purpose of financing co-operative societies. The Government of India do not propose to re-open the subject on the information at present before them."

The Hon'ble Mr. Srinivasa Sastri asked :—

Grant of financial aid to Building Societies.

4. "Will Government consider the desirability of empowering Municipalities and Local Boards, by provincial legislation, to grant facilities to building societies—by giving financial aid, by a liberal land policy which will allow of their buying, selling and renting land, and by other suitable means ?"

The Hon'ble Mr. R. A. Mant replied :—

"The need for legislation in the direction indicated does not appear to have yet been felt generally and the Government of India are therefore not at present prepared to take any action in the matter."

The Hon'ble Mr. Srinivasa Sastri asked :—

Attendance of students at public meetings.

5. "(a) Is it a fact that several local Governments and Administrations have issued, on the subject of the attendance of students at public meetings, orders which differ materially from one another ?"

QUESTIONS AND ANSWERS.

[19TH SEPTEMBER, 1917.]

[*Mr. Srinivasa Sastri ; Sir C. Sankaran Nair.*]

(b) Is it a fact that at a Conference of the heads of the colleges in the Presidency of Madras the order of the Local Government on the subject was generally pronounced to be unworkable ?

(c) Do the Government of India propose after consulting, if necessary, the best official and non-official opinion in the country on the subject, to issue a general order permitting the attendance of students in colleges at public meetings ?

The Hon'ble Sir C. Sankaran Nair replied :—

(a) The Government of India have learnt from reports in the Press that certain local Governments have recently issued various instructions on the subject of the attendance of students at political meetings.

(b) The Government of India have also seen a report to this effect in the Press, but have received no official intimation.

(c) The Government of India issued a circular letter to local Governments on the 4th May 1907. The Government of India do not consider it necessary to issue any further instructions."

The Hon'ble Mr. Srinivasa Sastri asked :—

6. (a) Is it a fact that the Government of Madras have applied to the Government of India for permission to introduce emergency legislation empowering the Corporation of Madras to levy increased property taxes ? Property taxes in Madras.

(b) If so, will Government be pleased to publish the letter of the Madras Government applying for such permission, or if this be not possible to state the grounds on which the permission has been applied for ?

(c) What orders have the Government of India passed on the application ?

(d) Is it a fact that, under Section 95 of the Madras City Municipal Act, 1904, the budgets of the Madras Corporation have to be submitted by the President to the Government of Madras and that Government have the power to pass such orders on the budgets as they think fit ?

(e) Do the Madras Government account for the financial condition of the Corporation having been brought to such a pass that emergency legislation for increase of taxation has to be undertaken ? If so, how do they so account ?

The Hon'ble Sir C. Sankaran Nair replied :—

(a) to (e) It is not proposed to undertake any emergency legislation empowering the Corporation of Madras to levy increased property taxes."

The Hon'ble Mr. Srinivasa Sastri asked :—

7. " Will Government be pleased to state—

(a) When the Madras drainage and water-supply schemes are expected to be completed, Madras drainage and water supply schemes.

(b) what further sums they are expected to cost, and

(c) how it is proposed to meet the additional expenditure ? "

The Hon'ble Sir C. Sankaran Nair replied :—

(a) The restricted programme adopted by the Madras Corporation is expected to be completed in 1921-22.

(b) Rs. 50 lakhs.

(c) Probably by loans."

QUESTIONS AND ANSWERS.

[*Mr. Srinavasa Sastri; Sir C. Sankaran Nair; Sir Fazulbhoy Currimbhoy; Mr. R. A. Mant; Sir William Meyer.*] [19TH SEPTEMBER, 1917.]

The Hon'ble Mr. Srinivasa Sastri asked :—

Special Works Department of the Madras City Corporation.

8. "Is it a fact that the Special Works Department of the Madras City Corporation, with a Special Engineer on Rs. 2,500 per month at its head, is proving a great burden on its resources?"

The Hon'ble Sir C. Sankaran Nair replied :—

"Paragraph 7 of the Administration Report of the Corporation of Madras for 1915-16 indicates that the Special Works Department involves the Corporation in considerable expenditure. But it is not understood from the report that this is regarded as excessive or due to the pay of the Special Engineer."

The Hon'ble Sir Fazulbhoy Currimbhoy asked :—

Elementary agricultural education.

9. "(a) Do Government contemplate making adequate financial provision for the diffusion of agricultural education throughout the country on the lines of the scheme adopted at the last Agricultural Conference?"

(b) Will Government be pleased to state what objections, if any, exist to the adoption of a scheme of elementary agricultural education through the existing primary schools?"

The Hon'ble Mr. R. A. Mant replied :—

"The subject of agricultural education has recently been considered by a conference at Simla. The views of the Government of India on the recommendations of the Conference will shortly be published and I would ask my Hon'ble friend to await this publication, which will I hope give him all the information he requires."

The Hon'ble Sir Fazulbhoy Currimbhoy asked :—

Refining of gold.

10. "With reference to the Hon'ble Finance Member's statement in March last that the difficulty of absence of facilities for refining gold on a really large scale was being remedied, will Government be pleased to state what progress has been made in this direction up to now?"

The Hon'ble Sir William Meyer replied :—

"The statement to which my Hon'ble friend refers related to the refining of raw gold for sale. Arrangements to this end were almost completed, but no gold was actually refined owing to the subsequent decision to discontinue the sale of raw gold on behalf of Government."

The question of refining gold for coinage has since been further under examination with reference to the proposal to coin sovereigns as a temporary measure at Bombay, with regard to which matter His Excellency made an announcement the other day. The detailed arrangements which would be necessary are still under consideration."

The Hon'ble Sir Fazulbhoy Currimbhoy asked :—

Development of the resources of the Indian Empire.

11. "(a) Did the Dominions Royal Commission recommend that an Imperial Development Board be established for the development of the resources of the Empire?"

QUESTIONS AND ANSWERS.

[19TH SEPTEMBER, 1917.]

[*Sir Fazulbhoj Currimbhoj ; Sir George Barnes ; Maharaja Sir Manindra Chandra Nandi ; Sir Robert Gillan.*]

(b) If so, have the Government of India been consulted by the Imperial Government regarding this recommendation and has any despatch on the subject been submitted to the Secretary of State for India? If so, will Government be pleased to lay it on the table?"

The Hon'ble Sir George Barnes replied :—

"The Dominions Royal Commission recommended the setting up of an Imperial Development Board as stated by the Hon'ble Member, but the Government of India have not been consulted by the Imperial Government regarding this recommendation, nor are they likely to be consulted having regard to the fact that the report of the Dominions Royal Commission related only to the Dominions. The report of the Commission will, however, be valuable for the consideration of the questions relating to trade policy in this country after the war. I think it follows from what I have said that no despatch on the recommendations of the Commission has been submitted to the Secretary of State for India."

The Hon'ble Maharaja Sir Manindra Chandra Nandi asked :—

12. "(a) Has the attention of Government been drawn to an incident in the office of the Chief Superintendent, East Indian Railway, Calcutta, in which one Babu Probodh Chandra Banerjee, a senior clerk of 15 years' service, is alleged to have been grossly insulted by Mr. B. F. Higman, Acting Chief Superintendent, Transportation Department, on the 30th June last ?

Case of Babu Probodh Ch. Banerjee.

(b) Is it a fact that the said Babu Probodh Chandra Banerjee swooned away in the office as a result of this incident and was sent away in an ambulance car and did not regain consciousness till the 4th July and that he was found by Lieutenant-Colonel E. H. Brown, M.D., I.M.S., to be suffering from a form of epileptic attacks since the 30th June last and was recommended for three months' leave ?

(c) Are Government aware that the incident has been the subject of strong comments in the newspaper press of Calcutta and has greatly exercised the mind of the Indian employees of the East Indian Railway ?

(d) Is it a fact that the said Babu Probodh Chandra Banerjee made an application to Sir Robert Highet, Agent, East Indian Railway, praying for the redressal of his grievances in connection with this case ?

(e) If so, will Government be pleased to state what enquiries, if any, were made thereon by the Agent and in what manner ?

(f) Are there any circulars or orders by the Railway Board or the Agent, which lay down rules for the guidance of superior officers in the matter of treatment of Indian subordinates, and the penalties for a breach thereof ?

(g) If so, will Government be pleased to lay all such papers on the table and state if they are meant to apply to Company-managed Railways as well as to State-managed Railways ?

(h) What steps, if any, do Government intend to take in accordance therewith in the present case ?"

The Hon'ble Sir Robert Gillan replied :—

"The incident to which the Hon'ble Member refers was made the subject of an appeal to the Agent, East Indian Railway. I have received varying accounts of the words alleged to have been used by Mr. Higman, but from the papers I have seen and the further enquiries I have been able to make, it seems clear that the

QUESTIONS AND ANSWERS.

[*Sir Robert Gillan; Maharaja Sir Manindra Chandra Nandi; Sir George Barnes; Sir C. Sankaran Nair.*] [19TH SEPTEMBER, 1917.]

words used were 'Don't be a silly ass.' The clerk in question who was, it appears, in a weak state of health and consequently nervous and excitable, completely lost control of himself, and had to be taken before the General Traffic Manager, who did his best to pacify him, but he finally fell down in an epileptic fit. It seems clear that the occurrence was due not to the words spoken by Mr. Higman, but to the man's state of health at the time. Mr. Higman, I may add, is an officer who is always considerate for the feelings of others, whether Indian or European, and I am satisfied that nothing was further from his intentions than to wound the feelings of the clerk named by the Hon'ble Member. The clerk is pronounced by the doctor to be in a bad state of health, and has been granted three months' sick leave.

With regard to sections (f) and (g) of the Hon'ble Member's question. Rule No. 543 of the East Indian Railway Hand-book of General Rules and Regulations reads as follows:—

'Any authenticated case of oppression or ill-treatment of an Indian passenger or Indian subordinate of the Company on the part of any officer or servant will tend to his summary dismissal.'

Any case of this kind would be severely dealt with by the Agent, who, I may add, would be strongly supported in his action by the Railway Board."

The Hon'ble Maharaja Sir Manindra Chandra Nandi asked:—

13. "(a) Have Government consulted the leading European Chambers of Commerce in India with regard to the policy of post-war trade in India, and were the views of the Indian representatives of Commerce ascertained on the question?"

(b) Have Government formulated any policy regarding post-war trade, and, if so, will they make a statement in this connection?"

The Hon'ble Sir George Barnes replied:—

"(a) The Government consulted all the leading Chambers of Commerce in India, both European and Indian, with regard to the policy of post-war trade in India, and answers have been received on the question from all the Chambers consulted.

(b) The problems connected with post-war trade are under the consideration of the Government of India, and they are unable to make any statement on the subject at present."

The Hon'ble Maharaja Sir Manindra Chandra Nandi asked:—

14. "Will Government be pleased to state the complete scope of the enquiry of the Calcutta University Commission and if it will include a consideration of the scheme of Post Graduate teaching recently sanctioned?"

The Hon'ble Sir C. Sankaran Nair replied:—

"The Hon'ble Member is referred to the reply given on the 16th February, 1917, to a rather similar question asked by the Hon'ble Rai Sita Nath Ray Bahadur. The scope of the enquiry will be sufficiently wide to include consideration of the organisation of post-graduate teaching."

The Hon'ble Maharaja Sir Manindra Chandra Nandi asked:—

15. "Will Government be pleased to state the number of Indians who have so far enlisted in the Indian Defence Force, Province by Province?"

Post War
Trade in
India.

The Calcutta
University
Commission.

Indians
enlisted in
the Indian
Defence
Force.

QUESTIONS AND ANSWERS.

[19TH SEPTEMBER, 1917.]

[His Excellency the Commander-in-Chief;
Maharaja Sir Manindra Chandra Nandi; Sir
George Barnes; Mr. R. A. Mant.]**His Excellency the Commander-in-Chief** replied :—

“Up to the 28th August the total number of applicants for enrolment in the Indian Branch Indian Defence Force was 5,643 as shown by Provinces as under :—

| | | | | | | |
|---------------------|-----|-----|-----|-----|-----|-------|
| Bengal | ... | ... | ... | ... | ... | 740 |
| Madras | ... | ... | ... | ... | ... | 1,749 |
| Bombay | ... | ... | ... | ... | ... | 591 |
| United Provinces | ... | ... | ... | ... | ... | 205 |
| Punjab and Frontier | ... | ... | ... | ... | ... | 366 |
| Burma | ... | ... | ... | ... | ... | 1,992 |

These are the numbers so far reported but there may be other applications presented to District Magistrates which have still to be reported.

No information is, however, available as to the numbers actually enrolled as no reports have so far been received from Divisions in which medical examination and enrolment have been ordered.”

The Hon'ble Maharaja Sir Manindra Chandra Nandi asked :—

16. “(a) Will Government be pleased to state the total amount of sugar, raw crude and refined, imported into India in 1915-16 from Java, Mauritius, Japan and other foreign countries; and what was the total output of sugar in India itself during those two years ?

The sugar industry in India,

(b) Are Government taking any, and, if so, what special measures for the development of the sugar industry in this country ? ”

The Hon'ble Sir George Barnes replied :—

“I place on the table a statement showing the imports of sugar, so far as they are available, from Java, Mauritius, Japan and other foreign countries for the years 1915-16 and 1916-17. The estimated output of raw sugar in India for 1915-16 was 2,634,000 tons, and that for 1916-17 was 2,623,000 tons.

In reply to the second part of the question, I would refer the Hon'ble Member to the answer given to a similar question by the Hon'ble Rai Bahadur B. D. Shukul at the meeting of the Council on the 12th September.”

The Hon'ble Maharaja Sir Manindra Chandra Nandi asked :—

17. “(a) In what provinces of India are experiments being made for the cultivation of American and Egyptian cottons, and what are the results so far obtained by these experiments ?

Cultivation of American and Egyptian cotton.

(b) What steps have been taken to introduce American and Egyptian cotton in the canal areas of the Punjab ?

(c) Has any experiment been made in Bengal, particularly in the Eastern Districts, for the introduction of long-staple cottons and, if so, with what result ? ”

The Hon'ble Mr. R. A. Mant replied :—

“(a) Experiments in the cultivation of American and Egyptian cottons have at different times been made in every Province in India. Special attention has been paid to the subject in the principal cotton growing Provinces, Bombay Madras, the Central Provinces, the United Provinces and the Punjab. Speaking broadly, the result of the experiments has been to establish that there is

QUESTIONS AND ANSWERS.

[*Mr. R. A. Mant*; *Sir Dinshaw Wacha*; *Sir William Meyer.*] [19TH SEPTEMBER, 1917.]

little or no prospect of success in the case of Egyptian cotton except possibly under perennial irrigation in Sind but that American cotton can be successfully grown in certain parts of India. The most striking results obtained with the latter have been in Madras where the outturn of Cambodia, an acclimatized variety of American cotton, is now estimated at 35,000 bales of 400 lbs. each, and in the Punjab, where the area under a variety known as American No. 4-F. was in 1915-16 estimated at 50,000 acres. A variety known as Cawnpore American has also been definitely established in a small area in the United Provinces. The whole question of the extension of the cultivation of long stapled cotton in India will be investigated during the coming cold weather by a special committee.

(b) American cotton has been successfully introduced into the canal colonies in the Punjab and the area under American No. 4-F. in the Province, which is rapidly extending, is almost entirely in those colonies. Attempts to introduce Egyptian cotton into those areas have been abandoned as it has been found that it ripens late and is unable to stand frost.

(c) Experiments in the introduction of long-stapled cottons throughout Bengal have been made since the middle of the nineteenth century but have invariably proved failures. Climatic conditions in Bengal appear to be wholly unfavourable to the production of a first rate quality of cotton and the attempt to introduce such cottons has therefore been abandoned."

The Hon'ble Sir Dinshaw Wacha asked :—

Scale of expenditure on certain branches of the Army.

18. "Will Government be pleased to state what are, respectively, the normal and the present scales of expenditure on :—

(a) The combatant forces of the army in India, including such ancillary services as the Supply and Transport Corps, Signal Companies, the Royal Flying Corps and the Ordnance Department; and

(b) The Medical and Sanitary Services including the Army Hospital Corps and Army Bearer Corps, ambulance convoys and hospital ships?"

The Hon'ble Sir William Meyer replied :—

"I understand that the Hon'ble Member's question refers not only to the army now actually serving in India, but to the Indian Expeditionary Forces as well; and that he asks for information about pay charges only and not as to the expenditure on stores and on equipment and transport charges, the present scale of which is naturally much in excess of the peace scale owing to the special conditions created by the war.

On the above assumptions, the replies to the Hon'ble Member's questions are as follows :—

(a) The normal scale of annual expenditure, before the war, on account of the pay charges of the combatant forces, including such ancillary services as the Supply and Transport Corps, Signal Companies, the Royal Flying Corps, and the Ordnance Department (exclusive of manufacturing establishments) was about £10½ millions.

The present scale of expenditure is about £24½ millions.

(b) The corresponding figures for the Medical and Sanitary Services including Army Hospital Corps, Army Bearer Corps, Ambulance Convoys and the medical personnel employed on hospital ships are £555,000 and £2,500,000 respectively.

The figures given for the present scale are necessarily merely a forecast of the probable total expenditure in the current year, based upon actual expenditure for the past five months."

QUESTIONS AND ANSWERS.

[19TH SEPTEMBER, 1917.]

[*Sir Dinshaw Wacha; Sir C. Sankaran Nair; Mr. B. A. Mant; Sir George Barnes.*]**The Hon'ble Sir Dinshaw Wacha** asked :—

19. " With reference to the discussion which took place in this Council on the 10th March 1917, on a Resolution regarding the extension and improvement of elementary education, will Government be pleased to place on the table any well considered scheme

Extension and improvement of education for the masses in India.

- (a) explaining the method and manner in which such extension and improvement could be successfully attained within a reasonable period of time, and
 (b) giving approximately the total cost of the expenditure which will necessarily be chargeable on the ordinary revenues of India ? "

The Hon'ble Sir C. Sankaran Nair replied :—

" The Government of India have recently had the question of the extension and improvement of Elementary Education under their careful consideration. For the reasons stated by His Excellency the Viceroy in his speech on the 5th instant in this Council, it is impossible to lay any such scheme on the table."

The Hon'ble Sir Dinshaw Wacha asked :—

20. " Has the attention of Government been drawn

Castor oil.

- (a) to a paper lately read by Mr. Victor Messere at Cairo on the influence of soil and climate on the weight and oil production of the Castor oil plant, and
 (b) to the experiment made there with seeds from France which turned out very satisfactory owing to the hot climate and richness of the soil of Egypt ? "

The Hon'ble Mr. R. A. Mant replied :—

" The reply to both parts of the question is in the negative."

The Hon'ble Sir Dinshaw Wacha asked :—

21 " (a) Is Government aware of the production in Korea of dyestuffs from the leaves of a species of maple tree known to Koreans as the 'Shinnamu' ?

Production of dyestuffs in Korea.

- (b) Do Government propose to obtain from the British Consul General at Seoul particulars regarding the production of the Shinnamu dyestuffs together with samples of the dye and samples of cotton yarn dyed with it in four colours ? "

The Hon'ble Sir George Barnes replied :—

" I. have no information on the subject, but I will certainly make the enquiries desired by the Hon'ble Member."

The Hon'ble Sir Dinshaw Wacha asked :—

22. " (a) Is the Government aware of the cultivation in China of the tree botanically named *Stillingia Sibebara* and commonly known as the 'tallow tree,' from which is obtained a dyestuff which is its chief product and a kind of tallow technically known as 'prima,' a by-product consumed by candle makers ?

Introduction into India of the tallow tree from China.

- (b) Will Government be pleased to consider the question of importing this tree from China with a view to obtaining from it the dyestuff and tallow referred to ? "

The Hon'ble Mr. R. A. Mant replied :—

" (a) The reply is in the affirmative, though I would point out that the correct botanical name of the tree is '*Sapium Sebiferum, Roxb.*'

(b) The tree has been cultivated in India for many years and is fairly common in gardens in many Provinces. In some places it has established itself as a wild plant. Efforts have been made to utilize the tallow in India but

QUESTIONS AND ANSWERS.

[*Mr. R. A. Mant; Sir Dinshaw Wacha; Sir George Barnes; Rai Sita Nath Ray Bahadur.*] [19TH SEPTEMBER, 1917.]

the labour and expense involved in extraction have been found to be far in excess of the value of the product. The value of the dye obtainable from the leaves does not appear to have been investigated in India. This point will be further considered."

The Hon'ble Sir Dinshaw Wacha asked:—

Experiments with the stalks of the Cotton plant.

23. "(a) Is it a fact that the Egyptian Government have found, as the result of trials made in 1916 under the direction of their expert Mr. G. Wills, that stalks of the cotton plant and other vegetables have good heating powers?"

(b) Will Government be pleased to direct that similar trials be made on one of their agricultural farms?"

The Hon'ble Mr. R. A. Mant replied:—

"(a) The Government of India understand that experiments have been made in Egypt in the conversion of cotton sticks, as pulled from the field, into charcoal, but that their object has been not the provision of a new source of fuel but the destruction of the cotton pest known as the pink boll-worm."

(b) The stalks of cotton and other plants are already largely used by cultivators in India as fuel and the Government of India are advised that it is not necessary that any special experiments should be carried out in this matter."

The Hon'ble Sir Dinshaw Wacha asked:—

Expenditure on the Establishment of the Statistical Department.

24. "Will Government be pleased to state the total amount annually expended on the establishment of the Statistical Department during each year, from 1907 to 1916, and also the details of the present staff of the Department and their salaries."

The Hon'ble Sir George Barnes replied:—

"I place on the table a statement* showing the amount expended annually on the establishment of the Statistical Department for the three years 1914-15, 1915-16 and 1916-17. Information for the earlier years is not available as prior to 1914-15, the Department formed a part of the Department of Commercial Intelligence, and it is impossible to separate the expenditure on purely statistical work from the total expenditure of that Department."

I also place on the table a statement giving the details of the present staff of the Department and their salaries"

The Hon'ble Rai Sita Nath Ray Bahadur asked:—

Age limit for the Matriculation Examination.

25. "(a) With reference to the question put by Mr. Ghuznavi at a meeting of this Council on the 17th of March 1915 regarding a recommendation of the Senate that section 3 of the Calcutta University Regulations be amended in connection with the minimum age limit for the Matriculation examination of the University, and the Hon'ble Mr. Sharp's reply thereto, will Government be pleased to state if the Senate of the Calcutta University have yet approached them officially in the matter?"

(b) If the answer to (a) be in the affirmative, will Government be pleased to state when such application was received from the Senate, and what action, if any, Government have taken in the matter?"

(c) If the answer to (a) be in the negative, will Government be pleased to consider the desirability of asking the Senate to approach them officially in the matter?"

QUESTIONS AND ANSWERS.

[19TH SEPTEMBER, 1917.]

[*Sir C. Sankaran Nair ; Captain Ajab Khan, Sardar Bahadur ; His Excellency the Commander-in-Chief ; Mr. K. V. Rangaswamy Ayyangar ; Sir George Barnes*]**The Hon'ble Sir C. Sankaran Nair** replied :—

“ (a) Yes.

(b) and (c) The proposal in question was received from the Calcutta University in April 1915. The Government of India have decided to defer action on the general question pending consideration of the new arrangements for admission to the Indian Civil Service proposed by the Public Services Commission, and of the recommendations of the proposed Calcutta University Commission.”

The Hon'ble Captain Ajab Khan, Sardar Bahadur, asked :—

26. “ Will Government be pleased to state whether the three Extra Assistant Cantonment Magistrates appointed in 1911 as a trial measure, have given satisfaction, and whether any more posts in that line are to be given to Indian officers ? ”

Extra Assistant Cantonment Magistrates.

His Excellency the Commander-in-Chief replied :—

“ The experiment in the manner in which it was applied has not proved a success.

It is not proposed to take any further steps in this direction at present.

On the conclusion of the war this question will be again investigated.”

The Hon'ble Mr. K. V. Rangaswamy Ayyangar asked :—

27. “ Has there been any reduction in the number of telegraphic communications in India since the increase in the rates for telegrams ? ”

Telegraphic communications.

If so, will Government be pleased to lay on the table the statistics showing the percentage of such reduction ? ”

The Hon'ble Sir George Barnes replied :—

“ For the period from December 1916 to June 1917, there has been a small decrease, amounting to a little under 1 per cent., in the total Inland telegraph traffic as compared with the figures for the corresponding period of the previous year. The figures on which this percentage is based include ‘ State ’ and ‘ Express ’ traffic. If the Hon'ble Member so desires, a statement will be laid on the table, as soon as the figures are available, showing separate figures for private telegrams charged at ordinary rates, but this I am afraid will not be possible during the present session of the Council.”

The Hon'ble Mr. K. V. Rangaswamy Ayyangar asked :—

28. “ Will Government be pleased to lay on the table the correspondence between the Government of India and the Secretary of State relating to the creation of the post of the Educational Commissioner with the Government of India ? ”

The Educational Commissioner.

The Hon'ble Sir C. Sankaran Nair replied :—

“ The portions of the correspondence* between the Government of India and the Secretary of State relating to the post of Educational Commissioner are laid on the table.”

QUESTIONS AND ANSWERS.

[19TH SEPTEMBER, 1917.]

[*Khan Bahadur Mian Muhammad Shafi ;
His Excellency the Commander-in-Chief ;
Rao Bahadur B. N. Sarma.*]

The Hon'ble Khan Bahadur Mian Muhammad Shafi asked :—

Recruitment
for the
Indian
Defence
Force from
the Punjab

29. "(a) Is it a fact that organized efforts have been started in several Provinces and more particularly in the Punjab towards recruitment for the Indian Defence Force ?

(b) Is Government aware of the feeling prevalent in the Punjab and elsewhere that the period of enlistment in the Indian Defence Force should be extended till the end of this year and do Government propose to take the necessary steps in this behalf ?"

His Excellency the Commander-in-Chief replied :—

"(a) Enrolment for the Indian portion of the Indian Defence Force is on a purely voluntary basis. Official action has been confined to giving publicity to conditions of service, etc., and the registration and medical examination of those offering to enrol. In the Punjab, to which the Hon'ble Member particularly refers, a Central Committee was formed under private auspices for stimulating recruitment.

(b) Government received an application from the Punjab to extend this period, but have decided that no amendment of the law should be undertaken at present."

The Hon'ble Rao Bahadur B. N. Sarma asked :—

The Indian
Defence
Force.

30. "(a) Has the attention of Government been drawn to complaints as to the inadequacy and unsuitability of the provision for rations whether in money or in kind made for recruits among the educated classes of the Indian section of the Indian Defence Force ?

(b) If so, do Government propose to modify the rules so as to make provision suitable to the habits of living of the educated classes ?

(c) Has the age limit for recruitment been reduced in the case of Indians to thirty, and is it a fact that such reduction has had a prejudicial effect upon the recruitment of educated Indians ?

(d) If so, will Government be pleased to consider the question of raising the age limit to that prescribed for European British subjects by the Indian Defence Force Act, 1917 ?"

His Excellency the Commander-in-Chief replied :—

"(a) The answer is in the affirmative.

(b) The Government of India do not propose to make any discrimination in the provision of rations in the Indian Army based on the social status of the recruit. Such a discrimination exists in no Army in the world. In the British Army recruits drawn from the highest ranks in society receive precisely the same rations as those drawn by the lowest. The Government of India have no reason to believe that the educated classes require in order to keep them in health and fighting vigour any more liberal provision than is found sufficient in the case of the classes who form the great mass of the Indian Army. And they are entirely opposed to so undemocratic a measure as would be the preferential treatment of any particular class.

(c) It is not accurate to say that the age limit of recruitment has been reduced. It has in point of fact been raised from 25 the normal age limit for recruitment in the Indian Army to 30. The Government of India are not aware that this age limit has had any prejudicial effect on the recruitment of educated Indians other than the obvious consequence of excluding those who exceed this age.

(d) The Government of India do not propose to raise the age limit."

QUESTIONS AND ANSWERS.

[19TH SEPTEMBER, 1917.]

[Rao Bahadur B. N. Sarma; Sir William Vincent; Mr. M. B. Dadabhoy; His Excellency the Commander-in-Chief; Raja Sir Muhammad Ali Muhammad Khan.]

The Hon'ble Rao Bahadur B. N. Sarma asked:—

31. "Will Government be pleased to state the number and names of persons who have been interned under the Defence of India Act on the ground that they are dangerous to public safety—

Persons interned under the Defence of India Act.

(a) for bringing the administration into contempt,

(b) for creating or exciting disaffection towards the Government,

(c) for creating or promoting ill-will between communities."

The Hon'ble Sir William Vincent replied:—

"The powers referred to are exercised by Local Governments who will be asked to supply the information required."

The Hon'ble Mr. M. B. Dadabhoy asked:—

32. "(a) Has any estimate been prepared of the extra cost—initial and recurring—that would be entailed by the Defence of India Force? If so, what is the amount of cost estimated?"

Extra cost entailed by the formation of the Indian Defence Force.

(b) Will additional barracks be necessary? If so, what is the estimated cost of the additional works?"

His Excellency the Commander-in-Chief replied:—

"(a) The extra expenditure in the current year involved by the constitution of the European Branch of the Indian Defence Force is estimated roundly at Rs. 35 lakhs. No accurate estimate can at present be framed to show how much of this is initial and how much recurring. The cost of the Indian Branch of the Defence Force cannot be estimated at present as it is not known what the strength of this section of the force will be.

(b) The reply is in the negative."

The Hon'ble Raja Sir Muhammad Ali Muhammad Khan asked:—

33. "(a) Are any of the findings of the Mesopotamia Commission adverse to Lord Hardinge?"

Findings of the Mesopotamia Commission.

(b) If so, are the Government of India aware that such findings have been received throughout India with indignation, and of the intensity of feeling on the subject displayed by the Indian people and Press?

(c) If the answer to (b) is in the affirmative, have the Government of India brought this fact to the notice of the Home Government?"

The Hon'ble Sir William Vincent replied:—

"The answer to (a) is in the affirmative.

(b) and (c) The Government of India have gathered from resolutions passed and from the expression of opinions in the press that there is a strong feeling of sympathy in India with Lord Hardinge and unwillingness to accept those findings of the Commission which are adverse to him; but they have had no correspondence on the subject with the Secretary of State for India."

The Hon'ble Raja Sir Muhammad Ali Muhammad Khan asked:—

34. "(a) Has the attention of Government been drawn to certain statements in responsible quarters as to the inadequacy of India's monetary contributions in support of the war in which the British Empire is engaged?"

India's monetary contributions towards the war.

QUESTIONS AND ANSWERS.

[Raja Sir Muhammad Ali Muhammad Khan ; [19TH SEPTEMBER, 1917.]
Sir William Meyer.]

(b) Will Government be pleased to state—

- (i) the different funds initiated in India in connection with the war and the total amounts collected by each of them ; and
(ii) the total investments in the loans floated by the Government of India since the beginning of the war ?

(c) Will Government also state what contributions towards the war the Government of India has made since August 1914 directly and in the form of costs of expeditionary forces borne by the Indian Exchequer, or in any other form ?

The Hon'ble Sir William Meyer replied :—

“(a) The Government of India are aware that allegations have from time to time been made as to the alleged inadequacy of India's monetary contributions towards the war, but such statements have not been made in responsible quarters. On the contrary, in a telegram from the Prime Minister which His Excellency read out to this Council on the 23rd March last in connection with India's War gift of £100 million, Mr. Lloyd George expressed to the Government and the people of India the most sincere gratitude of the British Government for the magnificent contribution which India has just made towards the financing of the war.”

(b) (i) The attention of the Hon'ble Member is invited to the answer given by Sir Reginald Craddock on the 27th September, 1916, to the Hon'ble Maharaja Sir Manindra Chandra Nandi's question regarding contributions to the war by Indian Native States and Indian Provinces. That answer gives some idea of the number of Funds in existence but the Government of India have not means readily at their disposal to bring the information contained therein up to date. They have, however, in accordance with the promise made by Sir Reginald Craddock in this Council in reply to a question by the Hon'ble Sir Ibrahim Rahimtoola on the 7th March last, instructed local Governments to maintain detailed and classified records of all contributions which have been made in the past or which may be made in the future, towards the war, so as to facilitate their compilation and publication after the termination of hostilities.

(b) (ii) The investments in the loans floated by the Government of India since the beginning of the war amount roundly to 61 crores of rupees. This figure includes investments in the Post Office section of the current year's loan up to the 12th September, and in Post Office cash certificates up to the 31st August. Subscriptions to these are still being received. The figure quoted however excludes about Rs. 1½ crores received as subscriptions to the Indian War loan in the form of British Treasury bills.

(c) I have already referred to India's special contribution of £100 million. The proceeds of the Indian War loan, and from the sale of Post Office cash certificates during the current year, will be remitted to the Home Government in part payment thereof, and the Government of India will take over the liability for an amount of the 5 per cent British war loan 1929—47 equivalent to the balance. In paragraph 41 of my speech introducing the Financial Statement for the current year, I gave estimates of the expenditure which has been borne by Indian revenues on account of the Expeditionary Forces and there has not since been any important change in the figures there quoted. No other direct monetary contribution has been made by the Government of India towards the cost of the war, but they have of course had to incur additional expenditure in various directions as a result of the war. I draw special attention in this connection to the figures for military and political expenditure given in paragraphs 42 and 43 of the same speech. They have also financed very heavy war expenditure in India on behalf of His Majesty's Government, the equivalent of which has been repaid to us in London. The effects of the latter measure of

QUESTIONS AND ANSWERS; GOVERNMENT SAVINGS
BANKS (AMENDMENT) BILL; POST OFFICE CASH
CERTIFICATES BILL.

[19TH SEPTEMBER, 1917.]

[*Sir William Meyer; Khan Bahadur
Allahando Shah; Sir William Vincent;
Sir George Barnes.*]

assistance from the point of view of our currency and exchange position were dealt with fully in paragraphs 26 to 37 of my speech referred to above, and the new investments on behalf of the Government of India in securities of His Majesty's Government since the commencement of the war, to which reference was made in paragraph 37, now amount to nearly £45 million, against £35 million then estimated up to the end of March last.

The Hon'ble Khan Bahadur Allahando Shah asked :—

35. (a) Has Government under consideration any proposal that the present elective strength of the Legislative Councils be increased?

Representa-
tion of the
Zamindars
and Jagir-
dars of Sind
on the Imper-
ial and Pro-
vincial
Councils.

(b) If so, will Government be pleased to state what steps, if any, they propose to take towards a sufficient representation of the Zamindars and Jagirdars of Sind on the Imperial Council and on the Provincial Council, of the District Local Boards on the Provincial Council, and of the Mahomedans of Sind on the Provincial Council?

The Hon'ble Sir William Vincent replied :—

"The general matter referred to in the first part of the question is under consideration, but for obvious reasons the Government of India cannot make any definite statement on the subject at present. For the same reason I am unable to give a specific reply to the second part of the Hon'ble Member's question."

The Hon'ble Khan Bahadur Allahando Shah asked :—

36. (a) Is it a fact that members of the Indian Civil Service get acting allowances when senior officers of that service go on leave?

Acting
allowances
to members
of the I.C.S.

(b) Do Deputy Collectors, or officers of similar grade, get such acting allowances when senior officers proceed on leave?

(c) If not, will Government be pleased to state the reasons why no such acting allowances are granted in their case?

The Hon'ble Sir William Vincent replied :—

"The answer to question (a) is in the affirmative, and to question (b) in the negative. As regards (c) the Hon'ble Member is referred to the reply given to a similar inquiry made by the Hon'ble Mr. Dadabhoy at the meeting of the Imperial Legislative Council held on the 26th February 1912."

**GOVERNMENT SAVINGS BANKS (AMENDMENT)
BILL.**

The Hon'ble Sir George Barnes :—"My Lord, I beg to move that the Bill to amend the Government Savings Bank Act, 1873, be taken into consideration."

The motion was put and agreed to.

The Hon'ble Sir George Barnes :—"I beg to move, my Lord, that the Bill be passed."

The motion was put and agreed to.

POST OFFICE CASH CERTIFICATES BILL.

The Hon'ble Sir William Meyer :—"My Lord, I beg to move that the Bill to restrict the transfer of Post Office 5-year Cash Certificates and to provide for the payment of Certificates standing in the name of deceased persons which I introduced on the 5th September, be taken into consideration."

The motion was put and agreed to.

POST OFFICE CASH CERTIFICATES BILL; THE INDIAN
PAPER CURRENCY (AMENDMENT) BILL.

[*Sir William Meyer ; Rao Bahadur
B. N. Sarma.*]

[19TH SEPTEMBER, 1917.]

The Hon'ble Sir William Meyer :—"I move that the Bill be passed."

The motion was put and agreed to.

**THE INDIAN PAPER CURRENCY (AMENDMENT)
BILL.**

The Hon'ble Sir William Meyer :—"My Lord, I move that the Bill to amend the Indian Paper Currency Act, 1910, and the Indian Paper Currency (Temporary Amendment) Act, 1917, which I introduced in this Council on the 5th September, be now taken into consideration."

The motion was put and agreed to.

The Hon'ble Rao Bahadur B. N. Sarma :—"My Lord, the object of the amendment, that in clause 1 (2) after the word 'sections' the figure '2' be inserted, is to make the position more clear as to the applicability of the clause during the currency of the present war. I think, however, that there will be a redundancy if I ask for the inclusion of the figure 2 in this particular clause. I do not like to interfere with the artistic excellence of the Bill and therefore withdraw my amendment."

The amendment was by leave withdrawn.

The Hon'ble Rao Bahadur B. N. Sarma :—"My Lord, the addition which I propose to clause 2 runs as follows:—

'At the end of six months after the war the reserve to secure the payment, and the notes for the additional amount issued under this section or of other currency notes of like amount shall consist of sovereigns, half-sovereigns, rupees, half-rupees and gold bullion and the sum expended in the purchase of silver bullion and securities of the Government of India; but such securities of the Government of India shall not exceed one-third of the amount of such currency notes.'

"Section 3 of the present Act provides for a reserve of an additional amount against the additional notes that may be introduced into the circulation and is only intended to last during the currency of the war and for 6 months thereafter. The Hon'ble Sir William Meyer in his speech introducing the Bill which became the Act of 1917, No. XI, said that the intention of the Government of India was to undertake no amendment of a substantive character in the enactment of 1910, till the close of the war.

"The object of the amendment is to obtain present legislative recognition of two principles recommended by the Royal Commission on Currency for adoption by the Indian Government, *viz.*, that with the exception of 5 million, the rest of the paper currency reserve should be located in India and that the invested portion may come up to one-third of the net note circulation. The recommendations are contained in paragraphs 112, 113 and 117 of the Report; the recommendations in paragraphs 112 and 113 have been summarised in the conclusions at the end of the Report. The 17th recommendation runs as follows:—

'The Paper Currency system of India should be made more elastic. The fiduciary portion of the note issue should be increased at once from 14 to 20 crores and thereafter fixed at a maximum of the amount of notes held by Government in the Reserve Treasuries *plus* one-third of the net circulation, and the Government should take power to make temporary investments or loans, or loans from the fiduciary portion within this maximum in India and in London as an alternative to investment in permanent securities.'

"The last portion is not applicable, the first portion is the one I seek to embody in my amendment. In paragraph 117 of the Report it is said:—

'Any additions to the gold held on account of the Paper Currency Reserve in London over and above the sum of £5,000,000 should be regarded as temporary only and used as and when required for the purchase of silver for coinage into rupees the function of such additional gold being to maintain the internal currency of India and not to support exchange.'

"My Lord, during the last few months there has been an enormous addition to the note circulation in India as already pointed out on more than one occasion. The increase between the 7th of May and the 31st of August of this year has been 20 crores of rupees; and between the 10th

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of August and the 31st of August it has been 5 crores. The position is that on the 31st of August we have a gross note circulation of 105 crores of which 5.25 is in reserve treasuries against which we have a specie reserve of 41 in India, and 2.55 in England, the invested amount being 61 crores, 10 of which are in Government of India securities, 10 in British and 42 in British Treasury Bills. The investments are approximately two-thirds of the gross circulation and are leading to inconvertibility at any time, a position which according to the Finance Minister was threatened if restrictions had not been placed on the Secretary of State's weekly sales (this is what the Hon'ble Member said)

Our rupee holding in the Paper Currency Reserve had then sunk to 14 crores and in spite of the silver awaiting coinage, it was evident that under the conditions as regards purchase and shipment which the war imposed, a limit must be placed for some time at any rate upon further sales. To have held on would have been to accept the probability of falling short of rupees for the encashment of notes and of having to declare our paper money temporarily inconvertible. Accordingly on December 20th the Secretary of State imposed a limit of Rs. 80 lakhs on his weekly sales which was raised to 120 lakhs for the following week and has since been continued at that figure.

“If the investments in British treasury bills be looked upon as the nearest approach to a reserve in cash, the objection, and a real objection, is that the location is in London and the reserve would not be available at a sudden emergency and the practice is opposed to the Commission's recommendations. I realise that the Government of India have been forced to adopt these expedients owing to circumstances over which they have no control, and that as stated by the Hon'ble the Finance Minister who has justly earned the gratitude of the Indian community for his vigilant watchfulness over Indian economical interests, in his speech on the 20th March on the motion for the passing of the Temporary Currency Amendment Act of 1917, the legal position at the end of 6 months after the war would be that the Government could hold in investments only 14 crores. The question therefore is as to whether we should as a legislative assembly indicate no guide for future Government action. There is a school of thought which has been attempting to assimilate the position of the Government in the matter of note issue to that of a banker and urge that investment may extend to two-thirds. The Secretary of State and the Indian Legislature steadily set their faces against that view, and the recommendation of the Currency Commission while advocating a more liberal policy adopted the view of the orthodox school and extended the limit to a third of the net circulation. The legislature has not so far laid down a rule of proportion as a guide and in spite of the warnings of 1914-15 we have been obliged to accept a wide departure. More strenuous times seem to be in store for us and would it be wise to allow permanent principles to be laid down immediately after the war at a time when the temptation would be even stronger than at present. Would it not be wiser to indicate to the Government that as at present advised, we are not prepared to allow the investments to go beyond a certain limit and proportion and that the reserve should be in India? The Government has been leaning on the recommendations of the Commission whenever they required such support for their policy, *i.e.*, in increasing the investments from 14 to 20 crores and there can be no harm but positive good if we accept the recommendation of the Commission on this matter. No legislation can of course be permanent and it may be that at the end of the war we may have to adopt changes but there seems to be no reason why we should postpone indication of a clear guide to future Government action. I don't ask for any alteration of the policy of the Government of India which induced the Government to invest in treasury bills to the extent of 42 crores of rupees but I think the legislature under the present circumstances should fix directly a certain proportion to guard against the temptations which lie in store for Government. It is with this object, and knowing full well that the Hon'ble the Finance Minister stated in March that we might postpone action until after the war and six months thereafter that I venture to bring forward this amendment.”

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[*Pandit Madan Mohan Malaviya ; Sir
William Meyer.*]

[19TH SEPTEMBER, 1917.]

The Hon'ble Pandit Madan Mohan Malaviya :—“ My Lord, I generally support the observations of my Hon'ble friend Mr. Sarma, but I should like to add one thing ; I do not understand why this Bill was not referred to a Select Committee. This Bill was introduced on the 5th of September, and as it deals with matters of great importance, I think, Sir, it should have been placed before a Select Committee where the abstruse and difficult questions which it involves, could have been discussed and conclusions arrived at which might have made it unnecessary to move amendments to it here. I do not wish to say anything more on this occasion.”

The Hon'ble Sir William Meyer :—“ With reference to the reference of the last speaker, my Lord, I would submit that if he thought that the Bill ought to have been referred to a Select Committee, he could have proposed that when I moved for leave to introduce the Bill and that it be published in the *Gazette of India* in English.....

The Hon'ble Pandit Madan Mohan Malaviya :—“ May I say, Sir, that as the ordinary procedure laid down for dealing with bills was departed from there should have been an explanation on the part of the Hon'ble Member why it was departed from.”

The Hon'ble Sir William Meyer :—“ We thought a reference to the Select Committee was not necessary.

“ As regards the Hon'ble Mr. Sarma's amendment, I cannot accept it. Clause 2 of the Bill which the Hon'ble Member wants to amend has temporary application, that is, up to six months after the war. The Hon'ble Member clearly recognized this by the previous amendment which he had placed on the agenda but subsequently withdrew suggesting that this temporary character of clause 2 should be emphasised more definitely. The Hon'ble Mr. Sarma also recognizes that during the stress of war we have had to adopt special measures ; and I may observe in this connection that we have still about 40 per cent of our currency circulation covered by actual specie, and that this is a better percentage than that of France, or even that of Great Britain, if you take into account the Government currency notes there as well as the Bank of England notes.

“ The Hon'ble Member now proposes an amendment which is to regulate the conditions after the war. What he proposes is therefore that on the 30th day of the sixth month after the war the composition of the currency reserve should be constituted in the particular manner he has described, but on the first day of the 7th month these provisions would automatically become waste paper because this section will lapse. That seems to me rather confused thinking if I may say so, and it shows the inadvisability of attempting to draft into a temporary war measure a provision which has regard to the permanent composition of our Reserve after the war.

“ Apart from that, the amendment is not one which I could accept as a matter of principle. Speaking generally, there are, as Hon'ble Members know, two ways in which you can provide a Currency Reserve for the encashment of currency notes. One is the English system, the Bank of England system, under which, save in the case of certain definite investments allowed by statute, all the notes you issue must be fully covered by specie. That is the system which we have hitherto adopted in India. It has the disadvantage of course that every time you want to alter the investible portion of your Reserve you have got to legislate. The other is the more automatic system that has been adopted in some other countries, which prescribes that the investible portion of the Currency Reserve shall not exceed a definite ratio of the total value of the currency notes issued. That is the future system which the Chamberlain Commission suggested for India, and *per se* it has much to say for it. But it is quite obvious that when we have to legislate in a matter of this importance, we

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cannot do so without obtaining the opinions of Local Governments, Chambers of Commerce, and the great Banks on this important new departure, and more especially as to the particular proportion which the Chamberlain Commission proposed should be the automatic limit of investment. Well, we made a reference asking for opinions on this and other portions of the Currency Commission's Report shortly before the war. But it was then pressed upon us, and we felt strongly ourselves, that a time of war was not a time in which these important matters could be appropriately considered, and that it would be well to ask those whom we had consulted to defer giving us their opinions until after the war when they and we would have had the benefit of actual war experience. That is the position as it now stands.

"Mr. Sarma's amendment purports to be based on the proposals of the Chamberlain Commission, but there are two important points of difference. In the first place, the Commission said that the limit of automatic investment should be the total amount of the notes in Government treasuries *plus* one-third of the net circulation; but my Hon'ble friend says that one-third of the gross circulation should be the limit. Then the Chamberlain Commission gave discretion as to the character of the investments which might be made out of the investible portion, but the Hon'ble Mr. Sarma wants to limit us to Government of India securities. I may remind the Council in this connection that even in our pre-war legislation we had discretion to invest up to 4 crores in sterling securities. So it comes to this really that my Hon'ble friend wants us to substitute a formula of his own for the recommendations of the Currency Commission, and he wants us to do this straightaway without having obtained the opinions of Local Governments and commercial bodies. I say that is an entirely inadmissible proposition. We shall when the war is over get the opinions of these bodies and consider them, and we shall then of course have to consult this Council, because these temporary provisions will automatically disappear six months after the war expires; and if we want to make any alteration in our permanent currency machinery we must get the sanction of this Council to such a course. That is the time, after we have got the opinions of those who will advise us, when we can consider the matter and get the sanction of this Council as to what our currency arrangements should be after the war. For these reasons, my Lord, I beg to oppose the amendment."

The Hon'ble Rao Bahadur B. N. Sarma:—"My Lord with regard to the technical objection which has been taken to this amendment, I may observe that it is immaterial whether this clause is added at the close of clause 2 or in sections 19 and 22, of the principal Act. But as regards the point of substance, my position is that it would be positively dangerous to allow a considerable increase in the note circulation and the invested portion thereof and to compel the Legislature practically to submit to a departure from the principle which has been enunciated by the Chamberlain Commission as being suitable for peace times. That was the danger I apprehended and in order to give a definite guide on which the Government could act in future, I have brought in that amendment. With regard to the points of difference between the Chamberlain Commission's recommendations and those that are embodied in my amendment, I may submit that out of 105 crores of rupees only 5 crores are in Reserve Treasuries so that in the net result there would not be much difference whether the one-third is one-third of the gross circulation or one-third of the net circulation, but I put it as the safer limit.

"With regard to the Government of India securities being the only securities in which the money should be invested, my object is to make India self-contained and resist the temptation of investing money in outside securities. But, having regard to the observations of the Hon'ble Finance Minister, no good purpose would be served in pressing for a division. I therefore withdraw this amendment."

The amendment was by leave withdrawn.

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[*Rao Bahadur B. N. Sarma ; Sir
William Meyer.*]

[19TH SEPTEMBER, 1917.]

The Hon'ble Rao Bahadur B. N. Sarma:—"My Lord, the next amendment I beg to move is that the words 'for the purpose of coinage or such other temporary cause' may be added in clause 6 after the words 'His Majesty's Dominions.' The object of the amendment is to give legislative sanction to the object of the Hon'ble Finance Minister when he stated that section 6 was intended to provide for the contingency of gold coin having to remain in the Dominions for temporary causes. I have made that point clear in my amendment, that when gold is retained in any of His Majesty's Dominions temporarily merely for the purpose of coinage, or other such temporary causes such gold should be treated as part of the Reserve. I hope the Council will be able to accept this amendment."

The Hon'ble Sir William Meyer:—"My Lord, the purpose of the Hon'ble Member who moved the amendment is really the purpose that the Government had in mind, but in order to make the matter absolutely clear I am willing to accept his amendment with a slight alteration in wording about which I have consulted the Legislative Department. I would like the new clause he proposes to put in, to run thus:—"for coinage or such other temporary purpose."

The Hon'ble Rao Bahadur B. N. Sarma:—"I accept that."

The amendment as revised was put and agreed to.

The Hon'ble Rao Bahadur B. N. Sarma:—"My Lord, I beg to move the next amendment in my name that is to include the following words in section 19:—

'Provided further that the currency notes of the denominational value of one rupee and two and a half rupees shall not exceed at any time ten millions of rupees.'

"This again is an amendment which is intended to effect the object which the Hon'ble Finance Minister had in view when he said that we shall have to proceed very cautiously in the matter of introducing into India notes of the value of one rupee and $2\frac{1}{2}$ rupees, and that the experiment would in the first instance be confined to the principal cities. As I said the object is to give legislative sanction to the intention of the Government of India.

"My Lord, there is considerable difference of opinion as to whether it is wise at the present stage to introduce one rupee and $2\frac{1}{2}$ rupees currency notes into India. We have accepted the position and I am not going to reopen that matter, but the reasons which can be very safely urged against the introduction of such a measure under the present conditions of India have great cogency and bearing upon my amendment which wishes to restrict this note circulation to 10 million rupees at any time. My Lord in 1861 when there was an attempt made by certain members of the then Council to introduce the 5-rupees note into India, objection was taken by several Government members to the adoption of such a course on the ground that the introduction of 5-rupee notes in the then circumstances of India was not only impolitic but also cruel to the vast mass of the population of India, and the amendment which was proposed to modify the Government measure was negatived by a large majority. The observations which were then made by the Government member for Madras, the Hon'ble Mr. Forbes against the 5-rupee note have great cogency and bearing on this present one-rupee note. I may be permitted to quote from his speech a few statements which succinctly state the position in question. Speaking of the state of things which existed in certain parts of Europe or in Scotland where £1 note circulation existed, he said:—

'In Great Britain the wages of labourers and artizans are paid weekly, and as no labourer and few artizans earn £1 a week, they can never be paid in paper; but in India wages are all paid monthly, and many a labourer and many an artizan earns five Rupees a month, and will be paid, if the amendment be adopted, in paper. Now how does our experience tell us that a native of the poorer classes keeps his money? He either ties it in a corner of his cloth or buries it in the floor of his house. In the one case a shower of rain would reduce his month's wages to a useless pulp, and in the other the white ants would destroy it;'

(he might have added 'the rats')

'and it is this that led me to say just now that a five-rupees paper legal tender would be more justly called a cruel than merely impolitic measure. If the poorer classes were

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to try to keep their paper money, they would be pretty sure by some accident to lose it; and if they attempted to change it, as from the fear of loss they certainly would, advantage would be taken of their anxiety to be freed from so fugitive a treasure, and a heavy discount would be exacted, so that take the question in what way we will, it seems to me that a heavy loss must fall on the poorer classes by paper legal tender of small value.

“Whatever force these remarks might have had with reference to the 5-rupee currency notes, I am sure they will be perfectly relevant with regard to the one-rupee currency note. It is positively dangerous to cause discontent in the land by the circulation of the one-rupee currency note without further experience, because many a poor family might be deprived of their whole wealth by fire or by such accidental causes; and, moreover, owing to the long distances at which treasuries are situated, the poorer classes would find it absolutely difficult, without paying a heavy discount, to cash their one-rupee currency notes.

“Under ordinary circumstances, therefore, some of us might have felt it necessary to oppose these one-rupee and 2½-rupee currency notes altogether. But I for one felt disinclined to adopt such a course for two reasons. First of all because I feel that it is necessary gradually to encourage the growth of paper money in this country and to discourage metallic currency in the true interests of India, and the second reason is that I felt disinclined to oppose any measure which might be brought by the Government during war time. But, my Lord, I think the recommendation I make that the total value of such currency should be confined to 10 millions of rupees at a time may be accepted without any difficulty whatsoever, because it would set a limit beyond which the Government may not be tempted in the present crisis into introducing into the note circulation of the country these one-rupee notes in large numbers. If we have regard to the uniform growth of note circulation during recent months to which I referred a few minutes ago, *viz.*, 20 crores within 3 months and 5 crores within 20 days, I am sure there is good reason and justification for the adoption of this cautious measure which I recommend for adoption by the Council. And even if we have regard to past experience of the five-rupee currency notes, I think there would be no great difficulty in accepting my suggestion. We find that in 1901-02 the five-rupee note circulation was only 40 lakhs of rupees. It was only gradually that there was an increase, and at present it is 2 crores and 25 lakhs of rupees, and there has been an enormous growth within the last three years, the number of pieces having increased from about 3 millions and odd to four millions and odd. Consequently, my Lord, if the five-rupee currency notes are only two crores and odd at present in circulation, after so many years, there seems to be no inconvenience which would be caused by the limitation which I propose, in the matter of the one crore of rupees. Perhaps my limitation is a little too liberal, and I should have confined it possibly to 50 lakhs of rupees. Still I wish to leave a liberal margin, and I hope, therefore, that the Council will not consider one crore of rupees too small a sum. And, even from the other point of view, I do not see any reason why the Government should oppose it, because, my Lord, if this one crore or whatever be the sum is to be backed up by hard cash, gold and silver bullion and coins then I do not think there would be very much reason for this curtailment of unlimited power. It is only if the Government wishes to have in the reserve securities or treasury bills against the one-rupee or 2½-rupee currency notes that they need be afraid about the acceptance of my amendment. But so long as the Government propose to have a cash reserve against the one-rupee and 2½-rupee notes, there seems to be no reason why they should not accept this amendment. I feel sure that, inasmuch as one-rupee and 2½-rupee notes would certainly be presented for encashment in much larger numbers than five or ten-rupee notes, the Government would find it necessary to coin more silver if they added to the one-rupee note circulation. In these circumstances, my Lord, I think this is a necessary and useful amendment, and I hope the Council will see their way to agree to it.”

THE INDIAN PAPER CURRENCY (AMENDMENT) BILL.

[*Mr. M. W. Hogg ; Sir Fazulbhoy
Currimbhoy ; Sir Dinshaw Wacha.*]

[19TH SEPTEMBER, 1917.]

The Hon'ble Mr. M. W. Hogg :—“ My Lord, I rise to oppose the amendment which has been moved by the Hon'ble Mr. Sarma.

“ When the proposal of the Government of India to introduce one-rupee and 2½-rupee currency notes was first circulated for the information of commercial bodies, banks and other representative bodies, I think I am right in saying that two points were fairly generally agreed upon by most of the commercial bodies and banks consulted. The first point was that it was not believed that these notes would at once lead to a very general popularity. It was thought that their circulation would probably for some time at least be confined principally to the presidency towns and the other larger towns, and it was not therefore believed that they would provide any general or immediate panacea for the shortage of metallic currency from which the country was suffering. The second point on which I think most commercial bodies were agreed was that it would be very inadvisable to attempt to force these small currency notes upon the agricultural and less educated classes and that the demand for them must be allowed to spring up gradually and naturally. I gather from the speech of the Hon'ble Mr. Sarma that it is on this latter point that he is afraid. He seems to think there is a danger of the Government of India attempting to force these notes upon the unwilling agricultural and labouring classes. I see no reason whatever to imagine that the Government of India would embark upon a policy of such flagrant folly as that, and, in fact, in the speech of the Hon'ble the Finance Member, when he introduced the Bill the other day, he laid stress upon the necessity for caution in introducing these notes. If, therefore, the notes are not forced into circulation and are readily convertible, I can see no possible object in tying the hands of the Government of India as to the total circulation to be allowed. Moreover, if these notes do attain a greater and speedier popularity than was generally anticipated, what harm will be done? Their circulation will displace to some extent either the circulation of notes of larger denomination or the circulation of metallic currency. To the extent to which they displace the circulation of notes of larger denomination, the total note circulation of Government will not be increased; to the extent to which they displace the circulation of rupees, those rupees will flow back into the Government treasuries and thereby increase the metallic reserve held against any increase of these notes circulation. I therefore oppose any arbitrary limit which it is sought to place upon the circulation of these notes.”

The Hon'ble Sir Fazulbhoy Currimbhoy :—“ My Lord, the amendment of my friend, the Hon'ble Mr. Sarma, is an innocent one and no harm will be done in accepting it. It will be a very long time before the limit suggested by Mr. Sarma is reached because these notes are to be introduced for circulation first of all in the Presidency towns, and thereafter gradually in the mofussil and the rural districts. The circulation in the commencement is bound to be small and even two millions will take a very long time to get into circulation. I therefore consider there is no objection if the amendment is accepted.”

The Hon'ble Sir Dinshaw Wacha :—“ I agree with what has fallen from the Hon'ble Mr. Hogg.

“ The objection raised by the Hon'ble Mr. Sarma as to the danger of circulating one-rupee notes among the agricultural and labouring classes is no doubt a strong one. But, as a matter of fact, when the Hon'ble the Finance Minister came down to Bombay the other day and attended a meeting of the Indian Chamber of Commerce, I was one of the persons who pointed out that objection, and I believe the Hon'ble the Finance Minister agreed with us that these notes should not be forced upon the poorer classes. Not only that, but I think that the experience of such an experienced man as the Finance Minister would be that, looking into the past history of currency, especially the history of the five-rupee notes, he must have known very well that currency notes of small denomination will take a very long time to get into circulation at all even in the Presidency towns.

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[*Sir Dinshaw Wacha; Rai Sita Nath Ray Bahadur; Mr. K. V. Rangaswamy Ayyangar; His Excellency The President; Mr. M. B. Dadabhoy.*]

“Five rupee notes were first introduced about 1870, and even up till 1905 the circulation was very, very small. From that time downwards we have of course an improvement; but the point is that the circulation of five-rupee notes even today, taken the whole circulation together, does not go beyond 3 per cent. The Hon'ble the Finance Minister knows all about this, and he is aware that even ten million rupees in these notes will take a long, long time to circulate. Therefore I think, Sir, it would be far better that there was no restriction such as the Hon'ble Mr. Sarma wants. The Government of India, the Currency Department, all are very well aware of how slowly these notes will circulate. As education brings the masses to understand the value of paper currency and how to economise silver, and in that way save the Government the increase in the cost of silver there will be progress. Taking all this into consideration, I think it would be far better to leave the Government of India a free hand in this matter than to restrict the circulation as the mover of this amendment proposes.”

The Hon'ble Rai Sitanath Ray Bahadur:—“My Lord, although I give my humble support to this Bill I have some misgivings as to whether the proposed Re. 1 and Rs. 2½ currency notes will prove popular in rural areas, where the old-fashioned peasantry, with their conservative ideas, even now hesitate and in some places refuse to accept currency notes. Merchants and middlemen find it very difficult to make them accept these notes, and the result is that in every jute season, as we see in Bengal, large remittances of silver coins have to be despatched from Calcutta to the mofussil to enable the jute merchants to purchase jute from the jute cultivators. Apart from sentiment there are also other reasons why one and two-and-a-half rupee notes will not be acceptable or popular in rural areas. As has been pointed out by the Hon'ble Mr. Sarma himself, our day labourers and cultivators generally carry coins about their persons without their being damaged even when working in submerged field or wading through water as they have at times to do in *Beel* tracts and other low lying areas. But what will be the condition of currency notes when soaked in water? It is therefore reasonable to suppose that these people will refuse to accept currency notes, and I hope the experiment will in the first instance be confined to Presidency towns and not enforced in rural areas.”

The Hon'ble Mr. K. V. Rangaswamy Ayyangar:—“My Lord, it is a very old grievance that the currency reserves are not held in India. So long as the currency reserves are not held in India to be of benefit to Indians and so long as they are held in England, an unlimited increase of currency will not have the support of non-official Members of this Council. I do not insist that at this crisis England should not be benefitted by having the free use of our reserves.....”

His Excellency the President:—“I should be glad if the Hon'ble Member would confine himself to the amendment. The amendment deals with the particular question of currency notes of the value of one rupee and two-and-a-half rupees.”

The Hon'ble Mr. K. V. Rangaswamy Ayyangar:—“I am only saying that unlimited reserves of currency held in England.....”

His Excellency the President:—“I think the Hon'ble Member has strayed from the subject matter of the amendment.”

The Hon'ble Mr. M. B. Dadabhoy:—“My Lord, I entirely associate myself with the remarks which have fallen from my Hon'ble friend Sir Dinshaw Wacha. But I have one question to ask in connection with this matter. I am not opposing the Bill at all, but my Hon'ble friend Sir William Meyer will be in a position to throw some light on the subject. It has been stated that the life of a currency note is ordinarily about six months, and that the price of manufacturing a currency note is about half-an-anna per note. In that case it is apparent that in a very short time, say in 12 to 16 years, the expense

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which we shall incur in manufacturing the note will be too heavy. In other words, the question is whether the manufacture of one-rupee currency notes will financially pay us. I was looking forward for some explanation on this point from the Hon'ble Sir William Meyer in the illuminating speech which he made the other day, but he gave none, nor has he stated anything on the subject to-day. He might enlighten the Council by giving some explanation on this point."

The Hon'ble Sir William Meyer:—"I will begin, my Lord, with the point raised by the last speaker, the Hon'ble Mr. Dadabhoy. I cannot give him an exact estimate of the cost of these currency notes because they are being made at home by the Bank of England and we have not got sufficient data; but I may say in general terms that it is not likely that the rupee note will cost more than or as much as one rupee, and I would remind my Hon'ble friend that these notes, directly they become popular, will have the further advantage of inducing people to use the larger notes. And there is no question whatever as to the relative cost of the Rs. 5 note and the Rs. 2½ note as compared with equivalent metal.

"My Lord, I cannot accept this amendment because it ties the hands of Government and I am afraid is calculated to interfere with the success of the experiment which we are initiating. I could understand the need for strictly limiting the issue, if it were proposed in any way to make these small notes inconvertible, or less easily convertible than any other notes. But nothing of the kind is proposed. They will be universal notes, as convertible as any other—in fact, more so, because, as I told the Council the other day, we are going to give special facilities for their encashment at Post Offices.

"Well, as I have already explained, this is an experiment. We are fully aware of the undesirability of forcing these notes on the people. I can assure the Council that no man will be required to take the notes against his will, and, as I have just said, if he finds himself in possession of notes by exchange or otherwise, he can get them cashed. Now, this experiment may be a 'frost,' to use a slang word; or at any rate it may progress very slowly. In that case, we do not need any statutory limit as to the issue of the notes. If there is very little demand for the notes, they won't be issued. But many unexpected things have happened, economically and financially, in the course of this War. It may be as I hope, that the notes will attain very considerable and rapid popularity, in which case their issue will be gradually extended from the Presidency towns to other centres.

"How undesirable would it be, then, that this experiment, which the Hon'ble Mr. Sarma welcomes, should be suddenly tied up, because the Government had reached the end of its tether and had to rush to Council or issue an Ordinance to get the limits extended? I can conceive of nothing which would affect these notes more unfortunately than that.

"The Hon'ble Mr. Sarma then asks, if the experiment succeeds, what will be the gain? Because, he says, we will have to keep rupees against the notes we issue. Well, if we hereafter adopt the recommendation that a large definite percentage of the note issue should be investible, we have the advantage that we shall not have to keep a cash reserve against the full amount of these notes. But even if we had to keep their full value in the Currency Reserve, we should still have the benefit of keeping the rupees in a central reservoir instead of leaving them scattered about the country and possibly disappearing into hoards.

"I would remind the Council too that in no other case do we limit the issue of any particular class of notes. The legislature may indicate what classes of notes should be issued, and it prescribes the limits of the total circulation by the conditions it lays down in respect of the Paper Currency Reserve. But nobody has ever thought of laying down that no more than a certain amount of ten

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rupee or five rupee notes and so on should be issued. If you put this disability on these one rupee and 2½ Rs. notes by saying that no more than a specific amount shall be issued, I say you are evidencing an initial want of confidence, and that you are thereby handicapping the success of the experiment which the Hon'ble mover of the amendment professes so ardently to desire. For these reasons, I am unable to accept the amendment."

The Hon'ble Rao Bahadur B. N. Sarma:—"My Lord, I am constrained to say that the reasons given against my amendment by the various Hon'ble Members have not convinced me of the unwisdom of my amendment. It has been said that the Government do not wish to force these notes on anybody and that it is only a slow growth that can be expected. But my Lord, when we make 1 Re. and 2½ Rs. notes legal tender, are we not forcing every one of His Majesty's subjects to accept them in remuneration for his wages or for any other purpose. Suppose a *rickshaw-walla* at the end of the day gets a rupee in the form of a currency note. He cannot say 'I decline to take it.' He is bound to take it and then he will have to rush to the nearest Treasury or other office to get coin in exchange; if it were a rupee, perhaps the discount would only be a quarter of an anna or so, but if it were a one rupee currency note, he might have to pay a couple of annas. I may relate my own personal experience. It was only in June last that I went to a mofussil station fifteen miles from the treasury and I could not induce the labourers there to accept a ten-rupee or a five-rupee note; I had to invoke the aid of the *karnam* of the village to take these people to the nearest market in order that the notes might be changed into rupees and those people paid." If that was my difficulty only three months ago in a station only fifteen miles away from the Treasury, what would be the position of a labourer when this one-rupee note is forced on him because it is legal tender. It would really mean in his case only 12 or 13 annas. Therefore, my Lord, while we make it legal tender we are naturally forcing it upon the people, and the present currency position makes it all the more necessary that we should be apprehensive that the trade will force upon the market these one rupee and 2½ Rs. notes because we have been finding that we are sometimes short of cash. That is the reason why the Government of India took the trouble of coining within a very short time 36 crores of rupees. That shows clearly that the market demands rupees; and if they cannot be supplied in abundance, the trades associations and others who have to buy their goods will force these notes upon the public and they will not be confined to the Presidency towns; they are bound to extend into the mofussil with the undesirable results stated.

"Then, the Hon'ble the Finance Member said that it is quite possible that the public may encourage these and that the circulation may extend beyond a crore of rupees in a short time. Nobody would welcome it more than I. We are meeting only three months hence in Delhi; and if the Finance Minister can come before the Legislative Council and say that within these three months he has been so successful, so fortunate, as to be able to make the public accept more than a crore's worth of one rupee and 2½ Rs. notes, the Legislative Council will be only too ready to grant any further extension that he may desire. And surely it cannot be said that within three months the limitation of one crore would produce want of confidence in the Government. My Lord, the real fear in my mind and in the minds of certain of us is that there would be a temptation on the part of Government to force on the market a large number of these notes against Treasury Bills and securities, making the whole position of note circulation even more hopeless than it is at present. My fear may be unfounded, but we have to be cautious. Therefore, my Lord, I am unable to withdraw the amendment."

The motion was put and negatived.

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THE INDIAN TRANSFER OF SHIPS RESTRICTION BILL.

[*Sir William Meyer ; Sir George Barnes.*] [19TH SEPTEMBER, 1917.]

The Hon'ble Sir William Meyer :—“ My Lord, I now move that the Bill as amended be passed.”

The motion was put and agreed to.

THE INDIAN TRANSFER OF SHIPS RESTRICTION
BILL.

The Hon'ble Sir George Barnes :—“ This Bill, Your Lordship, will remember, was introduced on the 5th of September, and no objection was raised to it until yesterday and the day before when several telegrams were despatched from Bombay to various Members of this Council, asking that the Bill should be referred to a Select Committee. My Hon'ble friend Sir Dinshaw Wacha, who received one of the telegrams, at my request telegraphed to inquire what were the particular points in the Bill which it was thought could be remedied by consideration in Select Committee. He was good enough to hand to me the telegram which he received in reply which makes it clear that the grievances relate solely to the risk of impressment; reference to a Select Committee would be no remedy; and the only way therefore in which they could be remedied would be by withdrawing the Bill altogether and allowing the objectors to transfer their vessels to neutral flags. The liability to impressment is one of the necessities of the war which has been unfortunately forced upon the British Empire, and is a burden which all parts of that Empire must share. This very point was specially brought out in the Statement of Objects and Reasons attached to the Bill from which I quote :

‘ The increasing restrictions which it has been necessary to impose upon British shipowners have greatly added to the risk of owners attempting to escape from such restrictions by transferring ships to foreign registry.’

“ It was in consequence of this risk that the Government of India decided only after proof had been placed before them that the possibility of transfer was actual and immediate, to bring their legislation into line with that of the United Kingdom.

“ I feel it my duty therefore to make it clear that we cannot allow the reasons put forward to delay the passing of the Bill. I am fully aware that the grievances are very real ones, and are not the less felt here, because they press equally upon shipowners in all parts of the Empire. Although very large numbers of ships belonging to British owners in India were impressed from the outbreak of war, it was not until comparatively recently that it was found necessary to impress the ships belonging to Indian owners. Since then we have had before us representations regarding such cases, and in dealing with these representations the Government of India have accorded their special sympathy and support to them especially where the owners were owners of single ships. An owner who owns a single ship is obviously far more severely affected by the impressment of that ship than a large company by the impressment of several ships. We were able to secure from His Majesty's Government a special extra rate of Rs. 2 per ton in favour of ships domiciled in India. This addition represents an increase roughly speaking of over 15 per cent. on the Admiralty blue-book rate, which applies to British ships generally. We were also able, until the pressure upon shipping became too severe, to obtain the release from impressment of several boats belonging to Indian owners, but latterly owing to the increasing stringency of the shipping position and the vital necessity of spreading the Imperial control of shipping as widely as possible, we have found His Majesty's Government unable to comply with our recommendations for release. This does not mean, however, that we are in any way relaxing our efforts in the interests of Indian shipowners, and we are prepared to

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give every consideration to any complaints regarding the hardships caused by this general system of impressment and to support to His Majesty's Government any suggestions which we think might be reasonably put forward.

"I beg to move, my Lord, that the Bill be taken into consideration."

The motion was put and agreed to.

The Hon'ble Mr. M. A. Jinnah :—"My Lord, it is with some hesitation that I ventured to give notice of the amendment that stands in my name that in clause 2 (1) (a) (i) after the words and figures ' Aliens Act, 1914 ' the following be inserted :—" and will include Indian subjects of His Majesty,' because I am fully aware that the Legislative Department is very ably represented. However, the question is one which I thought, when I received the Agenda, showing that the Hon'ble Member in charge of the Bill was going to move that it be taken into consideration and passed, should be placed before the Council. The Agenda was received by me only on Monday night, since then I have tried to devote some attention to this question. The matter stands in this way—the definition in the Bill is this, section 2 says :—

' British subject means a person who is a natural-born British subject within the meaning of the British Nationality and Status of Aliens Act of 1914.'

" Now, the question is whether that definition will include an Indian subject of His Majesty or not. It seems to me that there is considerable doubt thrown on the point by the Acts of Parliament passed from time to time; for this purpose I will draw the attention of the Council to the observations made by Ilbert in his book. 'The Government of India,' he says on page 379 :—

' It appears to have been held at one time that the expression ' natural-born subjects ' is, in the statutes affecting India, always taken to mean European British subjects, and, although this position can no longer be maintained in its entirety.'

He then refers to some English statutes—

' There is ground for argument that it may be construed subject to restrictions in its application to descendants of non-European subjects of the Crown.'

Then on page 411 this is what he says :—

' Consequently the term ' British subject ' has to be construed in a restricted sense in the earlier of the enactments, and it is possible that the restricted meaning which had been attached to it by usage still continued to attach to it when used in some of the enactments dating subsequently to the time when British India had passed under the direct and immediate sovereignty of the Crown. The term as used in Acts of Parliament was never precisely defined, and perhaps was treated as including generally white-skinned residents or sojourners in the country by way of contradistinction to the native population.'

" I am fully aware that the Hon'ble the Law Member will probably point out to me that if we turn to the definition—after all this is a definition by reference—to the Act of 1914, the words are as follows :—

' The following persons shall be deemed to be natural-born British subjects, namely, any person born within His Majesty's dominions and allegiance.'

" Now as to the word ' dominions ' it may be that the Hon'ble the Law Member will say that it will include any part of the Empire, and that will include India. The only hesitation which I have in my mind is that when we talk of dominions that generally conveys, that the idea of a self-governing dominion and that does not include India. We have the term in the first place ' British possessions ' and it is a question whether that term will include India or not. It is for that

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reason, my Lord, that I want to make it quite clear and so I propose in my amendment the addition of the words 'and will include Indian subjects of His Majesty.' However I am open to conviction and if the Hon'ble the Law Member satisfies the Council that the clause does include Indian subjects of His Majesty I am prepared to accept the statement.

"My Lord, I want to make one observation that is not quite germane to my amendment; I don't want to make a second speech. With regard to what fell from the Hon'ble Member in charge of the Bill I have no doubt that explanation will certainly allay the feelings that were created in Bombay, but I would like to point out that (he referred to apprehensions in the minds of shipowners) the Hon'ble Member is perhaps aware that when the Act was passed.....

The Hon'ble Mr. G. R. Lowndes:—"I venture to rise to a point of order. It seems to me inconvenient that the Hon'ble Member should go outside his amendment. He would no doubt be in order if he said what he is now proposing to say on the motion that the Bill be passed, I quite agree that it is sometimes desirable not to make two speeches but it might be difficult to reply to him on the present motion."

His Excellency the President:—"In view of what the Hon'ble the Law Member has said I hope the Hon'ble Mr. Jinnah will defer his remarks."

The Hon'ble Mr. M. A. Jinnah:—"My Lord, I did not want to make a second speech."

The Hon'ble Mr. G. R. Lowndes:—"My Lord, I hope my learned friend will make a second speech on the subsequent motion. I am very desirous that his grievances should be ventilated as there is probably a very simple answer to be given to them and it is probably better that it should be given in this Council. With regard to the amendment that has been moved it is perhaps within the recollection of the Council that when this Bill was before us on the last occasion, on the motion for leave to introduce, the Hon'ble Pandit Madan Mohan Malaviya made certain comments upon it at the end of which he asked me whether I considered that the definition included Indian subjects of His Majesty and though I was well aware that a legal opinion given hastily and without consideration was possibly of the smallest value, I thought I was justified in giving the answer, which I then gave, and I am equally clear as to my opinion on the point today. The Hon'ble Mr. Jinnah has referred to a doubt in *Libert's* book as to the meaning of 'natural born British subjects.' Now I do not dispute that, prior to 1858, when India came directly into the possession of the British Crown, the term 'natural born subject of his Majesty' was used in Acts of Parliament in a sense which did not include Indian subjects of His Majesty, as the position of India was then somewhat different from what it was after 1858. Take the Government of India Act of 1833. In section 81—I am speaking from recollection—of that Act, the expression 'natural born subjects of His Majesty' is used in the sense of what we now speak of as 'European British subjects.' That this is the sense in which it is used in that particular section is quite clear from the context of the section. It provided that people might come from Great Britain and settle in India and it is in that connection that the expression is used. In 1864 the *Foreigners' Act* was passed in India and in it the draftsman adopted the same meaning of the expression 'natural born subject of His Majesty.' In the definition of 'foreigner' in that Act it is perfectly clear that words are used in that sense. I would like to point out to the Council the difference which has been made since then by the recent amendment of the Act. In the wording of the *Foreigners' Act* of 1864, as it was originally passed a 'foreigner' is described as 'not being either a natural born subject of Her Majesty within the meaning

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of section 81 of the Government of India Act of 1833, or a Native of British India.' I think the Council will see that it is perfectly clear here that the expression 'natural born subject of Her Majesty' is used in contradistinction to 'a Native of British India.' But the section has since been amended and has been brought into line with the modern form of expression. The definition of 'foreigner' in the amended Act covers a person 'who is not a natural born British subject as defined in sub-sections (1) and (2) of section 1 of the British Nationality and Status of Aliens Act, 1914.' My Hon'ble friend Mr. Jinnah is as correct, as he always is, in dealing with the old law, but the position now, has been entirely altered. A new definition ought, I think, to have been adopted after 1858, and it seems to me that it was probably a mistake to have followed the old one in 1864; however, that is now ancient history. But with regard to the definition adopted in the present Bill all that we are considering now, and the sole question on which my Hon'ble friend feels a doubt, is whether the expression which we have adopted from the English statute, namely, 'any person born within His Majesty's dominions.....' whether there is even a shadow of doubt that now in 1917, those words cover Indian subjects of His Majesty. I quite agree with my Hon'ble friend that if there is, as I say, even a shadow of doubt on the point, this amendment ought to be accepted. But I venture to put it to the Council that there is none. The explanation is this. The widest term which can be used of the British Empire is 'His Majesty's dominions.' The term dominions, derived from the Latin word 'Dominus,' covers all that is under the lordship and authority of the King. It includes the whole of the British Empire. It includes the Great Britain and Ireland, British India and all the Colonies. Next we have an expression which is used to exclude the United Kingdom but to cover everything else, namely, 'British possessions.' 'British possessions' means the whole of the British Empire except the United Kingdom, and includes British India and all the Colonies. Then lastly we have an expression which excludes British India also, and that is the term 'Colonies.' Therefore, you have these three classes of expressions, the widest, which we have got here 'British dominions' including the whole of the British Empire; the second 'British possessions' including British India and the Colonies, and the third 'Colonies' which excludes British India. I am not speaking without the book because if my Hon'ble friend had had more time to look into this question, he would no doubt have turned to the English Interpretation Act of 1889, which is the equivalent of our General Clauses Act out here, and he would have found in it if he had turned to section 18, all that I have just told the Council. He would have found by implication, a very definite implication, that 'British dominions' includes the whole of the Empire, that 'British possessions' includes the whole of the British Empire, excepting the United Kingdom, and that 'Colonies' excludes British India. Perhaps it may be convenient if I read to the Council the exact words of the definition of British India in section 18. I do not propose to read the whole of the section but only sub-section (4), as it seems to me to contain the kernel of the whole thing. 'The expression 'British India' shall mean all territories and places within Her Majesty's Dominions which are for the time being governed by Her Majesty through the Governor General of India or through any Governor or other officer subordinate to the Governor General of India.'

• "Here, I think, the Council will see that the expression British India in all English statutes is defined as a part of Her Majesty's Dominions. In the present Bill we have merely adopted a definition, from the most recent English statute, the British Nationality and Status of Aliens Act of 1914, and we have adopted it exactly as it is set out in the statute for the sake of convenience. The definition that we have adopted begins 'Any person born within His Majesty's Dominions and allegiance,' and the statute from which we have taken it is definitely subject to the Interpretation Act of 1889. That is to say, you have got to construe every word you find used in it by this dictionary in the Interpretation Act.

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"If you turn to that dictionary you find very clearly and definitely that in this Act, the expression 'British dominions' does include British India.

"There is only one other point that I wish to refer to and that is that we have already adopted this same definition in at least two previous Acts out here without comment in this Council, and I may say that the skies have not fallen upon us. We have already co-opted the definition into the Foreigners Act of 1864, as amended by Act III of 1915, and we have also adopted it in Act III of 1916, where we have taken a definition of 'British subject' which is based on the same definition from the same Act. I submit, therefore, to the Council that they need not have the least nervousness as to whether the expression 'persons born within His Majesty's Dominions' includes British subjects of His Majesty."

The Hon'ble Pandit Madan Mohan Malaviya:—"My Lord, there is no doubt that what the Hon'ble the Law Member has said clears up the position to a great extent, but I am not so sure that it clears it up altogether, and what I would urge is this, that when we are passing a law in this Council, which will affect the people of India, there can be no reasonable objection to making it clear that 'British subjects,' as defined in the Act, will include the Indian subjects of His Majesty? If it requires all the learning of our esteemed friend the Hon'ble the Law Member.....

The Hon'ble Mr. G. R. Lowndes:—"Not all!"

The Hon'ble Pandit Madan Mohan Malaviya:—"I beg your pardon. If it requires the great learning of the Hon'ble the Law Member, to refer to several enactments, several British statutes, to make it clear that British subjects, as defined in this Bill, will include the Indian subjects of His Majesty, and if it also leaves the possibility of a court of justice not accepting the view propounded by the Hon'ble the Law Member, is it not desirable that the matter should be placed beyond doubt by a few words being included in the Bill? The last thing which the Hon'ble Law Member referred to was that British India would include all places within His Majesty's Dominions....."

The Hon'ble Mr. G. R. Lowndes:—"My Lord, I certainly did not suggest that British India included all places within His Majesty's Dominions."

The Hon'ble Pandit Madan Mohan Malaviya:—"I beg your pardon, the Hon'ble Law Member said that—

"The expression 'British India' shall mean all territories and places within Her Majesty's Dominions which are for the time being governed by Her Majesty through the Governor General of India or any officer subordinate to the Governor General of India."

"That is to define 'British India' and to indicate what territories and places within Her Majesty's Dominions shall be under the control of the Governor General of India. It does not lay down the reverse that British Dominions shall include British India. If it did in those clear terms, there would be no room left for doubt. The other day I drew attention to the disadvantages of legislation by reference, and here the disadvantage is brought out in a very clear manner, when it leads to the necessity of an amendment being proposed such as has been proposed and to an explanation being offered. I think, therefore, that the amendment of my friend the Hon'ble Mr. Jinnah should be accepted. I would suggest just a little alteration in its wording in order to make it run better with the text of the section as it stands. I suggest it should read as follows:—'British subject means a person who is a natural born British subject,' etc., 'or is an Indian subject of His Majesty.' I submit, my Lord, that the Indian subjects of His Majesty are entitled to claim that in Indian legislation, in an Indian statute, they should be mentioned before any other subjects of His Majesty."

THE INDIAN TRANSFER OF SHIPS RESTRICTION BILL; THE
INDIAN TRUSTS (AMENDMENT) BILL.

[19TH SEPTEMBER, 1917].

[*Dr. Tej Bahadur Sapru ; Mr. G. R. Lowndes ;
Pandit Madan Mohan Malaviya ; Mr.
M. A. Jinnah ; Sir George Barnes, Sir
Fazulbhoy Currimbhoy.*]

The Hon'ble Dr. Tej Bahadur Sapru :—“ My Lord, I approach the question from a purely lawyer's point of view and having regard to what has fallen from the lips of the Hon'ble Law Member, I confess that my mind is free from doubt on that subject. My Lord, as the Hon'ble Law Member has pointed out, the first clause refers to the definition in the British Nationality and Status of Aliens Act, and there the word 'Dominion' does no doubt occur, which goes to show that India would be included in the term 'Dominion.' My Hon'ble friend Mr. Jinnah said that the word 'Dominion' raises a certain amount of doubt in his mind. With all respect to him, I would say that, so far as I am aware, the word 'Dominion' is not a technical expression, and as has been pointed out by the Hon'ble Law Member, it is wide enough to cover the case of India. The amendment therefore seems to be superfluous.”

The Hon'ble Mr. G. R. Lowndes :—“ I do not know whether the Hon'ble Mr. Jinnah desires to withdraw his amendment. If he presses it, I should like to say a word in reply to the Hon'ble Pandit. It is merely this, that I think it would be a great mistake from the Indian point of view to throw the very faintest shadow of doubt on the question of whether an Indian subject of His Majesty is included within this term which we have in this Act, 'any person born within His Majesty's Dominions'

The Hon'ble Pandit Madan Mohan Malaviya :—“ If you do not confine it to a particular statute, I would accept that.”

The Hon'ble Mr. G. R. Lowndes :—“ We in India treat ourselves as being part of His Majesty's Dominions, and I for one could never be a party to the idea that we are not sitting here in Simla in His Majesty's Dominions. In the second place, I would only point out this, that if you do in this particular Act insert this somewhat unusual addition, you throw very considerable doubt on the previous Acts in which we have adopted the same definition without qualification. Thirdly, I would only say in regard to the nice things the Hon'ble Pandit has said with regard to my erudition, that it does not require a very vast amount of learning merely to turn to a dictionary to see what an expression means. The English Interpretation Act is merely a dictionary of the statute.”

The Hon'ble Mr. M. A. Jinnah :—“ I may say this, that I entirely agree with the Hon'ble Pandit in the compliment he paid to the Hon'ble Law Member. I will at once say this, my Lord, that if I were a judge and I had the Hon'ble Law Member before me arguing as he has argued, he certainly would convince me. There is a great deal of force in what he says and I feel it unnecessary for me to take up the time of the Council and press the amendment.”

The amendment was by leave withdrawn.

The Hon'ble Sir George Barnes :—“ My Lord, I move that the Bill be now passed.”

The motion was put and agreed to.

THE INDIAN TRUSTS (AMENDMENT) BILL.

The Hon'ble Sir Fazulbhoy Currimbhoy :—“ My Lord, I beg to move that the Bill to amend the Indian Trusts Act, 1882, be taken into consideration. The Bill has been widely published and no amendments have been received. I therefore think it unnecessary to detain the Council and go into details further and I will therefore only ask that the Bill be taken into consideration. But before I move that, my Lord, I would however just ask for a few minutes indulgence on the part of Hon'ble Members to permit me to pay a

THE INDIAN TRUSTS (AMENDMENT) BILL; RESOLUTION *re*
ASSIMILATION OF THE LEGISLATIVE AND ADMINISTRATIVE SYSTEM IN THE PUNJAB TO THAT OF THE PROVINCE OF BIHAR AND ORISSA.

[*Sir Fazulbhoj Currimbhoj; His Excellency the President; His Honour the Lieutenant Governor.*]

[19TH SEPTEMBER, 1917.]

tribute of grateful appreciation to my Hon'ble friend Sir Claude Hill, whose absence I regret very much, to his Department, and to the Government of Bombay, for the help they have given me in carrying this measure through. With these few words I beg to move that the Bill be taken into consideration."

The motion was put and agreed to.

The Hon'ble Sir Fazulbhoj Currimbhoj :—"I beg to move that the Bill be now passed."

The motion was put and agreed to.

RESOLUTION *re* ASSIMILATION OF THE LEGISLATIVE AND ADMINISTRATIVE SYSTEM IN THE PUNJAB TO THAT OF THE PROVINCE OF BIHAR AND ORISSA.

His Excellency the President :—"Hon'ble Members will now realise that we have come to the further discussion on the Resolution of the Hon'ble Mr. Shafi which Council had before them on Thursday last. I understand that His Honour the Lieutenant-Governor would like to make a few personal observations, and I am sure that the Council will be only too glad to hear His Honour. After he has made those personal observations, I shall make a few myself, and then the discussion will proceed."

His Honour Sir Michael O'Dwyer :—"My Lord, with your Excellency's permission I desire to make a personal explanation to this Council before to-day's debate on the Resolution before it begins.

"I understand that certain remarks of mine at the last meeting of the Council on the Resolution relating to the Punjab have aroused resentment in the minds of many Hon'ble Members.

"The views to which I gave expression were my own individual views, neither Your Excellency nor any Member of the Government of India had any prior knowledge direct or indirect of what I was going to say. For what I said, therefore, the responsibility is solely and entirely mine, and I do not wish to disclaim it.

"In the debate in question the recognition of the progress made by the Punjab, and in particular of its services in the present war was the real issue under consideration, and in taking part in the discussion, as I stated at the time, my intention was, while emphasizing the particular services of the Punjab, to take the opportunity to stimulate other provinces to similar efforts. I therefore criticised certain manifestations of public opinion because I regarded them as harmful to recruiting and to the mobilisation of all our resources in the cause of the Empire. This, I am sure, the Council will agree with me should be and is the first thought in our minds at the present juncture.

"If, however, in my zeal to hold up the Punjab as a model to other provinces I criticised the attitude adopted by public men elsewhere in a manner which may have appeared invidious; or has wounded the feelings of individuals, I much regret that my remarks produced a result which I did not intend.

RESOLUTION *re* ASSIMILATION OF THE LEGISLATIVE AND ADMINISTRATIVE SYSTEM IN THE PUNJAB TO THAT OF THE PROVINCE OF BIHAR AND ORISSA.

[19TH SEPTEMBER, 1917.]

[*His Honour the Lieutenant Governor ; His Excellency the President ; Pandit Madan Mohan Malaviya.*]

“I also deeply regret that any action of mine should have had the effect of disturbing that spirit of harmony and co-operation for which Your Excellency made such an eloquent appeal at the opening meeting of the session. Nothing was further from my thoughts than to transgress Your Excellency's wishes. Indeed, I would ask leave to repeat to-day, what I said at the last meeting that, quite apart from official obligations, the policy then announced by Your Excellency has my loyal and hearty support.”

His Excellency the President said :—“I have little to add to what has already been said by His Honour the Lieutenant-Governor. I addressed Hon'ble Members so lately that my appeal for mutual forbearance will be fresh in their memories. His Honour in a debate on a subject, which was so little, as I thought, likely to be controversial that I was absent from it, unwittingly, as he has just told you, in his zeal to emphasise the good services and the merits of his province, transgressed the spirit of my appeal and introduced comparisons with the services of other provinces which I cannot help thinking were unnecessary for the building up of his argument and were undoubtedly contentious. He has expressed his regret, and I trust the incident by consent of all may be regarded now as closed. Hon'ble Members, however, may say that they cannot sit down under the imputations which have been conveyed by His Honour's speech, but I would remind them that their silence in the present circumstances can in no sense be misinterpreted. In my judgment, the calm and dispassionate examination of the matters alluded to in my speech of the other day is at the present moment the issue of supreme importance, and nothing could be more unfortunate than if we were to be led off into any discussion which would imperil or jeopardise that great issue. I can well appreciate that many Hon'ble Members may desire to reply, but I suggest for their consideration that such a discussion could only tend to obscure the main question on which our thoughts should alone be concentrated. Speaking for myself and from my own experience of public affairs, I have never in the long run found silence misinterpreted, when there were obvious reasons for its being observed.”

“I must now leave the matter with Hon'ble Members. They have an absolute right to continue the debate, and they will of course be in order if they wish to reply to certain passages in His Honour's speech. The question for them to consider is whether in the present circumstances it is judicious, whether it is wise, whether above all, it is desirable in the public interest.”

The Hon'ble Pandit Madan Mohan Malaviya:—“My Lord, I am glad that His Honour Sir Michael O'Dwyer has seen fit to express his regret for having made certain observations in the speech which he made in this Council on Thursday last, and which, as we all know by this time, not only gave offence to many members of this Council but also to the educated Indian public generally throughout the country. My Lord, we felt that we must reply to that speech because it contained unjust attacks upon some of us, upon our public men and movements and the provinces which we have the honour to represent. I wish His Honour had seen his way to withdraw those remarks which he knows and feels gave offence ; but he has not seen it fit to do so. However, Your Excellency has been pleased to appeal to us to deal with the matter in a generous spirit and to bear in mind the situation in which we are placed. Having regard to the advice which Your Excellency has been pleased to give us, I would ask my friends to accept the expression of regret which His Honour has made and not to reply to the observations which gave offence. In view of

RESOLUTION *re* ASSIMILATION OF THE LEGISLATIVE AND ADMINISTRATIVE SYSTEM IN THE PUNJAB TO THAT OF THE PROVINCE OF BIHAR AND ORISSA.

[*Pandit Madan Mohan Malaviya; Khan Bahadur Mian Muhammad Shafi; Dr. Tej Bahadur Sapru; His Excellency the President*] [19TH SEPTEMBER, 1917.]

the fact that those observations have caused great indignation throughout the country, it would have been our duty to reply to them at length, but, having regard to the advice which Your Excellency has been pleased to give us, and in view of the situation, I think we should leave the matter there, making it clear that we, on our part, repudiate all the attacks which His Honour Sir Michael O'Dwyer made against our public men, our movements and the provinces we represent.

“ My Lord, none of us grudges the province of the Punjab the credit which it has won by its services. We rejoice to think that our brethren in the Punjab have done as well as they have done; but it was not necessary, in extolling the services of the Punjab, to belittle the efforts which other provinces, of the Empire have made.

I do not wish to say more, My Lord, and I hope the incident may now be closed. We feel grateful to Your Excellency and your Government for the attitude which you have taken in this matter.

The Hon'ble Khan Bahadur Mian Muhammad Shafi :—

“ My Lord, I now ask Your Excellency's permission to say a few words in winding up this discussion, and, finally, in view of the sympathetic response made on behalf of your Excellency's Government to the proposals put forward by me in my opening speech, to ask permission to withdraw my Resolution.

“ I am highly grateful to my friends, the Hon'ble Mr. Krishna Sahay and the Hon'ble Mr. Bishen Dutt Shukul for the warm support they gave me the other day, and, although I am equally grateful to my friend the Hon'ble Mr. Jinnah for his sympathy with the spirit of my Resolution, I wish his sympathy had gone a little further and not refused me the support which my Resolution, I venture to submit, deserves. Great though be his desire to promote constitutional reform and administrative development in my Province, I can assure him that it cannot be greater than that of one who himself belongs to the Punjab, is proud of the educational and material progress of his province and claims for it with the utmost confidence all the constitutional privileges which even the Presidency, of which my Hon'ble friend is so prominent a figure, enjoys.

“ To His Honour the Lieutenant-Governor I owe, on behalf of the people of my province, a warm debt of gratitude for the weighty support which he has been pleased to accord to my Resolution, and from what fell from the lips of His Honour I at any rate am filled with the hope that soon proposals will come up from our Local Government in connection with the suggestions that I have put forward.....

The Hon'ble Dr. Tej Bahadur Sapru :—“ My Lord, I rise to a point of order. If my learned friend intends to withdraw the Resolution, he has no right to speak on the merits, because we have been deprived of the chance of speaking on the merits.”

The Hon'ble Khan Bahadur Mian Muhammad Shafi :—“ I am not speaking on the merits at all.”

His Excellency the President :—“ I think perhaps it would be very much better if we accepted the Resolution as withdrawn.”

The Resolution was by leave withdrawn.

RESOLUTION *re* SELF GOVERNMENT ; *re* ELECTION COURTS.

[19TH SEPTEMBER, 1917.]

[*Mr. M. B. Dadabhoy.*]RESOLUTION *re* SELF GOVERNMENT.

The Hon'ble Mr. M. B. Dadabhoy to move the following Resolution :—

' This Council recommends to the Governor General in Council that he be pleased to declare that the attainment of self-government within the Empire is the ultimate goal of the policy of the Government of India, that it proposes to take early and definite steps towards that end by the diffusion of primary education, the steady expansion of local self-government, the advance towards provincial autonomy as far as practicable, and the liberalization of the Government of India and of the Provincial Governments on progressive lines.'

" My Lord, I had given notice of this Resolution before the pronouncement which was made in Parliament by the Secretary of State for India and which was published in the Gazette Extraordinary of the 20th August last. And further in view of that pronouncement and your Excellency's weighty pronouncement made in this Council on the 5th of last month I do not think it necessary to press this Resolution. I ask your Excellency's leave to withdraw it."

The Resolution was by leave withdrawn.

RESOLUTION *re* ELECTION COURTS.

The Hon'ble Mr. M. B. Dadabhoy :—“ My Lord, the Resolution I beg to move runs thus :—

' This Council recommends to the Governor General in Council that Election Courts be established at all important centres in India, with powers to try all disputes relating to election whether to the local bodies or to the various Councils, expeditiously and finally.'

" The want of a special and effective machinery for the trial of election disputes has been felt by the people for some time past, but the matter does not appear to have attracted the notice of Government before the dispute about the Hon'ble Mr. Abdur Rahim's election to this Council. Before the expansion of the various Councils during Lord Lansdowne's regime as Viceroy and Governor-General of India, election was confined to the local bodies only, and disputes relating thereto had not assumed the gravity they have since done. The law also was practically silent about the grounds on which elections could be attacked and avoided. The Rules framed under the Local Self-Government Acts and the Municipal Acts by the Provincial Governments alone regulated the elections, and any violation of those Rules *per se* rendered the election void. Even as the state of the law was in those times there were cases challenging the validity of elections with varying success. In the absence of a special machinery for trial, they were brought in the ordinary Civil Courts of original jurisdiction under Section 11 of the old Code of Civil Procedure, and Section 42 of the Specific Relief Act, and the Courts had to decide the issues according to good conscience, in other words, according to the principles of the English law on the subject as contained in Corrupt and Illegal Practices Prevention Act, 1883 (46 and 47 Vict. C. 51), and Municipal Elections Act, 1882 (47 and 48 Vict. C. 70) One such case *Sabhorpat Sing vs. Abdul Gaffar* would be found reported in Indian Law Reports, 24 Cal., p. 107. Important points about the maintainability of such suits and the jurisdiction of the Civil Court were decided in that case in favour of the plaintiff by the Calcutta High Court. There were other cases relating to municipal elections but not reported in the authorised Law Reports. One of them, Title Suit No. 156 of 1905 of the Court of the Subordinate Judge in a certain district in Bihar, was quite sensational in character on account of the serious allegations made by the plaintiff and the position of the party against whom they were made. That suit was decreed in the plaintiff's favour, and the decree was upheld on appeal.

RESOLUTION *re* ELECTION COURTS.

[Mr. M. B. Dadabhoj.]

[19TH SEPTEMBER, 1917.]

“ My Lord, with the further enlargement of the Councils under what is known as the Minto-Morley Reform Scheme and the extension of elective rights, a situation has been created which is not easily handled by the Executive under the Regulations framed by Government in that behalf and by the Civil Courts under the statute and case law. Several complaints have been made to Government, but the election in each case has been declared valid. No case has been taken to the Court except in Bengal after the last election, but the High Court original suit was abandoned in pursuance apparently of a compromise. But the dispute about the Hon'ble Mr. Abdur Rahim's election has revealed the weak points in the present arrangements, and has emphasised the need for a radical change. Hon'ble Members must be aware of the history of that case. Two important facts emerged in the course of the proceedings. In the first place, it was clear there was some sort of understanding between the parties. Whether it was a compact or a compromise is somewhat doubtful. But that there was a settlement of differences, admits of little doubt. In the next place, the petitioner having withdrawn the petition and there being delay in hearing, proper evidence was not forthcoming. In the Resolution of the Government of India, Legislative Department, No. 10, dated the 20th April 1917, your Excellency observed that your Excellency 'is by no means satisfied that the election was free from corrupt practices.' Your Excellency was so impressed with the unsatisfactory nature of existing arrangements that your Excellency referred to 'the desirability of permanent legislation to provide effective machinery for the investigation of election petitions in the future.' Your Excellency also affirmed your 'determination not to tolerate anything in the nature of a collusive compromise of an election dispute.' And the resolution before the Council invites the attention of Hon'ble Members to the need of special legislation on the subject, providing *inter alia* for the establishment of election courts for the trial of election disputes. These disputes, far from disappearing with time, are bound to grow in number and frequency. Everything points to the conclusion that after the war there will be important changes in the constitution of the Administration, probably all leading to the evolution of something analogous to a semi-parliamentary system of government based upon representation. An immediate and substantial advance in the direction of responsible government is promised. It may fairly be assumed that a further enlargement of the Councils will be taken in hand in the immediate future. And necessarily local self-government will be rapidly developed on an elective basis. Election will accordingly play a more and more important part in Indian polity, and disputes about the validity of particular elections must naturally become both frequent and grave. Now if in existing circumstances the machinery is found wanting, with a large increase in the volume of business it will become absolutely useless. It is better to be prepared in time, and to make adequate provision against a contingency that is sure to happen.

“ My Lord, the needs of the situation are twofold. In the first place, the law about elections must be clearly defined, and the grounds which vitiate an election should be stated with precision in a self-contained Act. The English Law cannot serve the purpose on all occasions. An Indian Act is necessary. It may be modelled upon the English Act, but difference in local conditions may and will render additional provisions and alterations necessary. The principles will undoubtedly be the same. In the next place, the ordinary courts must be relieved of the duty of administering the new law if only for the sake of expedition. It is of the utmost importance in these matters that the investigation should be finished as quickly as possible. This condition the ordinary courts are, for a variety of reasons, unable to fulfil. In England the King's Bench Division of the High Court of Justice has jurisdiction as regards disputes about election to Parliament. Under the Parliamentary Elections and Corrupt Practices Act of 1879 (42 and 43 Vict. C. 75), a rota is prepared by the 4th November every year of three puisne judges two

RESOLUTION *re* ELECTION COURTS.

[19th SEPTEMBER, 1917.]

[*Mr. M. B. Dadabhoy.*]

of whom are selected to hear election petitions. The procedure provided is somewhat complicated and unsuited to conditions other than British. If upon the report of an election court to the Speaker both Houses by a joint address represent to the King that corrupt practices either have, or are believed to have, extensively prevailed at an election in any county or city, borough, university, or place, and pray for an inquiry by persons named in the address, His Majesty may by Royal Warrant appoint those persons Commissioners for the purposes of a thorough inquiry. Election Commissioners may be similarly appointed on the petition to the House of Commons of two or more electors of any electoral division, alleging the extensive prevalence of corrupt or illegal practices at an election, within twenty-one days after the return to the Clerk of the Crown of a member or within fourteen days after the meeting of Parliament. For the investigation of disputes relating to municipal elections a special 'election court' is constituted under Municipal Corporations Act, 1882 (45 and 46 Vict. C. 50). The court is presided over by a lawyer commissioner who is appointed by the judges of the aforesaid rota and who certifies his judgment to the High Court. The procedure at the hearing and in the interlocutory stage is substantially the same as in the case of petitions relating to Parliamentary elections. The system works satisfactorily in England. But in India, while the broad principles may be followed, different local conditions will necessitate modification in important particulars. The roster, circuit, and the English procedure will be impracticable in India. The country is so vast that a number of courts at different centres will be more satisfactory. And in this scheme of distinct courts the primary object to be kept in view is that a judicial machinery at once simple and effective should be provided for investigation of election petitions. Without considerable simplification of the ordinary procedure of the civil court, the end cannot be attained. Expedition is the great point, and with a cumbrous procedure in force that is impracticable. But while I emphasise the need for quick disposal it is furthest from my mind to suggest that that should be effected by striking off cases or hearing them *ex parte*. On the contrary, care must be taken to impress upon the courts that such a procedure will defeat the main purpose of the special legislation and of the special arrangement. It must be borne in mind that a thorough investigation is what is desired by Government, not in the interest of individual suitors, but for the purity of elections. It is not so much a personal matter of the plaintiff. As in a serious criminal case the Crown is the party most interested in the result, Government, without being formally on the record, has a substantial interest in all election petitions. At the same time false petitions must be discouraged by making the party responsible for them liable to prosecution and to pay costs.

" My Lord, for the sake of economy the highest civil court of ordinary jurisdiction within a district may be vested with powers under the special legislation advocated. In important areas the District Judge may have jurisdiction concurrently with the Subordinate Judge. At the hearing the courts must follow the Code of Civil Procedure in all matters unless the provisions are in conflict with those of the new law. Likewise in the matter of evidence the Indian Evidence Act must be followed. The judgment in all cases must be forthwith certified to the Provincial Government, and that Government must promptly take the necessary executive action for the prosecution, where necessary, of the offending parties. But the declaration by the election court that a particular election is void, must have the effect, as in England, of causing a vacancy in the seat. It must be obligatory upon the unsuccessful party to vacate the seat. This is indispensable, as cases have occurred in the past in which, notwithstanding the most scathing judgments of the civil court, defeated defendants have been allowed to hold office and to retain their seats on municipal boards through the favour of the local executive. In the suit referred to above (Title Suit No. 156 of 1905) the Subordinate Judge found upon the evidence that 'coercion and undue influence exercised over the voters and.....corrupt practices' vitiated the election, and he declared that the election was null and void. A copy of the

RESOLUTION *re* ELECTION COURTS.[*Mr. M. B. Dadabhoy.*]

[19TH SEPTEMBER, 1917.]

judgment, I am informed, was sent to the District Magistrate. But the unsuccessful defendant held his seat until the next election as if nothing had happened. This is hardly proper, and stringent provisions are necessary to prevent such a contingency. A judicial adjudication must be conclusive and binding on the executive. It will also perhaps be expedient to make the judgments of election courts final. But this is a point in regard to which Hon'ble Members would possibly like to keep an open mind. For the sake of expedition, the judgments should be non-appealable; for the sake of justice, however, an appeal upon both law and facts might be necessary. Public opinion may well be awaited on this point. Should the right of appeal be in the end granted, provision must be made for the admission and disposal of such appeals by a special Division Bench of the High Court or the Chief Court or the Judicial Commissioner as the case may be, within one month, or at the most two months, from the date of the decree. This can be done if the rules regarding the preparation of paper books be not applicable to this class of appeals. In England the reports of the Election Judges or Election Commissioners are final, no appeal being allowed from the conclusions, but reservation of questions of law for the consideration of the High Court is discretionary in all proceedings relating to elections. There is nothing wrong in principle in this procedure, but in India the public feeling about appeals is very strong, and in view of that feeling some concessions may be found necessary, if only for the purpose of securing the sympathy and the co-operation of the public in the administration of a law that is novel in scope and effect.

"One other point. The judgment of an election court ought to have in India the same effect of disqualifying parties under certain circumstances for future candidature as in England. This is a very necessary condition for the satisfactory working of the system. In England upon the finding of the Election Judges that a candidate has been guilty by his agents of any corrupt or illegal practice at the election, that candidate is disqualified for seven years. If the corrupt practice of which the candidate is found guilty be other than treating or undue influence, such candidate is permanently disqualified. In the case of municipal elections, the disqualification is, under certain circumstances, for three years, and in certain other circumstances for the same period as in Parliamentary elections. And all this apart from the liability of the offender to punishment on conviction in a prosecution for offences connected with elections. But here in India, in the absence of legislative provision in that behalf, disqualification is not even thought of. In the aforesaid case the Sub-Judge found that under orders of an important personage and his son

persons qualified to vote were seized by their durwans and brought to their house under duress and released only on condition to vote for the defendant. Voters more obdurate were sent to the polling station under custody of peons and guards and produced before the polling officer under watch and ward.....

and the son,

as Vice-Chairman of the Municipal Committee, exercised his power in disposing of some applications for revision of the register of voters in such a way that the plaintiff's interest might be prejudiced and that the defendant's interest subserved thereby.

"The Sub-Judge also found that the Babu's orderly with drawn sword was present at the polling station. But these judicial findings did not affect these persons in the least. On the contrary, some time after the one was honoured with the title of 'Raja' and the other was nominated to a seat on the Provincial Legislative Council. It is essentially necessary that the deficiencies of the law should be supplied, and an effective judicial machinery, with large powers, should be introduced for both the prevention and the punishment of persons guilty of malpractices at elections. And, to my mind, election courts, with powers equivalent to those enjoyed by English Election Judges and Election Commissioners, are indispensable. For these reasons, I beg to move that the Government will be pleased to undertake suitable legislation at an early date."

RESOLUTION *re* ELECTION COURTS.

[19TH SEPTEMBER, 1917.]

[*Sir William Vincent ; Mr. M. B. Dadabhoy.*]

The Hon'ble Sir William Vincent :—“ My Lord, I think it will save time if I explain at the earliest opportunity in this debate the attitude of Government towards this Resolution. The Hon'ble Member has explained the position in regard to Mr. Ghulam H. Kassim Ariff and the Government freely admit that there were some unsatisfactory features in that particular case. Further they agree that Mr. Duval's report indicated that, for other reasons, a change in the regulations was necessary and that it is desirable to enact permanent legislation in order to provide machinery for dealing with these petitions, and in view of these facts the Government of India were on the point of addressing Local Governments on the subject when we received notice of the Hon'ble Member's Resolution. We then decided to defer further action until the matter had been discussed in Council and we intend now to embody in our letter to Local Governments any further suggestions which may come from members of this Council. The proposals that we were about to make were the following :—

“ We proposed, subject to reconsideration, to impose certain additional obligations on candidates ; it has been found difficult for instance in the case of election inquiries to determine whether a particular person was or was not the candidate's agent, and it was suggested that a regulation might be made to provide that candidates before every council election should as in England be required to declare their election agents at the time their nomination papers were submitted, a candidate being allowed to nominate himself as his own agent, if he so desired. We also proposed that candidates might, within a fixed period, be required to file a detailed return of their expenses, and to swear to the correctness of this return, a penalty for a false oath being imposed.

“ It has been found that a more complete definition of the term ‘ corrupt practices ’ is needed. What we have done hitherto is to adopt fragments of the English law : we think now that by more careful drafting these provisions of the regulations could be made simpler and more comprehensive.

“ We suggest penalties for corrupt practices, power being taken to disqualify a candidate found guilty for a period of years, possibly six years would be a convenient period and not seven as suggested by the Hon'ble Member.....

The Hon'ble Mr. M. B. Dadabhoy :—“ I have not suggested that, I have said this is the case in England.”

The Hon'ble Sir William Vincent :—The Hon'ble Member is correct. Six years would however be double the ordinary term of tenure of office in this Council or in the provincial councils. The question whether where widespread corruption prevails a whole electorate should be disqualified is also one that will require consideration.

“ As to the authority to direct inquiry into election petitions *prima facie* we consider that the Governor General in Council or the Local Government, in the case of provincial elections, might be the proper authority and we think, as at present advised, that in order to give legislative authority for such inquiries an enactment on the lines of the Ordinance passed last year to deal with a particular petition might be necessary. It has also been suggested that the Commissioner to inquire into a petition should be a District Judge qualified for appointment to the High Court and that he should be empowered to direct that the costs should be paid by either party to the petition. We also think that provision be made requiring security for the costs of the inquiry from the person who makes an application questioning the validity of the election. It is hoped that this will cause petitioners to consider their allegations with greater care than has always been the case in the past and might tend to discourage groundless and frivolous applications. The Government furthermore were tentatively of opinion that

RESOLUTION *re* ELECTION COURTS; *re* COMMISSIONED RANKS
IN THE INDIAN ARMY.

[*Sir William Vincent; Mr. M. B. Dadabhoy; His Excellency the President; Khan Bahadur Mian Muhammad Shafi.*]

[19TH SEPTEMBER, 1917.]

the question of undertaking legislation on the lines of the English law, to make corrupt practices by a person at a council election punishable by the criminal law ought to be considered and that if such a change is introduced a person convicted of such an offence should also be disqualified from voting. The extension of these principles to municipal, district and local board elections is a matter that would require changes in the local laws governing such elections, but seems a reasonable corollary to these proposals. Similarly the question whether corrupt practices at such elections should also be made criminal offences will have to be considered. As a matter of fact the Bombay Government have in their local Act taken action to prevent corrupt practices at Municipal elections already. What I have said shows that we are in full sympathy with the objects underlying the Resolution, I am quite sure that the Hon'ble Member will realise that his suggestions will also carefully be considered. I trust that in these circumstances he will not find it necessary to press the matter further at the present juncture."

The Hon'ble Mr. M. B. Dadabhoy:—"My Lord, in view of the statement now made by the Hon'ble the Home Member I do not think it at all necessary to press this Resolution. I am very pleased to hear and I am sure that my colleagues will be very pleased to know that the Government are in earnest in putting this question on a proper footing; the sooner it is done the better."

His Excellency the President:—"Probably the Hon'ble Member intends to withdraw his Resolution. He cannot now make a speech."

The Hon'ble Mr. M. B. Dadabhoy:—"I beg to withdraw the Resolution."

The Resolution was by leave withdrawn.

RESOLUTION *re* COMMISSIONED RANKS IN THE
INDIAN ARMY.

The Hon'ble Khan Bahadur Mian Muhammad Shafi
to move the following Resolution:—

'The Council recommends to the Governor General in Council that the Commissioned ranks in the Indian Army be thrown open to Indians and the persons selected for appointment to such ranks be given the same training as is received by British Officers of the Indian Army.'

"My Lord, exactly two months ago, on the 19th of July last, I sent to our popular Secretary notice of the Resolution that stands in my name. On the 20th of August last His Majesty's Secretary of State for India made a declaration in the House of Commons in which it was announced that His Majesty's Government had decided to remove the bar which has hitherto precluded the admission of Indians to Commissioned ranks in His Majesty's Indian Army. The entire Indian population, and the martial races in India in particular, are deeply grateful to His Majesty's Government for removing this humiliating bar. I am perfectly confident that the Government of India will bear in mind the fact that differentiation between the general conditions relating to the training and status of the Indian commissioned officers and the British commissioned officers would not only rob this act of justice of its grace but would constitute a fresh cause of dissatisfaction. With these few words I crave permission to withdraw the Resolution."

The Resolution was by leave withdrawn.

RESOLUTION *re* INTERNMENT ORDERS AGAINST MRS. BESANT,
Etc.

[19TH SEPTEMBER, 1917].

[*Pandit Madan Mohan Malaviya ; Rao Bahadur B. N. Sarma.*]

RESOLUTION *re* INTERNMENT ORDERS AGAINST
Mrs. BESANT, Etc.

The Hon'ble Pandit Madan Mohan Malaviya :—“ My Lord, the resolution that stands against my name runs as follows :—

“ This Council recommends to the Governor General in Council that he should be pleased to direct the Government of Madras to cancel the orders of internment passed under the Defence of India Act against Mrs. Annie Besant, Mr. G. S. Arundale and Mr. B. P. Wadia.”

“ The object of the Resolution has been gained ; we know, my Lord, to our great relief and satisfaction, that the Government of India have advised the Government of Madras to release Mrs. Besant and Messrs. Arundale and Wadia.

“ The public have learnt with grateful satisfaction that these three persons have been released. It is happily no longer necessary to make the recommendation contained in the Resolution, and I therefore beg leave to withdraw it.”

The Resolution was by leave withdrawn.

The Hon'ble Rao Bahadur B. N. Sarma to move the following Resolution :—

“ This Council recommends to the Governor General in Council that steps be taken for the reversal of the order of the Madras Government interning Mrs. Annie Besant, Mr. Arundale and Mr. Wadia under the Defence of India Act, and the removal of the restrictions imposed upon their liberty.”

“ My Lord, I am grateful to the Government for their recommendation in this particular regard and beg to withdraw the Resolution that stands in my name.”

The Resolution was by leave withdrawn.

The Council adjourned to Thursday, the 20th September 1917.

SIMLA ;

A. P. MUDDIMAN,

The 27th September, 1917.

} Secretary to the Government of India.

APPENDIX A.

(Referred to in the Statement laid on the Table.)

Reply to the question put by the Hon'ble Babu Bhupendra Nath Basu at the meeting of the Legislative Council held on the 21st March 1917.

(a) The recruitment rules issued with the Home Department Resolution nos. 817-825, dated the 6th July 1910, and the general register of approved candidates for the first division prescribed therein were superseded by that Department's Resolution nos. 1715-1725, dated the 2nd November 1911. The register in question has not been maintained since then.

(b) The existing system of recruitment is governed by the Resolution of the 2nd November 1911, which was published in the *Gazette of India*. A copy of it is laid on the table. The reasons for the abolition of the register are given in paragraph 1 of the Resolution.

(d) The Hon'ble Member has quoted from rule 1 of the rules appended to the Home Department Resolution, dated the 6th July 1910. This rule was slightly modified by the Home Department Resolution nos. 1409-1417, dated the 23rd September 1910, by which the "Oxford Senior Local" was also introduced as a qualifying test for European candidates. In the revised orders of the 2nd November 1911 now in force the qualifying tests were made more elastic by the introduction of the word "ordinarily" before the prescribed educational tests for Europeans and Indians.

Different tests for Europeans and Indians were prescribed in view of the different educational courses ordinarily followed by these two classes of candidates.

(c), (e), (f) and (g).—A statement giving the required information is laid on the table.

Nos. 1715—1725.

GOVERNMENT OF INDIA.

HOME DEPARTMENT.

ESTABLISHMENTS.

Simla, the 2nd November 1911.

RESOLUTION.

The orders issued in the Home Department Resolution no. 817-825, dated the 6th July 1910, as amended by Home Department Resolution no. 1409-1417, dated the 23rd September 1910, provided for the recruitment of candidates for the first division of the Secretariat staff through the Home Department of the Government of India, in accordance with the rules published with those Resolutions. Experience of the working of that system has shown that there is no advantage either to the Departments concerned or to the candidates themselves in concentrating this duty in one Department of the Government of India, nor for the maintenance of uniform rules for recruitment for all the Departments.

2. The Governor General in Council is accordingly pleased to direct, in supersession of the Resolutions and rules referred to above, that for the future candidates for employment in the Government of India Secretariats shall apply direct to the head of the Department in which they wish to serve. Further, that each Department shall be at liberty to frame such rules for recruitment in its office, as circumstances may warrant. The main conditions in the rules for the

first division shall be that in the case of Europeans the candidate must ordinarily have passed the Oxford or Cambridge Senior Local or the High School Examination or Matriculation Examination of a University, or such other examinations not inferior to these as may from time to time be notified by the Governor General in Council, and in the case of Indians that the candidate must ordinarily have a University Degree. In both classes the candidates must ordinarily not be less than 18 nor more than 25 years of age.

3. No special conditions have, up to the present, been laid down for appointments in the second division, but it is left to the Departments to frame rules for that division if they deem fit to do so.

4. The scales of pay in the Secretariat offices are, with some exceptions, as follows :—

Superintendents—

| | | | | | Rs. |
|-----------|-----|-----|-----|-----|-----|
| 1st grade | ... | ... | ... | ... | 700 |
| 2nd " | .. | ... | ... | ... | 600 |
| 3rd " | ... | ... | ... | ... | 500 |

First Division.

Secretariat Assistants—

| | | | | | Rs. |
|-----------|-----|-----|-----|-----|-----|
| 1st grade | ... | ... | .. | ... | 400 |
| 2nd " | ... | ... | ... | ... | 350 |
| 3rd " | ... | ... | ... | ... | 300 |
| 4th " | ... | ... | ... | ... | 250 |
| 5th " | ... | ... | ... | ... | 200 |
| 6th " | ... | ... | ... | ... | 170 |
| 7th " | ... | ... | ... | ... | 140 |

Second Division.

Clerks—

| | | | | | Rs. |
|-----------|-----|-----|-----|-----|-----|
| 1st grade | ... | ... | ... | ... | 200 |
| 2nd " | ... | ... | ... | ... | 180 |
| 3rd " | ... | ... | ... | ... | 160 |
| 4th " | ... | ... | ... | ... | 140 |
| 5th " | ... | ... | ... | ... | 120 |

Efficiency bar—

| | | | | | Rs. |
|--------------|-----|-----|-----|-----|-----|
| 6th grade | .. | ... | ... | ... | 100 |
| 7th " | ... | ... | ... | ... | 90 |
| 8th " | ... | ... | ... | ... | 80 |
| 9th " | ... | ... | ... | ... | 70 |
| 10th " | ... | ... | ... | ... | 60 |
| Probationers | ... | ... | ... | ... | 50 |

ORDER.—Ordered that a copy of the above Resolution be published in the Supplement to the *Gazette of India*.

Legislative Department.
 Foreign Department.
 Finance Department.
 Public Works Department.
 Army Department.
 Finance (Military Finance) Department.
 Railway Department.
 Department of Education.
 Department of Revenue and Agriculture.
 Department of Commerce and Industry.

Ordered also that a copy of the Resolution be forwarded to the Departments of the Government of India noted in the margin for information and guidance.

A. EARLE,
 Secretary to the Government of India.

Appointments made in the Government of India

secretariat and attached offices during the years 1902-16.

| Department or Office. | Number of appointments made in | | | | | | | | | | | | Number of appointments made in the six years preceding the abolition | | | | | | | | | | | | Total number of clerical appointments (including Registrars and Superintendents) on 28th February 1917. | Remarks. | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--------------------------------|--|-----------------|--|-----------------|--|-----------------|--|-----------------|--|-----------------|--|--|--|-----------------|--|-----------------|--|-----------------|--|-----------------|--|-----------------|--|---|----------|-----------------|--|-----------------|--|-----------------|--|-----------------|--|-----------------|--|-----------------|-----|-----------------|--|-----------------|--|--|--|-----------------|--|--|--|--|--|
| | 1911 | | | | | | 1912 | | | | | | 1913 | | | | | | 1914 | | | | | | | | 1915 | | | | | | 1916 | | | | | | Upper Division. | | | | | | Lower Division. | | | | | |
| | Upper Division. | | Lower Division. | | Upper Division. | | Lower Division. | | Upper Division. | | Lower Division. | | Upper Division. | | Lower Division. | | Upper Division. | | Lower Division. | | Upper Division. | | Lower Division. | | | | Upper Division. | | Lower Division. | | Upper Division. | | Lower Division. | | Upper Division. | | Lower Division. | | Upper Division. | | Lower Division. | | | | | | | | | |
| Foreign and Political Department. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 29 | | | | | | | | | | | | | |
| I. G., Imperial Service Troops. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 3 | | | | | | | | | | | | | |
| Finance Department. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 81 | (a) | | | | | | | | | | | | |
| Public Works Department. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 49 | (a) | | | | | | | | | | | | |
| Consulting Architect to the G. of I. (b). | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 1 | | | | | | | | | | | | | |
| Electrical Adviser to the Government of India (b). | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 2 | | | | | | | | | | | | | |
| Army Department. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 50 | | | | | | | | | | | | | |
| Ordnance Branch, A. M. Q. (c). | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 73 | | | | | | | | | | | | | |
| Railway Department. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 75 | | | | | | | | | | | | | |
| Department of C. & I. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 58 | | | | | | | | | | | | | |
| D. G., Posts and Telegraphs (b). | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 200 | | | | | | | | | | | | | |
| Geological Survey of India. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 13 | | | | | | | | | | | | | |
| Commercial Intelligence Department. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 13 | | | | | | | | | | | | | |
| Department of Statistics (b). | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 71 | | | | | | | | | | | | | |
| Controller of Patents and Designs (b). | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 6 | | | | | | | | | | | | | |
| Department of R. & A. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 51 | | | | | | | | | | | | | |
| Surveyor General of India. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 23 | | | | | | | | | | | | | |
| D. G. of Observatories. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 46 | | | | | | | | | | | | | |
| Department of Education. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 36 | | | | | | | | | | | | | |
| Educational Commissioner with the G. of I. (b). | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 4 | | | | | | | | | | | | | |
| Officer in Charge of the Records of the G. of I. (b). | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 25 | | | | | | | | | | | | | |
| Financial Adviser Military Finance (c). | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 10 | | | | | | | | | | | | | |
| Legislative Department (b). | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 34 | | | | | | | | | | | | | |
| Home Department. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 51 | | | | | | | | | | | | | |
| D. G., I. M. S. (b). | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 31 | | | | | | | | | | | | | |

| Division. | Number of appointments made in the six years following the abolition of the competitive examination. | | | | | | | | | | | | | | | | | | Total number of Registrars and Superintendents on 28th February 1917. | Remarks. |
|----------------|--|------|------|------|------|------|------|------|------|-----------------|------|------|------|------|------|------|----|--|---|----------|
| | Upper Division. | | | | | | | | | Lower Division. | | | | | | | | | | |
| | 1907 | 1908 | 1909 | 1910 | 1911 | 1912 | 1913 | 1914 | 1915 | 1916 | 1911 | 1912 | 1913 | 1914 | 1915 | 1916 | | | | |
| Indians. | 1 | 5 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 1 | 1 | 1 | 1 | 1 | 10 | | | |
| Anglo-Indians. | | | | | | | | | | | | | | | | | | | | |
| Indians. | | | | | | | | | | | | | | | | | | | | |
| Anglo-Indians. | | | | | | | | | | | | | | | | | | | | |
| Indians. | | | | | | | | | | | | | | | | | | | | |
| Anglo-Indians. | | | | | | | | | | | | | | | | | | | | |
| Indians. | | | | | | | | | | | | | | | | | | | | |
| Anglo-Indians. | | | | | | | | | | | | | | | | | | | | |
| Indians. | | | | | | | | | | | | | | | | | | | | |
| Anglo-Indians. | | | | | | | | | | | | | | | | | | | | |
| Indians. | | | | | | | | | | | | | | | | | | | | |
| Anglo-Indians. | | | | | | | | | | | | | | | | | | | | |
| Indians. | | | | | | | | | | | | | | | | | | | | |
| Anglo-Indians. | | | | | | | | | | | | | | | | | | | | |
| Indians. | | | | | | | | | | | | | | | | | | | | |
| Anglo-Indians. | | | | | | | | | | | | | | | | | | | | |
| Indians. | | | | | | | | | | | | | | | | | | | | |
| Anglo-Indians. | | | | | | | | | | | | | | | | | | | | |
| Indians. | | | | | | | | | | | | | | | | | | | | |
| Anglo-Indians. | | | | | | | | | | | | | | | | | | | | |
| Indians. | | | | | | | | | | | | | | | | | | | | |
| Anglo-Indians. | | | | | | | | | | | | | | | | | | | | |
| Indians. | | | | | | | | | | | | | | | | | | | | |
| Anglo-Indians. | | | | | | | | | | | | | | | | | | | | |
| Indians. | | | | | | | | | | | | | | | | | | | | |
| Anglo-Indians. | | | | | | | | | | | | | | | | | | | | |
| Indians. | | | | | | | | | | | | | | | | | | | | |
| Anglo-Indians. | | | | | | | | | | | | | | | | | | | | |
| Indians. | | | | | | | | | | | | | | | | | | | | |
| Anglo-Indians. | | | | | | | | | | | | | | | | | | | | |
| Indians. | | | | | | | | | | | | | | | | | | | | |
| Anglo-Indians. | | | | | | | | | | | | | | | | | | | | |
| Indians. | | | | | | | | | | | | | | | | | | | | |
| Anglo-Indians. | | | | | | | | | | | | | | | | | | | | |
| Indians. | | | | | | | | | | | | | | | | | | | | |
| Anglo-Indians. | | | | | | | | | | | | | | | | | | | | |
| Indians. | | | | | | | | | | | | | | | | | | | | |
| Anglo-Indians. | | | | | | | | | | | | | | | | | | | | |
| Indians. | | | | | | | | | | | | | | | | | | | | |
| Anglo-Indians. | | | | | | | | | | | | | | | | | | | | |
| Indians. | | | | | | | | | | | | | | | | | | | | |
| Anglo-Indians. | | | | | | | | | | | | | | | | | | | | |
| Indians. | | | | | | | | | | | | | | | | | | | | |
| Anglo-Indians. | | | | | | | | | | | | | | | | | | | | |
| Indians. | | | | | | | | | | | | | | | | | | | | |
| Anglo-Indians. | | | | | | | | | | | | | | | | | | | | |
| Indians. | | | | | | | | | | | | | | | | | | | | |
| Anglo-Indians. | | | | | | | | | | | | | | | | | | | | |
| Indians. | | | | | | | | | | | | | | | | | | | | |
| Anglo-Indians. | | | | | | | | | | | | | | | | | | | | |
| Indians. | | | | | | | | | | | | | | | | | | | | |
| Anglo-Indians. | | | | | | | | | | | | | | | | | | | | |
| Indians. | | | | | | | | | | | | | | | | | | | | |
| Anglo-Indians. | | | | | | | | | | | | | | | | | | | | |
| Indians. | | | | | | | | | | | | | | | | | | | | |
| Anglo-Indians. | | | | | | | | | | | | | | | | | | | | |
| Indians. | | | | | | | | | | | | | | | | | | | | |
| Anglo-Indians. | | | | | | | | | | | | | | | | | | | | |
| Indians. | | | | | | | | | | | | | | | | | | | | |
| Anglo-Indians. | | | | | | | | | | | | | | | | | | | | |
| Indians. | | | | | | | | | | | | | | | | | | | | |
| Anglo-Indians. | | | | | | | | | | | | | | | | | | | | |
| Indians. | | | | | | | | | | | | | | | | | | | | |
| Anglo-Indians. | | | | | | | | | | | | | | | | | | | | |
| Indians. | | | | | | | | | | | | | | | | | | | | |
| Anglo-Indians. | | | | | | | | | | | | | | | | | | | | |
| Indians. | | | | | | | | | | | | | | | | | | | | |
| Anglo-Indians. | | | | | | | | | | | | | | | | | | | | |
| Indians. | | | | | | | | | | | | | | | | | | | | |
| Anglo-Indians. | | | | | | | | | | | | | | | | | | | | |
| Indians. | | | | | | | | | | | | | | | | | | | | |
| Anglo-Indians. | | | | | | | | | | | | | | | | | | | | |
| Indians. | | | | | | | | | | | | | | | | | | | | |
| Anglo-Indians. | | | | | | | | | | | | | | | | | | | | |

APPENDIX B.

(Referred to in Question No. 24.)

STATEMENT I.

Statement showing the annual expenditure incurred on the establishment of Statistical Department for the years noted.

| Year. | | | | | | Expenditure. |
|---------|-----|-----|-----|-----|-----|--------------|
| | | | | | | Rs. |
| 1914-15 | ... | ... | ... | ... | ... | 89,329 |
| 1915-16 | ... | ... | ... | ... | ... | 1,00,862 |
| 1916-17 | ... | ... | ... | ... | .. | 1,02,080* |

* Revised Estimate figure.

STATEMENT II.

Statement showing the present establishment of the Department of Statistics and their pay.

| | | | | | | Pay. | |
|----|---------------------------|-----|-----|-----|-----|--|-----|
| | | | | | | Rs. | Rs. |
| 1 | Director of Statistics | ... | ... | ... | ... | 1,200—50—1,750 | |
| 1 | Superintendent | ... | ... | ... | ... | 400—600 | |
| 1 | Deputy Superintendent | ... | ... | ... | ... | 300—400 and personal allowance 50—100. | |
| 1 | Pitto | ... | ... | ... | ... | 300—400 | |
| 1 | Clerk | ... | ... | ... | ... | 275 | |
| 1 | " | ... | ... | ... | ... | 240 | |
| 3 | " | ... | ... | ... | ... | 180 each. | |
| 4 | " | ... | ... | ... | ... | 135 " | |
| 5 | " | ... | ... | ... | ... | 100 " | |
| 8 | " | ... | ... | ... | ... | 75 " | |
| 5 | " | ... | ... | ... | ... | 55 " | |
| 2 | " | ... | ... | ... | ... | 50 " | |
| 11 | " | ... | ... | ... | ... | 45 " | |
| 10 | " | ... | ... | ... | ... | 40 " 1 special allowance of Rs. 10. | |
| 10 | " | ... | ... | ... | ... | 35 each | |
| 10 | " | ... | ... | ... | ... | 30 " | |
| 18 | Servants | ... | ... | ... | ... | 3 on Rs. 12 each. 1 on Rs. 10. 2 on Rs. 9 each. 11 on Rs. 8 " 1 on Rs. 7 | |
| | Extra Establishment | ... | ... | ... | ... | 2,400 | |
| | Caretakers' Establishment | ... | ... | ... | ... | 450 | |

APPENDIX C.*(Referred to in Question No. 28.)*

No. 18 OF 1915.

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

SALARIES, ESTABLISHMENTS, ETC.
Administration.

To

THE MOST HONOURABLE THE MARQUESS OF CREWE, K.G.,

*His Majesty's Secretary of State for India.**Delhi, the 1st January 1915.*

MY LORD MARQUESS,

WE have the honour to refer to the correspondence ending with your Lordship's telegram dated the 18th November, 1913, concerning the organization of our Department of Education.

2. In giving provisional sanction in your despatch No. 13, dated the 27th January, 1911, to the proposals which we made as to the transfer of work to the new department and as to its superior personnel, you expressed the wish that a further report should be submitted at the close of two or three years in the light of the experience gained of the work to be done and of the efficiency of the establishment proposed to dispose of it.

3. We have now gained sufficient experience to address your Lordship with a view to the permanent organization of the Department. We are satisfied that the Department has justified its existence; and that the increased attention which it has been possible to give to education, sanitation, archaeology, etc., has already had beneficial results. These results have been attained without any increase in centralization; indeed, we may claim to have fulfilled the policy indicated in paragraph 8 of your Lordship's despatch which is, moreover, the accepted policy of the Government of India. In proposing an organization different from that with which the Department commenced we in no way wish to question the efficiency of arrangements hitherto. Far from it. We have, however, reached a stage of development for which a somewhat different machinery is required.

4. The first objective of the new Department was to formulate a general statement of policy, more particularly in the matter of education. In order to attain this objective conferences of a representative character were obviously necessary as a preliminary measure. Lord Minto's Government felt that at

such a stage the educational expert adviser of the Government of India ought to be in the Secretariat, in constant and close touch with the Government of India. The relatively simpler issues in the case of sanitation were met by a re-distribution of work between the Sanitary Commissioner and the Director-General, Indian Medical Service, and it was not felt necessary to have a Secretary to the Government of India for sanitation alone. Three large and representative conferences were held on education at Allahabad and Simla; and three similar conferences were held on sanitation at Bombay, Madras and Lucknow. These conferences were fruitful and inspiring and enabled us to formulate a general policy of education and sanitation, in our Educational Resolution No. 301-C.D., dated the 21st February 1913, and our Sanitary Resolution No. 888—908, dated the 23rd May 1914. Meanwhile large Imperial grants have been given out aggregating R483·2 lakhs non-recurring and R124 lakhs recurring for Education, and R406·2 lakhs non-recurring and R55·2 lakhs recurring for Sanitation. In addition, grants amounting to R82·33 lakhs a year have been made to District Boards in certain provinces, which will facilitate the advance of local self-government and rural sanitation. Moreover, we hope to give further grants when the state of our finances permits. The position has, therefore, now completely changed. Policy has been enunciated. Grants have been given. Schemes are being worked out. In preparing those schemes more than one local Government has asked for the advice of our Colleague, Sir Harcourt Butler, and Mr. Sharp, and from every point of view it seems to us that the time has now come when it is desirable for our Department of Education to be in more constant touch than at present it is with the administration of local Governments without, it must be added, in any way interfering with their discretion or interrupting the steady process of decentralization.

5. In the despatch already quoted your Lordship expressed considerable doubt as to the wisdom of the change involved in the abolition of the appointment of Director-General of Education. You were particularly impressed with the fact that the extensive tours of the Director-General of Education fulfilled a most useful purpose in increasing the appreciation of provincial distinctions and difficulties by the Government, in diffusing information and in assisting local officers by suggestions based on a wider range of experience than they themselves could command. While for reasons already given we considered it desirable to frame our proposals temporarily on different lines, we fully recognise the force of your Lordship's criticisms at the present stage. Indeed, we now consider that the time has come to appoint a touring expert educational officer with functions somewhat similar to those exercised by Mr. Orange. We feel the need of such an officer, especially in connection with the most profitable utilisation of the imperial grants still unspent and those which we hope to give in future. We would, however, prefer that he should be called "Educational Commissioner with the Government of India" instead of "Director-General." The latter title is indeed misleading, as it suggests direction where advice and assistance will alone be given. The designation which we propose corresponds with that of Sanitary Commissioner with the Government of India.

6. Our first proposal, therefore, is that the present post of Joint Secretary in the Department should be abolished and that a post of Educational Commissioner with the Government of India should be created on a salary of R2,500 rising by annual increments of 100 to R3,000. We propose to appoint the Hon'ble Mr. H. Sharp, C.I.E., to be Educational Commissioner and to give him, as a special case in view of his services and the loss of his position as a Secretary to the Government of India, an initial salary of R2,750 rising by R50, 100, 100 to R3,000 without exchange compensation allowance. It is an essential part of our scheme that the Educational Commissioner should have free access to the Member in charge of his Department and that when at headquarters he should have times fixed for regular interviews with the Member. His notes would, however, go to the Member through the Secretary. The Secretary will then be in the position of Secretaries of the Indian Civil Service in other Departments, with a considerable accession to his work. Our second proposal is that the salary of the Secretary should be R4,000 a month, as in the case of the Secretaries

of the Home, Foreign, Political, Finance, Revenue and Commerce and Industry
Departments.

We have the honour to be,

MY LORD MARQUESS,

Your Lordship's most obedient, humble Servants,

(Signed) HARDINGE OF PENSHURST.

„ BEAUCHAMP DUFF.

„ R. W. CARLYLE.

„ HARCOURT BUTLER.

„ S. A. IMAM.

„ W. H. CLARK.

„ R. H. CRADDOCK.

„ W. S. MEYER.

India Office, London.

12th March 1915.

Public.

No. 53.

**TO HIS EXCELLENCY THE RIGHT HONOURABLE THE
GOVERNOR GENERAL OF INDIA IN COUNCIL.**

MY LORD,

I have considered in Council the letter of Your Excellency's Government in the Finance Department no. 18 (Salaries), dated the 1st January last, in which you propose a revised scheme for the permanent organisation of your Department of Education. The most important modification proposed is the appointment of an Educational Commissioner with the Government of India, in the place of the present Joint Secretary. I approve this step, and I also approve your recommendation as to the title of the new appointment with the object of defining its duties as concerned with the giving of advice and assistance to local Governments and not with direction. The Commissioner should in effect discharge the functions with the Decentralisation Commission described as appropriate for an Imperial Inspector-General.

* * * *

I have the honour to be,

MY LORD,

Your Lordship's most obedient, humble Servant,

CREWE,

GOVERNMENT OF INDIA.

LEGISLATIVE DEPARTMENT,

PROCEEDINGS OF THE INDIAN LEGISLATIVE COUNCIL ASSEMBLED UNDER
THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT, 1915
(5 & 6 Geo. V. Ch. 61.)

The Council met at the Council Chamber, Viceregal Lodge, Simla, on Thursday,
the 20th September 1917.

PRESENT :

THE HON'BLE MR. G. R. LOWNDES *Vice-President, presiding*, and
58 Members, of whom 53 were Additional Members.

QUESTIONS AND ANSWERS.

The Hon'ble Dr. Tej Bahadur Sapru asked :—

1 " (a) Will the Government of India be pleased to say if they have received a proposal from the Government of the United Provinces for the appointment of a fourth Secretaryship to be filled by a member of the I. C. S. ?

(b) Has a decision been taken upon the proposal ? If it has been, what is its nature ?

(c) If no decision has been taken, will Government be pleased to defer their decision until an opportunity is afforded to the provincial Legislative Council to discuss the proposal ?

(d) Are Government aware that all efforts at obtaining such an opportunity have failed owing to the disallowance of resolutions on the subject by the President of the local Legislative Council ?

(e) Will Government be pleased to consider the question of making the new Secretaryship a listed post for the Provincial Civil Service of the United Provinces ?

(f) Is one of the Secretaryships to the Government of Madras held by an officer of the Provincial Civil Service of Madras ?

(g) Is it a fact that pending the appointment of a fourth Secretary and before sanction to it was received, the United Provinces Government have placed

Appoint-
ment of a
fourth
Civilian
Secretary
for the
United
Provinces.

QUESTIONS AND ANSWERS.

[*Dr. Tej Bahadur Sapru ; Sir William Vincent ; Mr. M. B. Dadabhoy ; Sir William Meyer.*] [20TH SEPTEMBER, 1917.]

an Indian Civil Service officer on special duty in the Secretariat who has practically been doing the work of a fourth Secretary? If so, was this step taken with the permission of the Government of India?"

The Hon'ble Sir William Vincent replied:—

- "(a) The answer is 'yes.'
- (b) No decision has been reached in regard to the proposal.
- (c) Government are unable to give any such undertaking. The President of the United Provinces Legislative Council has, however, informed the Government of India that, if budget provision is made for the post for 1918-19, an opportunity will be afforded for discussing it by means of a resolution under rule 11(3) of the rules for the discussion of the financial statement.
- (d) The Government of India have ascertained that three resolutions on the subject of which notice was given for March 13th, April 2nd and April 10th, respectively, were disallowed by the then President of the United Provinces Legislative Council (the Hon'ble Mr. J. M. Holms) on the ground that the matter was then the subject of discussion between the Governor General in Council and the local Government (*vide* rule 12 (c) of the rules for the discussion of the financial statement and rule 3 (c) of the rules for the discussion of matters of general public interest).
- (e) The Government of India are willing to consider in consultation with the local Government the question of making the appointment if sanctioned a listed post.
- (f) The answer is 'yes.'
- (g) The Government of India understand that the local Government has placed an Indian Civil Service officer on special duty in the Secretariat, and that he is doing the work of a Secretary. Such an appointment is within the financial powers of the local Government, and the sanction of the Government of India is not necessary."

The Hon'ble Mr. M. B. Dadabhoy asked:—

Gold
Standard
Reserve and
Paper
Currency
Reserve.

2. "(a) Will Government be pleased to lay on the table a statement showing the composition of (1) the Gold Standard Reserve, and (2) the Paper Currency Reserve, as also the investments out of each of these funds?"

(b) With regard to investments in England out of the Gold Standard Reserve and the Paper Currency Reserve will a further statement be laid on the table giving the details of the securities, the cost price and the present market value of such securities, and the rate or rates of interest payable therefor?"

The Hon'ble Sir William Meyer replied:—

"Statements* giving the information asked for are laid on the table.

As regards the Paper Currency Reserve, I may explain that under the provisions of the Paper Currency Act, II of 1910, securities held in it are shown at their purchase price and this is the valuation shown in the statement. It will be seen from the statement that in the case of this reserve, the bulk of the present sterling investment consists of treasury bills. These have been purchased at varying rates of discount, and it is not therefore possible to give details with regard to their rate of interest or their present market price. But their value will in the ordinary course rise steadily until the bills are discharged at par at maturity. So far as this reserve is concerned, therefore, the distinction between market value and purchase price is of importance only in the case of the consol holding. At the rate

* Not included in these proceedings.

QUESTIONS AND ANSWERS.

[20TH SEPTEMBER, 1917.]

[*Sir William Meyer; Maharaja Sir Manindra Chandra Nandi; Sir C. Sankaran Nair; The Vice-President.*]

of 56½ per cent. at which consols were quoted on the 31st August 1917, their present market value would be about 238 lakhs against the purchase price of 362 lakhs shown in the statement. As I explained in paragraphs 12 and 53 of my speech introducing the last Financial Statement we have taken steps to deal with this depreciation by the constitution of a special depreciation fund out of the abnormal receipts which we are now obtaining from the Paper Currency investments. We have set aside for the purpose £600,000 during the last and current years and intend as opportunity offers to add a sufficient amount to cover the entire depreciation in the value of the consols and to replace these gradually by Treasury Bills. Thus, during the current year the Secretary of State has sold consols originally purchased at about £250,000, replacing these by British Treasury Bills.

In the case of the Gold Standard Reserve, the securities are valued half-yearly on the 31st March and the 30th September. Securities purchased between such valuations are provisionally shown in the accounts at their cost price. Accordingly in the statement which I have laid on the table, the market value is shown in the case of securities purchased up to the 31st March when the last valuation was made, the cost price only being shown for securities subsequently purchased which have not yet come under re-valuation. As, however, the latter consist for the most part of treasury bills which were bought at a discount, their present market value would, for the reasons already stated above, presumably be in excess of their purchase price."

The Hon'ble Maharaja Sir Manindra Chandra Nandi asked:—

3. "(a) What are the principal remedial measures so far discovered by science against malaria, and how many of them have been tried in India, and in what Provinces and with what result?"

Measures taken against malaria.

(b) Will Government be pleased to give a short account of the measures taken against and the success obtained in coping with this disease in Italy, Alexandria, Formosa Island and in the Panama Canal?"

The Hon'ble Sir C. Sankaran Nair replied:—

"(a) The question is of so wide a scope that a detailed answer is impossible. The Hon'ble Member is referred to a book called 'The Prevention of Malaria' by Sir Ronald Ross, the modern text-books on tropical medicine, and as regards India to the Imperial and provincial sanitary reports, the special reports on malaria which have been produced in India from time to time, the proceedings of Sanitary and Malaria Conferences, the Scientific memoirs by officers of the Medical and Sanitary departments of the Government of India, and the Indian Journal of Medical Research. Copies of these publications will be furnished to the Hon'ble Member for perusal if desired.

(b) It is understood that the measures taken in the places specified in the Hon'ble Member's question do not essentially differ from those which have been employed in India and many of them have indeed been the outcome of research work and discovery in this country. The Hon'ble Member is referred to an instructive pamphlet entitled 'A plea and a plan for the eradication of Malaria throughout the Western Hemisphere', being an address read before the Southern Medical Association of the United States of America, which will give him a certain amount of the information required and which incidentally shows to how large an extent anti-malarial operations elsewhere are based upon investigations carried out in India."

The Hon'ble the Vice-President:—I ask the Hon'ble Member to put questions 4, 5, 6 and 7 together.

The Hon'ble Maharaja Sir Manindra Chandra Nandi asked:—

4. "(a) Has the attention of Government been drawn to a speech delivered by the Hon'ble Babu Bhabendra Chandra Ray in the Bengal Legislative Council

Income of District Boards of Bengal.

QUESTIONS AND ANSWERS.

[Maharaja Sir Manindra Chandra Nandi.]

[20TH SEPTEMBER, 1917.]

on 3rd April last, in which it was pointed out that the incidence of income of the District Boards of Bengal was much less than that of most other provinces, and that the proportion of Government contribution to the total income of District Boards was smaller in Bengal than elsewhere ?

(b) If so, will Government be pleased to state the considerations that determine the amount of contribution by Government in each case ?

(c) Is it a fact that the augmentation grants which were first made to the District Boards by the Imperial Government in 1905, were meant to represent 25 per cent. of the receipts of the Boards from land cess and that in Bengal and some provinces in Upper India this grant does not bear this proportion to the total land cess appropriated by the Board since 1913-14 ?

(d) If the answer to (c) be in the affirmative do Government propose to remove this difference ?”

Augmen-
tion grants
to District
Boards.

5. “(a) Is it a fact that the augmentation grant to District Boards in each province is a fluctuating amount ? If so, on what principles are the fluctuations based ?

(b) Is the amount of this grant debited to Imperial revenue under a separate head or is it merged in the Imperial assignment ? If the latter is the arrangement now in vogue, what are the terms of the obligation, if any, laid upon the individual provincial Governments to allocate this amount from year to year ?

(c) On what principles is the share of individual Boards in this grant determined by the respective provincial Governments ?”

Reduction
of augmen-
tation
grants to
District
Boards.

6. “(a) Has the attention of the Government of India been drawn to the discussion that was raised in the Bengal Legislative Council on the 14th March last, by the Hon'ble Babu Bhabendra Chandra Ray regarding the augmentation grant to District Boards in which it was pointed out that a large amount was being deducted by the Government of Bengal from these grants for some time ?

(b) Is it a fact that the Government of Bengal while undertaking to make full allotments in the future, refused to make good the deductions made in the past which amount to over 5 lacs of rupees ?

(c) Have any provincial Governments any authority to make any reduction from the augmentation grant without reference to the Government of India ?”

Nature of
augmenta-
tion grants
to District
Boards.

7. “(a) Has the attention of Government been drawn to the statement made by Sir Shamsul Huda with reference to the discussion on this subject in the Bengal Legislative Council on April 3rd last in which it was pointed out that the augmentation grant to District Boards was only an act of generosity on the part of the Government, that the local bodies were expected to stand on their own resources and do without it, and that the provincial Government had a share in this generosity in as much as they had to find the difference between the fixed assignment by the Government of India and the increased grant from year to year under this head ?

(b) Is it a fact as stated by Sir Shamsul Huda that the provincial Government have to find a portion of this grant ?”

(c) Will Government be pleased to make a statement on the true nature of this grant and as to whether Sir Shamsul Huda had correctly interpreted the intentions of the Government of India in the matter ?”

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[*Sir William Meyer; Rao Bahadur B. N. Sarma.*]**The Hon'ble Sir William Meyer** replied :—

(1) The Government of India have seen the speeches to which the Hon'ble Member refers.

(2) With regard to (b) of Question 4, the distribution of grants to individual District Boards rests with Local Governments, and the Government of India are not aware of the considerations which determine the amount of contribution made in each case.

(3) The grants made by the Government of India in 1905 were calculated to represent an amount approximately equal to one quarter of the aggregate receipts which District Boards then derived from local cesses on land, and they were given by the Government of India in the form of fixed annual assignments from Imperial to Provincial revenues, which assignments are now merged in the adjusting entries made under the various Provincial Settlements. It was recognised that any addition made to the grants on account of a growth in the receipts from cesses on land would fall on Provincial revenues; and the Government of India, when they announced the grants, informed Local Governments that the distribution among District Boards was left to their discretion. The Government of India are not aware of the exact system of distribution which has been adopted in different Provinces; but whatever the system, the only obligation specifically thrown on Provincial Governments was the obligation to distribute among District Boards the total amount of the assignments received from the Government of India.

(4) Up to 1913 the land-cess income of the Bengal District Boards was represented by what was locally termed the road cess. Another cess, locally termed the public works cess, was taken by the Local Government, which however made grants to the Boards in some cases to secure equilibrium between their revenue and expenditure.

In 1913 the public works cess was made over to the District Boards and as a consequence the special grants just referred to became *prima facie* unnecessary, but this did not affect the principle already adopted in respect of the road cess which was all that the 1905 policy was intended to cover. The actual method by which the new arrangements should be hereafter carried out in Bengal formed the subject of correspondence between the Government of India and the Government of Bengal last winter, and the decision of the Bengal Government, which was announced by the Hon'ble Sir Syed Shamsul Huda with reference to the resolution proposed by the Hon'ble Babu Bhabendra Chandra Ray, had, and has, the approval of the Government of India.

(5) The Government of India have no reason to believe that in other Provinces District Boards are not obtaining the full benefit of the grants which were made from Imperial revenues in 1905, although it is possible that in the intervening period the method of their adjustment has been altered. They do not propose to make any inquiries or to take any action in the matter.

(6) In so far as my Hon'ble friend's inquiries are not covered by the above answers, they relate to purely Provincial matters and should be put, if necessary in the Provincial Legislative Councils."

The Hon'ble Rao Bahadur B. N. Sarma asked :—

8. (a) Will Government be pleased to state whether replies have been received from all or any of the Local Governments, regarding Sir Herbert Robert's memorandum referred to in the Hon'ble Sir George Barnes' speech in this Council on the 8th February, 1917, on my resolution on excise reform?

(b) Will Government be pleased to publish for public criticism such replies as they have received before they review the subject as a whole?"

QUESTIONS AND ANSWERS; RESOLUTION *re* PROPORTION
OF BRITISH OFFICERS IN THE INDIAN CIVIL SERVICE
AND POLICE DEPARTMENT.

[*Sir George Barnes; Rao Bahadur B. N. Sarma; Sir Fazulbhoy Currimbhoy; Sir C. Sankaran Nair.*] [20TH SEPTEMBER, 1917.]

The Hon'ble Sir George Barnes replied :—

“Replies have been received from all the Local Governments regarding Sir Herbert Robert's memorandum, and they shall be published at once as the Hon'ble Member suggests.

The replies from Local Governments have been sent to the Secretary of State who has asked by telegram for the views of the Government of India on Sir Herbert Robert's memorandum. These views have been sent to him, but the Government of India are constantly watching this important question and are always prepared to review the subject again in the light of public criticism.”

The Hon'ble Rao Bahadur B. N. Sarma :—Will the Government of India be pleased to publish their recommendations.

The Hon'ble Sir George Barnes :—We cannot do that.

The Hon'ble Sir Fazulbhoy Currimbhoy asked :—

Venereal
diseases.

9. “(a) With reference to the statement in this Council on 27th September 1916, that the Report and conclusions of the Royal Commission on Venereal Diseases have been commended to the consideration of Local Governments, have the opinions of Local Governments been received, and are the Government of India now in a position to indicate the line of action they propose to follow for the purpose of checking the growth of venereal diseases?

(b) Will the opinions received be laid on the table?”

The Hon'ble Sir C. Sankaran Nair replied :—

“(a) & (b) The Government of India commended the report and conclusions of the Royal Commission on Venereal Diseases for the consideration of Local Governments and for such action as they might deem necessary. No opinions were asked for and none have been received. Further action is not contemplated. Inquiries instituted by the Government of India show that facilities exist in most of the provincial medical colleges and schools for special instruction as regards modern methods of diagnosis and treatment of venereal diseases. Where such facilities do not exist special arrangements are being made to introduce systematic teaching on the subject.”

RESOLUTION *re* PROPORTION OF BRITISH
OFFICERS IN THE INDIAN CIVIL SERVICE
AND POLICE DEPARTMENT.

The Hon'ble Rao Bahadur B. N. Sarma to move the following Resolution :—

“This Council recommends to the Governor General in Council that the Government do not accept the recommendations of the majority of the Public Service Commissioners that the nature of British responsibility for the good governance of India requires the employment in the higher ranks of the Indian Civil Service and the Police departments of a preponderating proportion of British officers.”

“Sir, it is with a full sense of responsibility and the immense difficulty of my task that I rise to move the resolution standing in my name, asking this Council to recommend to the Governor General in Council that the Government do not accept the recommendations of the majority of the Public Service

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Commissioners that the nature of British responsibility for the good governance of India requires the employment in the higher ranks of the Indian Civil Service and the Police Departments of a preponderating proportion of British officers. I have ventured, Sir, to undertake this task at the risk of being misunderstood, at the risk of the educated Indian community to which I belong being misunderstood, for the reason that I have felt and still feel that as a loyal citizen of the Empire, as a true son of India, it is my bounden duty to bring to the notice of the Council and the Government the immense danger and risk attendant on the adoption of the recommendation of the Public Services Commissioners that British responsibility consists in shutting the door of the higher ranks of public services in what are considered to be the security services against the Indian community. I feel that if the responsible Government of India accept this principle in practice they will be perpetuating a system which has prevailed, not in theory, but in reality in the past, a system following a policy of mistrust, and (we hope that the new angle of vision which the war has made possible is conducive to a change in the right direction.) We are thankful to the Commissioners for the many recommendations which they have made in favour of the Indian community, but Hon'ble Members must have noticed the immense outburst of indignation and dissatisfaction which manifested itself throughout the length and breadth of the country as soon as the recommendations of the Commissioners and the Report containing them were published. What is the true cause for this manifestation of feeling on the part of the whole Indian community? The true cause is, Sir, that the Indian community instinctively and intuitively perceived the danger ahead, perceived that the old policy is going to be continued under a new part and that that would be detrimental not only to their own interests but the interests of the Empire at large.

“I am not going to take into consideration today the vast economic considerations attendant upon this, but I will deal with the question in its larger aspect and venture to quote the moral evils attendant upon this policy. To use the memorable words of the late Mr. Gokhale when he spoke before the Welby Commission :—

‘There is a moral evil which, if anything is even greater. A kind of dwarfing and stunting of the Indian race is going on under the present system. We must live all the days of our life in an atmosphere of inferiority, and the tallest of us must bend in order that the exigencies of the existing system be realised. The upward impulse, if I may use such an expression, which every school boy at Eton or Harrow may feel that he may one day be a Gladstone, a Nelson or a Wellington, and which may draw forth the best efforts of which he is capable, that is denied to us. The full height to which our manhood is capable of rising can never be reached by us under the present system.’

“I realise, Sir, that rhetoric, strength of language and appeal to sentiment would be useless and must be useless. I must convince the Council and the Government by appealing to cold reasoning and I hope to show that the British connection with India, that our continuance as an Empire, would not be in the slightest degree jeopardised by a departure from the policy recommended by the Commissioners. And I have reason to hope that, notwithstanding the immense weight that is due to the high-placed gentlemen who have made these recommendations, we need not despair in our cause because new conditions, new modes of thought have begun to prevail and pervade the atmosphere, are likely to bear fruit and have already borne fruit. At the time evidence was given before the Commissioners, at the time when Governments reported openly and in private, there was a talk of the ruler and the ruled; there was the policy of suspicion. India had not manifested her loyalty at that moment in a clear and unmistakeable

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manner. But now, Sir, there is not the slightest doubt that statesmen both here and in Europe have realised that the continuance of the Empire can be based only upon the goodwill of the people; that His Majesty's Indian and European subjects are comrades in a common cause and equal citizens, in a common Empire; and I take it that these expressions are sincere and have been uttered with a full sense of responsibility when these utterances were made. And the recent announcement of the policy of His Majesty's Government that India can hope for and look forward cheerfully to self-government within the Empire as a legitimate aim clears the air and must make the Government of India necessarily take a new view-point in the right direction. It must be remembered at the outset that a departure from the policy recommended would not be attended with any very great catastrophic changes, for the simple reason that all sides recognise that even if the services were thrown open completely to competition, and I am not discussing that point at the present moment, the recruitment of Indians under existing educational conditions would be but a slow process. And even, assuming for argument's sake, that it is to be a rapid process, it will take not less than 12 to 13 years before the newest recruit—and it will take one or two years more before these recommendations are finally adopted—can hope to rise even to some responsible positions like those of a Collector, and the highest offices can never be hoped for within a generation, 30 or 35 years. Consequently, any recommendations that may be adopted by the Government of India, in order to bear fruit, will take more than 15 to 30 years, and every one of us reasonably hopes that with a policy of advancement of education things will have so vastly changed that the Empire will be based upon a more solid basis than that on which it at present rests. Consequently, I am not asking for a departure from this policy nor for any wide changes which will have an immediate effect, and the effects of which cannot be foreseen slowly and gradually.

"I can understand that the Commissioners were forced to adopt this attitude because the responsible heads of the Indian administration, have asked that, in view of the claims that are being made by educated Indians, the time had come when a definite limit must be placed upon their aims, that they must be told 'thus far and no further you can go', and that the cardinal element of policy on which British suzerainty rests is the preponderance of the British elements in these services, *viz.*, the Civil Service and the Police Service. I need hardly say that the Indian Civil Service is the nerve, is the backbone and the brain, and the whole fabric of Government in the Empire really rests upon the Indian Civil Service. The police is only the hand, the instrument. Consequently, in making this differentiation in the recruitment for the Indian Civil Service—notwithstanding that they will throw open the door here and there, the Commissioners have distinctly told educated Indians that they can never hope for equality but they must rest content with the security they enjoy under the British Government and inferiority in the matter of appointments. But that state of things has passed away and I need not allude to it further.

"My first position is that the theory enunciated, the policy adumbrated, is absolutely unconstitutional. The question was put to several witnesses, lawyers and eminent judges, by the Commissioners, and I cannot help thinking and feeling that a very clever attempt was made by several to get out of the plain words of the several Statutes governing the matter. The 1833 Statute has been quoted at length in this Council on a large number of occasions in this connection and I venture to repeat the text of it once again for a very simple reason.

'No Native of India nor any natural born subject of His Majesty resident therein shall by reason only of his religion, place of birth, descent, colour or any of them, be disabled from holding any place, office or employment under the said Government.'

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“By reason only of his religion, etc. The word ‘only’ was utilised for the purpose of stating that the Statute would be perfectly satisfied. If one Indian be admitted the colour bar is avoided, the wording is satisfied, and it would not be unconstitutional if further bars be placed owing to some supposed policy.

“Sir, I venture to say that it is hardly a fair meaning to be attributed to the words of the Statute, and the Indian public would refuse to accept that position, especially in view of what follows in the despatch of 1834.

‘Whatever other tests of qualifications might be adopted, definitions of race or religion should not be of the number;’

“and this has been followed by Her Majesty’s famous Proclamation of 1858 that no distinction would be made. But what is the root of the recommendation, what is the basis on which the recommendation rests?

“There would seem to be something mysterious in British character and British surroundings which makes it absolutely impossible for the Indian to arrive at that excellence, and it is said that it would be disastrous to British rule if the door were thrown wide open. May I say, Sir, that this a more subtle way of re-stating in these civilised days the old Brahmanical doctrine that unless you are born a Brahmin there is no salvation for you. I have ventured to make these remarks in view of what has been said by the Central Provinces Government. Here is what is stated (at page 304) :—

‘The system is based upon the theory that the competitors should be endowed with certain qualities which are inherent in the British character and are brought out in the British system of training and even if the latter is to a certain extent complied with, it involves sending the Indian boy to a foreign country at an impressionable age when he is not..... surroundings.’

“And then the other arguments are utilised. Therefore it comes to this: that inasmuch as an Indian cannot be born a Britisher or claim British birth, and inasmuch as British schools and Universities are to a large extent closed to Indians and it would be impossible to ask Indians to send their children to a foreign country at the young age of 13 or 14, they must reconcile themselves to the position that they can never hope to attain those characteristics which are supposed to be absolutely necessary for the future Government of the Empire according to British ideas.

“Sir, such a position, if it is necessary for us to accept it, we might and we must accept; and that is what has been stated here, namely :—

‘In return for the protection which they enjoy and the wealth they are amassing through the security of British Rule they must understand..... that this security must be maintained whatever the cost, and to them it must be the sacrifice of some of their ambition to fill high posts..... which are bound up with the maintenance of this security.’

“Sir, if I felt that it was only a question of the interests of a few people who wish to draw large salaries from the exchequer by filling the highest appointments in the Public Services; if it were merely a question of that, I for one would not have ventured to waste the time of this Council. But, as the Hon’ble Mr. Gokhale put it, it is not merely a question of the ambitions of a few educated Indians being satisfied. The question is whether the Indian nation can say ‘We are equal to any other on the earth.’ That is the question which is involved in this matter.

“As to the theory that British government is inconsistent with perfect equality of Indians, I need not say much at present, except to repudiate it; I feel that the British connection is absolutely dependant upon a recognition of the perfect equality of Indians and all the present unrest, all the present dissatisfaction, are due to the distinctions which are being drawn. That fact is

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being slowly but certainly recognized by British statesmen. Therefore, Sir, I think that the old statutes made it unconstitutional and illegal for any policy other than the one I have foreshadowed being adopted. I may also say that the reference made to the Commissioners is absolutely inconsistent with the theory which has been propounded. The reference was 'To consider such limitations as still exist.'—I place particular emphasis on the word *still*—'in the employment of non-Europeans, and the working of the existing system of division of services into Imperial and Provincial.'

"Well, and the answer to it is given, thus: 'There are vast limitations which still exist and cannot be removed.' I think, Sir, His Majesty's Government never contemplated that an answer of that description would be given when they wanted to remove, as far as possible, the limitations—the very large limitations—placed in the way of Indians obtaining their full share.

"All this, Sir, is not mere idle theorising. What are the effects, what are the fruits, of the adoption of this policy by the Public Services Commission? If the rules of the year 1879 had been followed, we should have been at the present moment in possession of about 235 posts, the total being 1,411. But according to the Commission's recommendations we are in possession of about 124. The Commissioners say that 12 years hence there will be 189 posts, which is about 50 less than the number we should have had if the recommendations made 50 years ago had been accepted and acted upon. These gentlemen hope that at the end of 12 years we shall have about one seventh of the cadre that is, five or six more in each Province. And at the end of 30 years, a generation hence, we may not be occupying any of the highest posts, because there are only three or four of them in all, 3 or 4 Executive Councillorships, 4 or 5 Commissionerships in each province; and therefore taking the proportions we shall hold, even one place may not fall to an Indian. Consequently what the Commissioners ask us, when they ask us to adopt this policy, is to accept a state of things very analogous to what obtains at present; and in doing so they resort to expedients which have aroused bitter resentment—I should have used a stronger expression but for the respect due to the Commissioners. They have removed Sanskrit from the subjects for examination. They have reduced the age limit and they have adopted a separate test which, whatever they may say, will not be considered an equal test with that which is provided for English students. These are some of the concrete results of the adoption of the policy which has been foreshadowed for us by the Commissioners. Further, Sir, as to the grounds on which apparently their recommendations are based, that British Rule is dependent upon the British Army and a preponderance of the British element in the higher services, I admit that the British Army does protect us and we are thankful for that; but once the political consciousness of the country is aroused, a hundred thousand soldiers and a few highly placed officials will not be able to save the country from serious unrest, and of this I am perfectly certain the larger mind of statesmen both in India and in England is well aware. Statesmen have recognised more than once, as I have already stated, that British Rule rests upon the contentment of the people and upon their loyalty. If there should be any real disloyalty the continuance of that Rule will be made difficult. But as a matter of fact we recognise that our true interests lie in the British connection, in the perfect recognition of our equality. Unless the present bar is removed, however, we cannot have the large Army which is necessary for the maintenance of peace in this country, and we cannot have a satisfied service. How can the Government of India ever hope that there would be contentment when 2,572 Provincial Civil Servants occupying positions equal to Assistant Collectors can look forward to only 2·4 of the higher appointments, while 681 Assistant Collectors can look forward to 669 superior posts, or 98·2?

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Can we ever hope for continued loyalty in the services once political feeling is roused? 228 Deputy Superintendents of Police can only look forward to 10 posts in the superior service, or 3.9 as against 313 equally placed men being able to secure 348 or 111.2. Sir, I think it would be a moral impossibility to expect continued satisfaction or contentment under those conditions, and therefore it is that I implore the Council to disavow the adoption of the policy, because the departure from it is not likely to be attended by any violent changes. The view point has been correctly put by Mr. Abdur Rahim. It is that we must import into the country as large a British element as is necessary for the purposes of the Government of this country. That is correct. But we must also take into consideration, especially after the war, the fact that it would be difficult to secure the best talent of England out here, and it would be wrong to submit to an inferior article when it would be possible to substitute it by a better article in India. That is also a standpoint which I may press upon the attention of Government.

"I may also allude, Sir, in this connection to a widely felt feeling that the number of British officers in India, having regard to the area and the population of India, is very, very small, and that it cannot be made smaller with safety to the Empire. I recognise that it is only relatively small; but a number much smaller was able to hold the land with perfect security in earlier days. The services in some of the provinces are unduly large. Compare, for example, only 104 in Bihar and Orissa with the large services in the Punjab and the United Provinces. Furthermore, may I put it to you, Sir, that the number of Englishmen in India we hope will be larger and larger according to the development of the country. With the larger progress of civilisation and increased material resources and wealth, we hope to be able to see in India a much larger number of Englishmen, non-official as well as official. Just as the medical officers find larger employment in Britain owing to Mr. Lloyd George's reforms so will the British medical element be strengthened when the developed resources and needs demand an improvement. Similarly the officers in the forest, engineering and other departments will have to be increased largely according as the improvement of the resources may demand it. I do not, therefore, for one moment believe that it will be necessary to reduce the British element; as time goes on we shall have to look forward to assistance from England even in a larger degree than in the past, but on perfectly equal conditions and according to the necessities of the times and not by an artificial importation under restrictions galling, unmeaning and dangerous.

"Again, Sir, if self-government is really to be our goal, let us look at the problem boldly from a new point of view. If in any department the legislature is to be supreme, would not that be tantamount to absolute confidence in the people, and if you have confidence in the people, where is the danger in giving a chance to the best Indian intellect and the best Indian nerve? Put any limitations you like. If you want a rough-riding test or any other hard physical test, put it. Nobody grudges it. I am glad that His Honour the Lieutenant-Governor of the Punjab the other day recognised the true British valour and true British common-sense and instincts and sanity in our Punjab friends. By all means give the bulk of the executive appointments to men from that province. We do not grudge it; we are all Indians. There are the Kshatriyas and other classes who have specialised for that purpose. But do not for goodness sake say that among three hundred million people you cannot find men to manage the services in the same way as you can manage with a British service. That is a proposition which will not bear scrutiny at all, still less a judicial analysis. That has been recognised by one eminent statesman from the Punjab. 'The moment the educated classes have a following amongst the people, then our view-point must change.' I think that state of things has come into being and I therefore venture to ask the Council

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with all humility to remove these restrictions. Even if such large changes are not going to take place, even then I would ask that the number of Indians should be increased and that this bar should be removed, because the enunciation of policy would rest mainly with the Civil Service and it would be dangerous to deny a share in the formulation of such policy.

“Sir, this cruel and devastating war in which the Empire is engaged for its very existence and for the continuance of the high and lofty ideals of freedom and for the enlargement of the liberties of mankind leading to the federation of the peoples of the earth on a truly democratic basis, has opened the eyes of all. It must have revealed to far-seeing statesmen both here and in England how cruelly India's loyalty has been misjudged in the past, how a more broad-minded policy, a little more trust and confidence might have developed the moral and material resources of India in larger degree rendering the present inhuman war impossible and if not impossible would have made victory much easier. It has at any rate revealed to us the painfully weak and humiliating position in which we stand, and how a national policy similar to that which has been followed elsewhere, especially in Japan with certainly not more gifted peoples would have been far more beneficial. We take it, Sir, that our loyalty, is now no longer really open to doubt and that it has been recognised that the solid basis of Empire does not rest upon the strength of the British Army, or upon the preponderating element of the British in what are called the security services, but upon the contentment of the people and the recognition of perfect equality based on merit and efficiency of all the peoples inhabiting His Majesty's dominions.”

The Hon'ble Sir Hugh Bray :—“ Sir, I wish to oppose this resolution more or less on general grounds, grounds on which I shall probably wish to oppose most of the following resolutions on the paper. I do not think it would be fair to inflict such a number of speeches (I see there are 19 resolutions) on this Council and I think it may be more convenient if I am allowed to make a general statement covering all the grounds on which I am opposed to this and most of the succeeding resolutions.

“I had hoped after what His Excellency said a fortnight ago that it would not be necessary for me to get up and say anything on a subject which I am afraid can hardly be otherwise than controversial, more or less. I had hoped that no one would bring forward a collection of resolutions such as we have down on the agenda to-day. But as it has been done, it is impossible for me to sit silent, though bearing in mind what His Excellency said on the subject of calm and dispassionate discussion, I will endeavour to make my remarks as brief and as unprovocative as possible.

“The community I have the honour to represent is a very patient, a very long suffering one, of a loyalty unquestionable and without limit, but there is a limit to its patience and that limit has very nearly been reached.

“For the last 3 years it has been our endeavour not to embarrass Government in any way by obtruding our own affairs, to avoid anything that might distract Government's attention from the heavy task before it and to assist in all ways possible to us the prosecution of the war.

“It has naturally been something more than a matter of regret to us that others have not followed the same course, but have not only clamoured unceasingly for special attention and consideration, but even gone out of their way apparently sometimes to deliberately harass Government at a time when there is only one thing that matters and that is the successful prosecution of the war.

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“When, Sir, we see some tactics apparently meeting with success, when we see indications that our interests may be relegated to the background, that Government in the midst of its tremendous anxieties is going to find time to deal with questions which we consider should be relegated to the time when the war will be a thing of the past, it becomes impossible for us to sit quietly by and see ourselves and the interests we represent apparently about to be disposed of, as if we did not exist.

“With the aspirations of Indians to attain to a greater measure of Self Government we are by no means out of sympathy, whether we are altogether in sympathy with the methods by means of which they hope to attain thereto is perhaps another question, and it is difficult in this connection to omit all reference to the Mrs. Besant interlude.....

The Hon'ble Sir William Vincent :—“ May I rise to a point of order ? I submit that the release of Mrs. Besant has nothing whatever to do with the Resolution which relates to the recruitment for two Services”.

The Hon'ble Sir Hugh Bray :—“ The cry, the up-to-date demand is government of the people, for the people, by the people. Very well, Sir, we are of the people, numerically we are perhaps weak but our stake in the country is enormous.

“We and our predecessors have given ourselves and our money to this land and without boasting I may claim that we are directly responsible in no small degree for its development and increasing prosperity.

“Our money and our lives have been given to this land on the understanding that law and order will be maintained and that we shall conduct our enterprises under secure and just conditions.

“I am not claiming that we are philanthropists, that we came here only for India's good. Doubtless we have found it profitable more or less and earned a livelihood but the results are the thing to look at and there can be no ignoring them, the results are the railways, steamers and the tremendous advance in industrial development generally, but evidence is not wanting of things accomplished as well for the country's good alone and from motives of philanthropy.

“We demand then a continuance of those guarantees, a continuance that means either a retention of such a measure of control by the British Government as will safeguard those interests or such representation of those interests in any new form of Government as will ensure their protection.

“I have been somewhat puzzled from time to time by demands made that India shall be given Self Government on Colonial lines. I look at Canada, I find a country governed by the immigrant white race. . . .

The Hon'ble Sir William Vincent :—“ Sir, I again rise to a point of order. I submit that this does not concern the Resolution before us.”

The Hon'ble the Vice-President :—“ The Council will no doubt wish to hear the views of the Hon'ble Sir Hugh Bray, representing as he does an important commercial community in India, which undoubtedly is a very large one and has a large stake in the country. But I am sure the Hon'ble Member will desire to keep within the scope of the Resolution before the Council, which, as the Hon'ble the Home Member has pointed out, relates to two particular services only.”

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"This reference which has been ruled out of order was only an illustration of the fact that we can imitate no other country. Conditions are altogether different here and we must develop on lines of our own; no ready-made constitution will fit us.

"My community has no constitution to propose; I do not think it is for us to propose one, it is not we who want a change in the method of Government particularly just now, but if those who do want it are to have their demands considered and wholly or partly acceded to, then we demand to be told what changes are under consideration, that we be given full opportunity to consider how those changes will affect us and full opportunity to make such representations as appear necessary before such changes get beyond the stage of consideration; and that we be given satisfactory assurances that the interests we represent will be safeguarded.

"Our Indian friends maintain that they are now fit to assume very much greater responsibilities than they have had up to now, and as far as we know they may be, but with some exceptions they have not given proof of it. Their natural reply is, how can we prove it without trying? One cannot learn to swim on dry land. We reply that is so but as the cost of the experiment if it fails will fall largely on us we must have some guarantees. I can only see two forms of guarantees that could be considered satisfactory, either that a sufficient measure of control be retained by the British Government, or that the very large and important interests of the mercantile community and those who have invested money in this country be given adequate representation in the body or bodies that will have the power.

"Sir, this is a subject on which there is very much to be said and I cannot attempt in these few remarks to do more than scratch the surface of it.

"In conclusion I would express regret that our Indian friends should apparently take it for granted that we are opposed to their aims entirely. I must assume such to be the case because they make no reference to us, it does not occur to them to seek our aid; they ignore us entirely in their proposals. I can assure them that they are making a great mistake.

"We realise that changes are coming, that changes must come and if we should seem desirous of checking at all the progress of events it is not because we wish to prevent them but because we foresee the complications, the disasters even, that may arise from their premature birth. We are ready and anxious to go forward hand in hand with our Indian fellow subjects for the advancement of this great country. We will pull together either in double harness or in tandem as leader or wheeler the wagon of India, but what we will not do, Sir, is to follow hitched to the tail board, with no control over the pace, no power to check a too quick descent left to pick up what feed we can by the way-side when halted and called upon only to give an extra pull now and then to get the wagon out of the mire or up an extra steep ascent. That is a position we will not accept.

"Therefore I oppose these resolutions on these general grounds and on the ground that they are premature and that we have not been given the opportunity of considering how they will affect us."

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The Hon'ble Pandit Madan Mohan Malaviya :—“ Sir, I must confess I have been greatly disappointed and pained to hear the speech of my friend the Hon'ble Sir Hugh Bray. I think, Sir, that feeling will be shared not only by many of my Indian friends in this Council but outside it also. We had hoped that, after the speech of His Excellency the Viceroy and the announcement of policy made by His Majesty's Government, which we have all heard, our fellow subjects whom my Hon'ble friend represents, would take a calmer, a more sympathetic, and if I may say so, a more reasonable view of the situation than he has taken to-day. The Resolution that has been brought forward by my Hon'ble friend Mr. Sarma refers to a specific recommendation of the Royal Commission on the public services, *viz.*, that there shall be a preponderance of British Officers in the Indian Civil Service and in the Police Service. My friend certainly knows that this is a novel recommendation, embodying a new principle which was never put forward until the Report of the Commission was written. He knows that till then no such evils as he has painted before this Council overtook his community or any other community of His Majesty's subjects. He knows that the recommendation has not yet been accepted by the Government. The Government of India have given us an opportunity to discuss the matter. I understand, I speak subject to correction, that my Hon'ble friend Mr. Sarma suggested that the discussion of this and other Resolutions relating to the recommendations of the Public Services Commission might stand over till the Delhi session.”

The Hon'ble Sir William Vincent :—“ Not to me, at any rate.”

The Hon'ble Pandit Madan Mohan Malaviya :—“ I should like to know whether it was not mentioned to you, Sir. I understood it was at one time.”

The Hon'ble the Vice-President :—“ No such suggestion was made to me.”

The Hon'ble Sir William Vincent :—“ If any suggestion was made to the Vice-President on this point, I submit it should have been made to the Home Member too.”

The Hon'ble Mr. M. A. Jinnah :—“ I should like to rise to a point of order. Is the Hon'ble Pandit in order in referring to a private conversation which took place outside this Council ?”

The Hon'ble the Vice-President :—“ I am sure the Hon'ble Pandit will not wish to refer to any private conversation that took place outside this Council and must ask that he will not introduce the subject here.”

The Hon'ble Pandit Madan Mohan Malaviya :—“ I bow to your ruling, Sir. But I hope you will allow me to submit that if we, members of Council have conversations with members of Government relating to matters which are coming before the Council we are entitled to refer to them in circumstances similar to those that have arisen to-day. I have not disclosed any official secret. I leave the matter there.”

“ Now, what I submit is, though I was mistaken in thinking that the matter had been definitely mentioned to the members of the Government, it is clear, Sir, that there was widespread desire on our side, which desire was expressed even this morning by some members, that we might postpone the discussion of these Resolutions till February. If the Government had thought it fit that these Resolutions should come on in February, I am sure we should have bowed to their decision. But I do not lay any blame on the Government for having allowed the discussion of these Resolutions at this juncture. We know that the Government have called for reports from Local Governments on

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the recommendations of the Public Services Commission, and if they desired to know the views of the non-official Indian Members of this Council on the questions which principally concern Indians, they have done what was right."

The Hon'ble Mr. M. A. Jinnah:—"I rise to a point of order, Sir. Is it right that we should take up these controversial matters after the publication of the report and the recommendations of the Public Services Commission?"

The Hon'ble the Vice-President:—"I think I should explain the position to the Council. Ordinarily, we do not take up Resolutions in the Simla sessions at all. But the Government of India understood that there was a desire on the part of the Indian Members that they should have an opportunity in this session of discussing the recommendations of the Public Services Commission. The Government of India acceded to their desire and my Hon'ble friends have an opportunity now to discuss the Resolutions. It is perfectly open to Hon'ble Members either to avail themselves now of this opportunity or to postpone the discussion. I may say that the decision is entirely in the hands of the Hon'ble Members and the Government of India are prepared to adopt in this matter whatever course seems most convenient to Hon'ble Members."

The Hon'ble Pandit Madan Mohan Malaviya:—"Sir, we have the Resolution now before the Council, and until it is decided to withdraw it, I will proceed to make such observations as I have to make on it.

"I submit, Sir, that the Resolution is one which we, Indian Members, were bound to bring before the Council. We cannot allow a proposition, that there should be a preponderance of British Officers in the Indian Civil and Police services which, as my Hon'ble friend Mr. Sarma has pointed out, runs counter to the great and noble clause of the Charter Act of 1833, to remain unattacked, to remain as unchallenged where it stands in the report of the Public Services Commission. We feel that it is our duty to tell the Government that there should be no such rule laid down. And what is the counter-proposition which the mover of the Resolution has laid before the Council? He does not ask that there should be a preponderance of Indians in the Indian Services, though we are perfectly entitled to ask for it, and though we hope we shall have to ask for it at some not very distant time. All that the Resolution seeks is that the Government shall not accept the recommendation of the majority of the Commission that there should be a preponderance of British officers in the Indian Civil Service and in the Police Service. That is really a very simple and innocent proposition, and I am surprised that my friend Sir Hugh Bray should have allowed himself to be alarmed and to tell us seriously that those whom he represents are alarmed at such a proposition as this. There are certain things which ought to be obvious. Matters cannot stand, as they stood before the war. His Majesty's Government have made a declaration that responsible Government is the aim of British policy in India. It may be attained in ten years, it may be attained in twenty years, it may be attained in thirty years, or in fifty years; but there can be no going back upon that policy. We hope the aim will be attained much sooner than some of our European fellow-subjects think. We do not quarrel with them. We will work to attain it as early as we can. It is our duty, it is our privilege; our national self-respect and our national interests demand that we should attain it as early as we can. But in doing so we have no wish to give any offence to our European fellow-subjects. I have hoped, and I still hope that we shall work together in sympathy, with mutual good will, with cordial good feeling and understanding. There is no desire on the part of any one among Indians to injure the European

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interests which exist in this country. We recognise that this country has been under British rule for over 150 years. We do not want to ignore the existence of our British fellow-subjects, or to refuse to give them what is their due. We only wish that they would agree to give us what is our due that they would recognise that we are entitled to their sympathy and support in seeking to raise ourselves in our own country to the position which our English fellow-subjects occupy in their own.

“ My friend has spoken, Sir, of the great feeling of alarm which proposals for self-government have created in the minds of our European fellow-subjects. I am surprised, I am sorry, that Europeans who have been nurtured in traditions of liberty and freedom, of free institutions should, by coming into this country, entertain feelings different from what they entertain in their own country. Self-government has been recognised as the only form of government worth the name. That form of government is coming in India. We shall all have ample opportunity for discussing the proposals relating to that form of government, and I am glad to think that in that matter we shall have the benefit, of the co-operation, and advice, and may I add of the sympathy of our European fellow-subjects both official and non-official. I do not think that we can forget that Railways, Steamers and Industrial concerns have been developed in this country. I am glad they have been..... ”

The Hon'ble Mr. M.A. Jinnah :—I would like to know, Sir, if we are discussing the Resolution which is on the agenda or a Resolution on self-government ?

The Hon'ble the Vice-President :—We have on the agenda paper to-day a series of Resolutions covering a wide range of connected subjects. The Hon'ble Pandit will no doubt recognise that he will have the opportunity later on of dealing with them all.

The Hon'ble Pandit Madan Mohan Malaviya :—“ Thank you, Sir, I am taking up just the points which my friend Sir Hugh Bray took up. I have not trespassed outside. I want to say that it is very important at this stage when we are entering upon a discussion as to what constitutional changes shall be introduced, I am anxious and I am sure my Indian friends are anxious that our European fellow subjects, both in this Council, and outside it, should not misunderstand us, should understand our attitude correctly and therefore co-operate with us. I was going to say that no Railway, Steamer or other interests run any danger of injury if the Civil Service and the Police Service are Indianised to some extent as they should be. I do not wish to take up more time by going into that question. I hope I may have an opportunity of discussing it later on with my friend both in private and it may be in public.

“ I now come to the resolution before us. I submit, that the Government having made a declaration that responsible self-government is the aim of British policy in India, the recommendations of the Public Services Commission are now obsolete and ought to be brushed aside, and new proposals should be formulated, proposals which will seek to give effect to the policy announced by His Majesty's Secretary of State and by His Excellency the Viceroy in his memorable speech of the 5th instant, that it is the desire, the earnest desire of the Government to admit Indians to a larger and larger share in the administration of the country. This, Sir, will be the test of the sincerity of the Government's intentions. I have no doubt, I have absolutely no doubt that the Government are sincere in their desire to provide facilities for the larger admission of Indians into the high services of the country. But the measure in which they will give effect to this desire will be the touchstone by which the sincerity and earnestness of the Government will be judged by the public. Therefore I submit that the recommendation contained in my friend's resolution ought to be accepted by the Government for consideration along with the other matters of reform, when they are taken up, as part of the general scheme.”

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[*Dr. Tej Bahadur Sapru ; Rao Bahadur B. N. Sarma.*] [20TH SEPTEMBER, 1917.]

The Hon'ble Dr. Tej Bahadur Sapru :—“ Sir, I do not propose to travel beyond the terms of the resolution which has been moved by my hon'ble colleague the Hon'ble Mr. Sarma, though the temptation is very strong that I should controvert some of the propositions which have been urged by the Hon'ble Sir Hugh Bray. I only content myself by hoping and believing that whether it is any member of this Council or whether it is any outsider who wishes to fight against such self-government, he is fighting against the inevitable.

“ Now Sir, so far as Mr. Sarma's resolution is concerned, I think it is desirable that its scope and aim should be definitely understood. Mr. Sarma does not want in his resolution that there should be a preponderance in the Indian services of Indian officers, he wants only that there should not be a preponderance of European British officers in the services, and the resolution is confined to two services especially, the Indian Civil Service and the Police.....

The Hon'ble Rao Bahadur B. N. Sarma :—Sir, may I explain ?

The Hon'ble the Vice-President :—“ Certainly.”

The Hon'ble Rao Bahadur B. N. Sarma :—“ My resolution is that there should be no policy laid down enunciating that there should be a preponderance. Of course if the relative efficiency of the British should secure a preponderance, I have not the slightest quarrel with it, all I say is that there should be no bar of policy in that direction.”

The Hon'ble Dr. Tej Bahadur Sapru :—“ Sir, whatever questions of policy may be raised in the year 1917, one cannot help remembering that so far back as the year 1833 the responsible Legislature of England expressed its mind definitely on this subject. In the Act of 1833 it was laid down that—

‘ No native of the said territories, nor any natural-born subject of His Majesty resident therein shall, by reason only of his religion, place of birth, colour or any of them, be disabled from holding any place, office or employment under the said Company.’

“ That being an unconditional statement of the position taken up by responsible statesmen in 1833, I, with all respect to the majority of the Commissioners and with all respect to others who on grounds of policy and expediency hold a different view, fail to see how the present position can be reconciled to the position which was taken up in the year 1833. Sir, nobody can blame us for being impatient, although I am perfectly well aware that we have been characterised as impatient idealists. If a nation can wait for the redemption of promises made so far back as 80 years ago, I do not think, that in fairness and justice, it can be described to be very impatient. Sir, in forwarding the Statute of 1833 to the Government of India at that time, the Court of Directors took particular care to point out that they did not want any governing caste to grow up in India, but what has been our experience ? In spite of the fact that you find a sprinkling of Indians in the Indian Civil Service, and a few Indians promoted now to the ranks of Superintendent of Police, you have the fact—and I think it cannot be controverted—that we have in India a governing caste. Perhaps it agrees with the temper of this country because we are a caste-ridden people, but even the Government know that there is a very strong feeling against caste, and if some of us are strongly opposed to caste as a social institution, we cannot surely be expected to sympathise with caste as a political institution. Sir, whatever may have been the feeling with regard to this matter before Mr. Montagu's announcement was made in the House of Commons and before His Excellency made his utterance in this Council, I submit that there is no room for those feelings now. Every step that has got to be taken with regard to the services must, I submit, be taken with that ideal in view.

“ Sir, in this connection it sometimes occurs to me that a contrast might usefully be made between the Government as it exists at present and the Government which it succeeded, I mean the Moghul Empire. In those days, so far as

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I have read Indian history, there was no such rule laid down by any body of administrators that the governing castes shall be the Muhammadans. We well remember that in those days important offices such as those of Governors of Provinces used to be held by Hindus, and one cannot help remembering that even a purely Muhammadan country like Kabul was governed by a Hindu for many years. And even in the present generation what do we find? Amir Abdur Rahman says in his autobiography that in his own Empire there is no office which cannot be held by a Hindu even to-day. Sir, in mediæval ages, or if two hundred years ago, or three hundred years ago, the rulers of those times could be so liberal and progressive, there is no reason why the rulers of the present time, having given definite pledges, should not be prepared now to redeem those pledges. Sir, the dignity of the country, the rising aspirations of our countrymen refuse to reconcile themselves to a system of Government which assigns them to a position of subordination. 'The very system which recognises that there shall be a preponderance of men of a particular country or race or creed or colour is, I submit, a vicious system and it is likely to lead to great troubles in the future as political sentiment develops in this country.' I therefore think, Sir, that the time has come when frankly it should be recognised that, not only in theory but in actual practice, we ought to be dealt with as equal subjects of His Majesty. The moment you introduce the question of preponderance, all that talk of our being equal subjects is mere sham, it is mere mockery and delusion. I therefore submit, Sir, that so long as this recommendation of the Royal Commission stands unchallenged, so long the dignity of India will refuse to submit to any such position of subordination. On these grounds, Sir, I strongly support Mr. Sarma's resolution."

The Hon'ble Mr. Malcolm N. Hogg:—"Sir, in speaking on this Resolution or indeed on any of the Resolutions on to-day's agenda paper, I find myself considerably handicapped by the very short notice which I received of this Resolution. I received the agenda for to-day's proceedings on Tuesday evening, and that was the first intimation of any kind that I had that any Resolutions dealing with the Report of the Public Services Commission were to be brought forward. To deal with such Resolutions at all properly would require a careful re-study of the Commission's report and of portions of the evidence, and I must express my regret that Hon'ble Members were not given longer notice so as to enable those of them who had no private knowledge that these Resolutions had been sent in to look up the report on the many points raised. Even if it is not possible to send a final agenda paper until two or three days before each meeting, it would be a great advantage if it could be arranged to give members notice of the Resolutions which have been sent in and admitted and which will probably be brought forward for discussion at least a week before they appear on the agenda.

"Reverting to the Resolution which is now before the Council, I cannot associate myself with the attitude adopted by some Hon'ble Members towards the report of this Commission as evinced by the various Resolutions on to-day's paper. The personnel of this Commission was carefully selected; Indian interests were represented on it as well as official and non-official European interests. It conducted a very lengthy and exhaustive inquiry and presented a voluminous report. In the evidence which it took it heard every shade of opinion, but doubtless the opinions divided themselves to a great extent into two main schools of thought, and the division between these two schools of thought was largely a racial division. It is, I think, the desire of all of us to avoid at present controversies of a racial nature, but it will be obvious to the Council that as this Resolution refers entirely to a matter of racial distinction, it is impossible to discuss it except to some extent from the racial point of view. There were then these two main schools of thought, one pressing for a very rapid advance in the substitution of Indians for Europeans in all branches of the public service, the other recommending a cautious, in some cases perhaps an ultra-cautious, policy. The report of the Commission represents, as such reports generally do, and are in fact almost bound to do, a compromise between the two extreme points of view. It is not unreasonable to expect that after

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such an exhaustive inquiry the findings of the Commission should be accepted in a spirit of give and take by both sides, that the advocates of extreme caution should adapt themselves to the more rapid progress recommended than they approve of and that the advocates of extreme substitution should reconcile themselves to the deferment of the full realisation of their dreams. In this spirit I may say the European non-official community have accepted the findings of the Commission and regard them, generally speaking, as a fair and reasonable compromise. Doubtless after some years the subject may be required to be re-opened and studied anew, but we think that the findings of the Commission should be mostly accepted and given a fair trial in practice. Unfortunately this attitude has not commended itself to many of my Hon'ble Colleagues, whose opinion favours a more rapid substitution of Indians for Europeans, and they appear, from the large number of Resolutions put forward by them, to have gone through the report with the intention of asking the Council to reject every recommendation of the Commission which does not fully realise their aspirations.

“There are just one or two considerations bearing on almost all the Resolutions, but having a special application to this first Resolution, which I should like to place before Hon'ble Members. The security of India from external aggression has been secured through many long years and is being secured during this great war by the British Navy. Internal peace and security of private property have been and are being secured by British Government and British administration. I am not yet in full possession of the views of those whom I represent on the future developments of administration in this country; those views we shall, I hope, have an opportunity of laying before His Excellency the Viceroy and the Secretary of State during the latter's approaching visit to this country. I have no desire to anticipate this expression of the opinions of my Chamber and what I say now represents my own views only. But this I think I can safely say; we recognise that the goal of British administration in India must be the ultimate attainment of self-government within the Empire and we realise that the time has come for the clear definition of that goal and for the careful consideration of what immediate steps towards it are possible and advisable. We therefore welcome, if I may be permitted to digress slightly for a moment, the statesmanlike speech with which His Excellency the Viceroy opened the present session of this Council and (we associate ourselves with the sympathetic attitude which His Lordship adopted towards legitimate Indian aspirations. We claim, however, that in such changes as may be decided upon, the very large commercial interests of European British subjects in this country and the vast sums of British capital invested in this country should be adequately safeguarded. Certain methods of safeguarding these interests will doubtless form the subject of our future representations; but one thing which we should certainly regard as necessary is that the essentially British characteristics of the general administration of this country should be maintained, and we are of opinion that these characteristics can only be adequately maintained, at any rate for some time to come, by following the recommendations of the Public Services Commission as to the constitution of the higher ranks of the Indian Civil Service, and the Police Department. In His Lordship's opening speech he referred, as one of the directions in which progress must be made, to the increased employment of Indians in the various branches of the public services. With this policy I am completely in accord, for it is obvious that the declared goal of British administration in India can only be gained by the training of Indians in administrative work and that that training can only be given by their increased admission to the public services. But I submit that while progress in this direction should be as rapid as is consistent with efficiency it should not be unduly accelerated at the expense of efficiency. There is a frequently quoted phrase of, I think, the late Sir Henry Campbell-Bannerman that good government is no substitute for self-government. This no doubt has a good deal of truth in it, but I submit, Sir, that the converse is equally true and that self-government is no satisfactory substitute for good government. The admission of Indians to the higher ranks of the Indian Civil

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Service and the Police Department should be guided by the supply of Indians of equal administrative experience and ability to the European officers whom they will displace, and I submit, Sir, that for a considerable period at least the recommendations of the Public Services Commission will be found to be a necessary safeguard to the maintenance of good and efficient government."

The Hon'ble Mr. Kamini Kumar Chanda:—"Speaking for myself, I confess I felt that, in view of His Excellency's recent speech and the recent announcement of His Majesty's Government's policy, it would not be necessary for us to bring forward the Resolutions on the recommendations of the Public Services Commission's Report, of which notice has been given. I felt Sir that the recommendation of my friend the Hon'ble Mr. Sarma was almost a corollary to His Excellency's speech and the recent announcement of His Majesty's Government's policy and I thought that there would be no opposition to the Resolution which he considered necessary to be placed before the Council. But in view of the position that has been taken up by the Hon'ble Sir Hugh Bray and the Hon'ble Mr. Hogg, I feel it my duty to give my humble support to the Resolution and that in stronger terms than I would perhaps otherwise have felt inclined to do.

"Sir, no finding of the Commission on the Public Services in India has given greater dissatisfaction and caused deeper resentment than the recommendation of the majority that there shall be practically a governing caste in India ; that in view of the responsibility of the British Government for the good government of India there shall be a preponderating number of British officers in the Indian Civil Service and the Police. Sir, I submit that, that is entirely unjust, economically unsound and politically dangerous. In the first place, Sir, the country is ours and naturally all the appointments in it should belong to us. If the country was independent there could be no question that outsiders could not possibly come in. But it is not independent. Even then I submit respectfully, that the claims of the children of the soil to appointments can be denied only on considerations of unfitness, and outsiders, non-Indians, are entitled to compete for appointments only on the grounds of ability, on grounds of relative or absolute fitness. Sir, there is also the provision of the Charter Act, to which reference has already been made, as well as the despatch of the Board of Directors of the East India Company and the ever memorable Proclamation of Queen Victoria. Well, Sir, the recommendations of the Commissioners have cast all these provisions to the winds. In the second place, the country is very poor and can ill afford to pay the salaries on the high scale that are to be paid to British officers, the highest scale, I believe to be known in the civilised world

"Not only is indigenous agency cheaper but by the employment of British agency a double wrong is caused to the country. You are paying more and whatever you pay in the shape of salaries, leave allowances and pension and other charges, goes out of the country with these officers when they retire. This, I consider Sir, is economically unsound and is bound to lead to impoverishment of the country.

"In the third place, it is politically dangerous to shut out the children of the soil, to restrict the employment of the children of the soil, from the highest appointments, which the recommendations of the Commission involve, not on the ground that they are unfit but on the ground that they are not British. Sir, on this question, I shall with your permission quote the opinion of Sir Mahadev Chaulbal, taken from page 377 of the Commission's Report. He says :—

'At present the Indians are far and few ; and every Indian officer, whether high or low ' feels that he is not serving himself or his country but is an individual hired to labour for somebody else... .. To dispel this feeling there must in the higher service in all departments of the administration be present a large number of Indians, so that they may collectively feel that the responsibility for a strong and wise government of the people rests mainly on them.'

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“ And then again he says:—

“ The too limited employment of Indians in the higher service is one of the main causes of the discontent and unrest which have recently become so marked among the educated classes. The phenomenon of practically all the higher offices in the State being monopolised by the foreigner and the European loomed large in the view of those young men who formed originally the extremist school. A wider and more liberal employment of highly educated and capable Indians in the higher posts will, it is believed, in no small degree strengthen this (the Moderate) party and correspondingly break through the strength of the other school.

“ Since last August 1914, however, this earnest demand for a larger employment of qualified Indian Agency in the higher service has received an added force. This unfortunate War into which the whole Empire has been launched, the response that India has made to the call of the Empire in its need and the generous and appreciative terms in which responsible British Administrators have spoken and are speaking of the loyal support from all classes and communities in India have raised hopes and aspirations which if not substantially satisfied will result in disappointment and cause alarming discontent.”

“ Sir, I submit, that in all the circumstances the correct view to take would be to adopt the recommendation made by Mr. Justice Abdur Rahim that the requisition of officers from Europe should be limited to cases of clear necessity.

“ With these words, Sir, I support the Resolution.”

The Hon'ble Mr. K. V. Rangaswamy Ayyangar:—“ Sir, it is not from the point of view that there is any serious defect in the Civil Service or the Police by the preponderance of the British element that we urge upon the Council the adoption of this Resolution. It is more from a selfish point of view—or rather; call it a just point of view, that more appointments in the higher services should be thrown open to Indians, that we approach the Council with this Resolution. The recommendation of the Commission casts a slur on the Indian character and Indian ability. It places Indian talents in a lower scale and implies that by the employment of the Indian element the good Government of India will suffer. This is doing an injustice to the great number of Indians of ability who have done so much service to the Government in offices of trust and responsibility. In the interests of Government I would say that it is a bad policy to differentiate between the two great subjects of His Majesty. To do so would be against the policy of the Great Queen's Proclamation, and the anomaly would be ungenerous and impolitic. As was stated by His Excellency when he opened the present Session, one road towards self-government would be by increasing the co-operation of Indians in more responsible posts in the higher administration of India.

“ With these few words I support the Resolution.”

The Hon'ble Rai Bahadur Bishan Dutt Shukul:—“ Sir, I had no mind to intervene in this debate but for the reasons stated by my Hon'ble friend Mr. Chanda I am also tempted to say a few words on this Resolution. To my mind, nothing could be more prejudicial to the true interests of the Empire than the adoption of any recommendation of the Public Services Commission by Government which would in actual practice be found to be going against the pledges of equality of treatment so repeatedly guaranteed, by the Acts of Parliament and the famous Proclamation of Her late Majesty Queen Victoria. I am afraid the principle to which this Resolution in particular refers, if acted upon, will certainly go against those pledges. That principle has already aroused universal indignation throughout the country, and I am strongly of opinion that it is high time now for the Government to repudiate it, since in view of the altered circumstances brought about by the present War and especially in view of the pronouncements made by the Secretary of State and by His Excellency the Viceroy, it is necessary that the effects of those pronouncements should not be allowed to be nullified by the acceptance of such a principle.

“ This is all I have to say.”

The Hon'ble Mr. M. E. Couchman:—“ Sir, this may almost be called a Madras Resolution. It has been moved by a Madras Member and two

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Madras men have already spoken on it. I feel therefore that as the official representative of Madras I must say a few words.

“My objection to the acceptance of this Resolution is that if we remove the preponderance of British officers in the Civil Service and the Police, they can at the present time and for some time to come only be replaced by Brahmins. Now I am no anti-Brahmin. I have many, good friends among them, but I must represent that a preponderating element of Brahmins in the upper ranks of these two services will be felt as a great injustice by the people of the other communities in Madras and probably in other provinces, and it would also be much resented by the non-Brahmin communities in Madras. First of all, let me give my reasons for thinking that if the British element in these services be reduced, it would not be substituted by other than Brahmins. The Hon'ble Mr. Jinnah questions the accuracy of this apparently some interruption not heard by reporters' statement. I shall give the facts on which I reply. I take the educational figures from the last census. The population of the Madras presidency is 42 million, of which the Brahmins are 1,200,000. Taking the literates per thousand, among the Brahmins it is 65 per cent., among all religions including Brahmins it is 13 per cent.; among farm labourers, it is 2 per cent. Of course mere ability to sign a name, as compared with being a 'marksman,' cannot qualify anyone for the I.C.S. or the Police Department. We have, therefore, to consider the question of literacy in English. Literacy in English among male Brahmins is 15½ per cent.; among all Hindu castes including Brahmins is 53; the proportion in literacy in English is therefore 30 to 1. That is to say, a Brahmin, if literacy in English alone was considered, would have thirty times as good a chance of gaining entrance into the I.C.S. and Police as the average of all the Hindu castes put together. Mere literacy in English of course does not more than imply the standard that a man would reach if he were aiming at a secondary school-leaving certificate. Even that is not of course sufficient to justify an appointment to either of these two services; and the higher up you go in the educational scale, the superiority of the Brahmin increases in geometrical proportion. Sir, I think I would not be overstating the case when I say that among graduates, the Brahmin will have at least a hundred times as good a chance of becoming a graduate as the average of the other Hindu castes. Now, appointments to the I.C.S. or the Police service must be made from graduates, and therefore this starts off the Brahmin in the race with an immense advantage. In the result it would mean that the highest posts would be monopolised by the Brahmins. Well, these figures, 42,000,000, against 1,200,000 are so significant that, I think, they speak for themselves. It is obviously unfair that a small oligarchy should be given supreme power over all the other classes of the people. I will go further and say it would be highly distasteful to the whole of the Indian community. In his speech the Hon'ble Mr. Sarma several times used the expression 'the whole Indian community.' He said that the whole of the Indian community throughout the length and breadth of the country were agreed in condemning this particular finding of the Public Service Commissioners. I am afraid I cannot at all admit the truth of that. The Indian community, the non-Brahmin community, by which I mean 97 per cent. of the population, is far from enraptured at the prospect of being still further subjected to Brahmin domination. Hitherto, it has been inarticulate and they are already aggrieved by the existing predominancy of the Brahmins, but it would cause grave dissatisfaction among the majority of the community if this further demand is acceded to. Of recent years, we have had the South Indian People's Association representing the views of this 97 per cent., and there is a daily paper called 'Justice' which puts forward their view; and its views, representing the views of over 90 per cent. of the people, are entitled to a good deal of weight, especially when we consider the venom with which this paper is continually attacked by the Brahminical Press and of course I include in this the Theosophical Press. A cynical observer might almost remark that in proportion as the voice of the people becomes articulate it appears to lose something of its divinity. I think a reference to any edition of 'Justice' will bear out my statement that there is absolutely no enthusiasm on the part of

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97 per cent. of the population of the Madras Presidency in favour of substituting Brahmin officers for Europeans. I will just give one quotation from a speech made at a meeting held in Madras in January last under the auspices of the South Indian People's Association by Mr. O. Kandaswami Chetty. He asks, 'would they prefer to be governed by a typical Englishman or a typical Brahmin? The Englishman was a selfish creature, he was a mercantile being; but he had also got ideals of freedom, justice and fair play. So he would rather throw himself on the mercy of the liberty-loving Englishman than that of an oligarchy which played on the people and their weakness. The rest of Mr. Chetty's remarks may fairly be considered controversial. So I will refrain from quoting them, lest I should disturb the harmony of this council. What I want to say, Sir, is this: the Hon'ble Mr. Sarma has appealed to the whole Indian community as supporting his resolution. I join issue with him in that appeal and I will file a cross-appeal; and if he succeeds in obtaining a decree that the whole of the Indian community is in favour of this Resolution, instead of the Brahmins only, I should be the first to assist him in executing that decree."

The Hon'ble Mr. Srinivasa Sastri:—"Sir, there is one general remark that I would make at the outset and I would request the Council to accept that as the general exordium of all the speeches that on my side, by me or my friends, will be made on the subject of these resolutions. That is a genuine acknowledgment of the services rendered to India by the Indian Civil Service, by the cognate services and by the European community in general. No one who is reasonable in the advocacy of the claims of Indians, whether to increased representation in the services or to an increased measure of autonomy, will hesitate to make generous acknowledgment of these services. There is another thing also which I would ask you to accept as a general qualification throughout the discussion of this and on succeeding days, and that is, no changes that we advocate, however sweeping they may appear, are intended to be carried out with any prejudice whatever to vested interests. Every one who has any interest in India will find that we are most anxious on our side to preserve and conserve those interests in so far as they may be favourable to the promotion of the general welfare. Having cleared the ground, and I think in a general way prevented the attribution of motives to people who speak on our side, I will now address myself to a most important consideration. If we ask that in future there should be no British preponderance, I mean preponderance of British personnel, in the Indian Police and Indian Civil Services, we are told that those characteristics of British administration which are valued by the people at large in this country will disappear.

"Sir, I had no clear knowledge until the debate came up to-day what exactly these British characteristics were. I have often been puzzled to discover them and to find how they are displayed in the daily conduct and practice of British civilians as contrasted with Indian civilians. This morning, however, we have heard from the Hon'ble Sir Hugh Bray and the gentleman who represents the Bombay Chamber of Commerce and the official representative of my Presidency to my right—we have heard certain things which give some idea of what thoughts lie at the bottom of this allegation. It is conceived somehow or other by those especially for whom Sir Hugh Bray speaks, that the great interests of capital in this country, that the great interests of industrial enterprise will be jeopardised if the services are in the hands of Indians. I wish to challenge anyone who makes such a statement to adduce proofs of his statement, why he has any fear if there were a predominant element of Indians in the Civil Service or the Police, there would be any difference in the stability of the administration or its vigour? Why, does anybody fear that the railways would be torn up; have we given hitherto insufficient proof of our ability to maintain law and order? Sir Hugh Bray spoke as though, if there were more Indians represented in these services there would be an end to internal law and order; he wanted, if such changes were introduced, that the Government should give guarantees that in future law and order would be maintained"

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The Hon'ble Mr. M. E. Couchman:—"My friend the Hon'ble Mr. Srinivasa Sastri included me with Sir Hugh Bray and the Hon'ble Mr. Hogg, the representative of the Bombay Chamber of Commerce, in having foretold disaster to the commercial interests of this country if a larger Indian element were introduced into the services. I never said anything of the kind."

The Hon'ble Mr. Srinivasa Sastri:—"I referred to Sir Hugh Bray by name."

The Hon'ble Sir Hugh Bray:—"I did not foretell anything."

The Hon'ble Mr. Srinivasa Sastri:—"My impression is that you did so. I must ask the Hon'ble Sir Hugh Bray to make clear to me another very remarkable pronouncement he made to-day and to ask whether he considers that the statement represents the high water-mark of British policy in the East. He asserts: 'We will never consent to any changes that will compel us to stand by, to see the coach of State in the mire and on occasions be asked to help to pull it out of the mire.' I understood that the highest mission of Englishmen in the East was to help the people who were not self-governing to become self-governing. If the Hon'ble Sir Hugh Bray wishes to dissociate himself and the classes whom he says he represents from this policy, he is welcome to do so, but I decline to believe that that will be the policy that will commend itself to the Government or the British people at large. I assert, Sir, that the better mind of England and Englishmen in India will not be fully satisfied unless their representatives are assisting us loyally and magnanimously to realise our aspirations. I am not sure Sir Hugh Bray did not state that he would not consent to any changes of this character."

The Hon'ble the Vice-President:—"I have a very clear recollection of what Sir Hugh Bray said. It was that the European community was not prepared to be used merely as a tail horse to be hitched on behind the coach for the purpose of pulling it out of a ditch. He did not suggest to the Council that the European community was not willing to co-operate with Indians in the general advance."

The Hon'ble Mr. Srinivasa Sastri:—"I must congratulate him on his excellent commentator. Let me remark to my Hon'ble friend to my right that I did not expect that Madras would be treated as typical of the general conditions of India, but I am prepared to meet him on his own ground. He says if there were a predominating element of Indians in the Civil and Police Services there would be established under the shadow of the British Government a narrow Brahmin Oligarchy. I have heard of this and read of this. I must confess that I have never clearly understood the cogency of the argument. In the first place what evidence is there that this Brahmin Oligarchy arising from the soil, rooted in the soil, and with its interests fully centred in the soil, associated all round with the affectionate sentiments of the people who live here, with interests far more permanent than the interests of the Civil Service in this country, what proof is there that this Oligarchy will be less acceptable to the people at large, less solicitous to advance its general welfare than the present European Oligarchy which is much smaller? I never thought that in this Council a question of this kind would be raised, but it having been raised, it is necessary to examine its value. There are no doubt manifestations of ill-will between Brahmins and non-Brahmins in my Presidency, but let me tell the Hon'ble Member to my right that he is very much mistaken if he accepts the paper 'Justice' as representative of the non-Brahmin community. He referred to an issue of January last; I would ask him to be more up to date; since then many months have elapsed; if he will turn up the files of the daily papers from Madras he will find in the last few weeks that, not being able to sit quiet under the misrepresentations and calumnies of this paper 'Justice', the great bulk of the non-Brahmin community have now taken the matter into their own hands and their voice, my friend must recognise, is far more potent in the Madras Presidency than that

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of Justice, he will find they are fully in sympathy with the advanced political thought of the day and with the demands which the Resolution represents. I will ask him to verify his facts and not be unduly impressed by the South Indian People's Association and not to attach too much importance to the utterances of Mr. Kandaswami Chetty.

"Then, Sir, I have another remark to make. My Hon'ble friend Mr. Couchman spoke as though in the Indian Police Service, if there were people taken from India, those people would all be Brahmins. Is he justified in his statement by the statistics of the Service which are better known to him than to me? Is the Police Service in the higher branches to-day, so far as it is Indian, so dominated by the Brahmin element? Have not the Madras Government taken very good care that the non-Brahmin element is fully and more than fully represented in that Service? What reason is there to believe that if there were more Indians admitted they would all be drawn from this unfortunate Brahmin class? It is not because I am a Brahmin that I speak so warmly and feelingly in the matter, but it is because I feel that there are third parties besides the Brahmins and non-Brahmins who delight in showing up things that do not exist, who delight in fostering these manifestations of ill-will out of their own selfish interest, it is because I feel that there has latterly been too much of this kind of mischievous activity on the part of interested people, that I raise a strong voice of protest against this Council being used as the theatre for these unjust and unjustifiable accusations.

"Now, Sir, there is only one more remark which I would like to make before I sit down, I do not understand why a preponderance of the British element is required in order to keep the British Government secure in this country. There are two or three things which strike me as possibly motivating this demand. Do you desire that the British connection, the British suzerainty, should be sustained for ever? In that case the Army and Navy are quite sufficient. Not even the most advanced politician would desire to-day that the Army and Navy should be taken away from the control of the British. Besides, there is the living proof of the Dominions without the British claiming in their services—never mind a preponderating proportion, even a material part. I remember reading some time ago in English papers a great complaint that the Colonists went so far in their dislike of Englishmen that they said when they advertised vacancies 'No Englishman need apply.' Is the British connection with Canada and with Australia secured by a preponderance of the British element in the Civil and Police Services of those Dominions? I dare say nobody would say that, and nobody thinks that the British connection in the Dominions is in jeopardy. (Apparently it is the safety of the British interests that you are thinking of here, and it was in that connection, Sir, that Sir Hugh Bray drew attention to the fact that there are vast sums sunk in industrial enterprises in this country which would really be imperilled if the country were not allowed to remain as it now is. I think that was the connection in which the matter was suggested. I have only to repeat in answer to that suspicion, that it is absolutely unfounded; that we shall be as solicitous, if we have a free hand, of the preservation of British interests in this country as the Britishers are to-day. But perhaps there is one other reason why this demand is made.....

The Hon'ble the Vice-President:—"I must remind the Hon'ble Member that he has exceeded the time limit. I am prepared to give him a little further time if he wishes it but I must ask him to be brief."

The Hon'ble Mr. Srinivasa Sastri:—"I do not wish to ask for more time, Sir."

The Hon'ble Sir William Vincent:—"I should like to take this opportunity, Sir, of explaining the position of the Government in regard to this and the numerous other Resolutions on the Report of the Public Services

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Commission. At the same time I wish to make it clear that I have no intention of proceeding beyond the question which is directly in issue and unlike other Hon'ble Members, I have no temptations in that direction. I should like also to say why I welcome this discussion during this session, namely because the Government of India have not as yet come to any definite conclusions on these points and it is really essential from the official and non-official point of view that we should hear what they have to say before we come to a decision. - If the discussion were postponed as has been suggested, (and here I pause for a moment to say that no such suggestion was made to me by any non-official member of this Council), if the discussion were postponed until February, we might be in this unfortunate position; that either the Government of India would have come to a decision without having consulted the Council which would have been contrary to the pledges given by the Hon'ble Sir Reginald Craddock, or, we might have been unduly delayed in coming to a decision on a question of urgency. I do not refer to this particular Resolution but other recommendations which ought not to be delayed. I think I may say, for instance, with regard to the Education Service without any breach of confidence, that we have been pressed to proceed with the examination of the proposals of the Commission without delay. At the same time there are disadvantages in taking up the case now. The Report itself covers a very wide field and the labour involved in examining the various points in it is very great. Not only are the pay and prospects of every service discussed, but the principles of recruitment are similarly very drastically dealt with. Again we have not even the advantage of unanimous recommendations, for this Report is studded with Minutes of Dissent, and one of these Minutes is really a Minority Report. Now to assess the value of a Report like this, we must have time and we must also have reasonable opportunities of examining the evidence. I hope therefore that Hon'ble Members will realise that the Government, already over-burdened with much additional work connected with the war and with political and constitutional problems of great urgency cannot deal finally with these recommendations with any expedition.

“Up to the present, we have confined ourselves to a preliminary examination of the general points. On those points we have come to tentative provisional conclusions, and we are consulting Local Governments on them, in accordance with the policy which was deliberately decided in the papers laid before this Council in last March. Indeed we could not come to any definite decision before hearing what Local Governments had to say; nor would it have been fair if we had done so until this Council had had an opportunity of expressing its views. I do not think I need repeat what Sir Reginald Craddock said because many of the Council will remember it, but the undertaking given by him has been steadily kept in view and the time has come for Hon'ble Members of the Council to play their part in expressing their views, and I am very glad that they have done so. The Government, on the other hand, has listened, and will consider, all that they have said or may have to say, with an open mind, and will give due weight to the arguments that they may adduce. It is, however, as I said before the essence of the position that the Government should not have made up its mind at present on these points, and for that reason, I am unable to accept the Resolution proposed by the Hon'ble Member. As to the merits of the Resolution under discussion I think we may fairly say that it goes to the very root of one of the many difficult problems which was set for solution by the Public Services Commission, and I should like to remind the Council that that Commission was very carefully chosen. It represented as many schools of thought as possible. It included a strong element of Englishmen with no bureaucratic bias. Its deliberations were constantly influenced by three selected Indians, although one of them unfortunately passed before the final conclusions were reduced to writing. The premature death of Mr. Gokhale is to be deplored for many reasons, and amongst the many unfortunate effects is the absence of a definite expression of his opinion upon these problems. I do not think, however, that it can be doubted that his strong views, his great

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abilities had their influence upon the other members of the Commission; in deciding the questions before them. Now, that Commission sat and heard evidence for two laborious years and though there were Minutes of Dissent, yet the views of the majority are quite clear.

And I do submit to this Council that it would not be right to treat the final conclusions of the majority, arrived at after such deliberation and care, with absolute contempt as some people desire. Nor would it be right for us to throw this Report upon the scrap heap. This is what I understand the Hon'ble Mr. Malaviya to ask, and it really seems to me that if he thinks so, it is a pity that he did not move a resolution to that effect. There may be others who advocate this course also. To them it might be said—that however dissatisfied they may be with these recommendations, the Report itself does involve this great admission that enough has not been done in the past in the direction of employing Indians in the administration of India, that the recommendations involve a great forward movement in this direction, and that further, as the Report itself opens a way for periodical reconsideration of the extent to which the further employment of Indians can be increased, it is scarcely fair to say as was suggested by the Hon'ble Mover that it is a question of 'thus far and no further shalt thou go.'

"Generally the Government of India have held the view that, while the public services should be recruited on the principle that they should be filled by the most competent men, this principle must be subject to modification in the interests of the training of Indians in the administration of their own affairs, and that full opportunity should be afforded to Indians to qualify themselves for the more important posts in the public service. The Government recognise, however, that intellectual qualifications, combined even with physical capacity, should not be the sole test for admission into important posts in the public services, and that due regard must be given to such considerations as character training and hereditary connections of the candidates both with the Government and the people. Further it is essential in the present conditions of the people of India that there should not be an undue predominance of any one class or caste. That is the general view with which so far the Government have approached this question, but as I have tried to explain, these conclusions are purely provisional and tentative.

"As to the Civil Service itself, I feel that it is rather trying for me to have to say much of a service to which I have the honour to belong, but at the same time I can quote what other people have said on it. The Civil Service, as the Commission say, is a small body of men on whom the responsibility for the good government of this country ultimately rests, and this is the view that has been put forward in the past; I venture to quote from an old despatch of 1893 on this subject remarks to the same effect. There it is said that the Civil Service represents the British Government in India and are the British Government in the eyes of the people. It is to their personal influence, their impartiality, their justice and efficiency, their physical and moral fitness, that the due administration of India is entrusted. Sir, I do not propose to justify these remarks or attempt to justify them, nor do I propose to criticise the arguments of the Hon'ble Mover and his supporters on the resolution. In fact I think that any such criticism would necessarily base itself on a definite point of view, which, as I have already explained to you, the Government of India have deliberately refrained from adopting. It is legitimate for me, however, to remind the Council, that there is another side of this question, and no one, whatever his convictions are, can reasonably suppose that considerations which have influenced successive Governments of India and Secretaries of State for many years are entirely destitute of weight and force. Now one of those conclusions has been that if the British character of the administration of India is to be maintained, it is essential that there must be, not a preponderating number, but an adequate proportion of British officers in the Indian Civil Service. This was the position (and I say this with reference to what the Hon'ble Pandit said) taken not only by the Government of India but by the Secretary of State in 1893 and 1894, and it was

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not at that time disputed even by those who advocated the principle of simultaneous examinations. In the debate on Mr. Subba Rao's resolution on the 17th of March 1911, at which I think my Hon'ble friend the Pandit was present, the Hon'ble Mr. Earle laid down the same principles in unmistakable terms. It is true that some advanced politicians seem to think that while the British Government may be necessary to hold this country and protect it from internal disturbance and external aggression, the administration might be carried on by Indians on entirely Indian lines without danger to the development of the Empire. I will not press the point that privileges involve responsibilities and that concessions connote obligations, but I would point out that of the witnesses before the Commission who urged the necessity for increasing the proportion of Indians employed in the Indian Civil Service, a large number, including Indians of indisputable authority and influence, recognised the necessity of maintaining a substantial British element in the Indian Civil Service. I am not inviting the Council to subscribe to this contention, which I have quoted merely by way of illustration, but I do wish to emphasize the fact that arguments such as these must be given careful consideration and weight when the Government of India come to form their decision. And I think that the Council will surely agree with me at least to this extent, that from whatever standpoint we may view the question raised in this resolution, it is one which calls for the most careful and anxious consideration, and this is so whether the question is examined historically or in relation to the welfare of the masses, in regard to the large vested interests in this country, Indian as well as European, or in regard to the vast quantity of British capital which has been invested in India, on the understanding that the administration will be conducted on British lines, and finally in its bearing on the vital question of the maintenance of British India as an integral part of the British Empire. From all these standpoints I do submit this aspect of the case is one of the greatest gravity. I wish to guard myself from the impression that I am for a moment indicating what the policy of the Government is or that I am suggesting that Indians should not have as large a share as possible in the administration such a suggestion would be entirely at variance with the declared policy of the Government. The Public Services Commission, although it reaffirmed the view that a preponderating element in the Indian Civil Service should be British, itself recommended the increased employment of Indians in that service, and by no means debarred, as has been suggested, Indians from entering into it. I should like to point out too that the majority which made this recommendation included Sir Mahadev Chaula, and that only two members of the Commission dissented from it. These included Mr. Ramsay Macdonald, who, though he did not subscribe to the recommendation of the majority, also held that the Service must contain a substantial proportion of British members. Further, as I have said, the recommendations of the Commission presupposed revision at frequent intervals. Apart therefore from arguments on the merits, the weight of opinion against which this resolution proposes to protest is heavy. None the less I can assure this Council that the Government of India will consider the views expressed by the Hon'ble Mover and his supporters with grave attention and will attach to them the full weight which they merit. The Government recognise that the past three years have witnessed epoch-making events, that India has earned and obtained a new position in the Empire and that pre-war problems must be looked at from the post-war point of view, and my Hon'ble friend may rest assured that the Government of India will approach the settlement of this question in a liberal and judicial spirit and with the earnest intention of reaching the best solution for all interests and especially the Indian interests involved. Similarly I may assure the Hon'ble Sir Hugh Bray that the views of the community which he represents will be fully considered before any decision is arrived at.

"The Council will understand from what I have said that I cannot accept this Resolution and I hope I have made the position of the Government clear. They have not accepted even provisionally either the Commission's views or any other views, but they feel strongly that important and very grave considerations will have to be weighed in the balance before vital changes such

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as the Hon'ble Mover advocates are made in the constitution of the services. I have not discussed, I may say, the question of the Police service in this debate because there is a separate Resolution dealing with that. I trust that the Hon'ble Mover will pardon me for deferring my remarks until that question is separately discussed. Sir, if the reply I give does not content the Hon'ble Mover, I would add that a great guarantee for progress in the direction indicated by him is contained in the speech of His Excellency the Viceroy at the opening of this session and in the weighty announcement recently made by the Secretary of State which opened with these words with which I will close:—'That the policy of His Majesty's Government, with which the Government of India are in complete accord, is that of the increasing association of Indians in every branch of the administration.'

The Hon'ble Rao Bahadur B. N. Sarma:—“Sir, I am thankful to the Hon'ble the Home Member for the assurance that the views which my Hon'ble friends and myself have pressed upon the attention of the Government will receive due consideration. I am aware that any other answer would be impossible under the present circumstances; but Hon'ble Members will realise how necessary it was in the interests of the country that we should invite specifically the attention of the Government to the views that are held by us on these important questions. The Hon'ble Pandit Madan Mohan Malaviya moved a resolution last March asking the Government not to arrive at any decision until these matters were discussed in the Council and the Government were pleased to give that assurance. But, in order that judgment may not go against us by default, we have felt it necessary to bring forward these Resolutions. It is under these circumstances that, notwithstanding the embarrassment of the country, notwithstanding the difficult position we are in, that we have felt it necessary to press upon the attention of the Government and of the Council these Resolutions.

“Now, I think I shall be showing only proper courtesy to the Hon'ble Member from Madras if I take up his observations first. I am sure, unless he says that I am incorrect, that the views that he is representing are the views of himself and not of the Government which has selected him on this occasion. The Civil Service, Sir, I may be allowed to remind him, is not a Madras service, is not a Bombay service, but is an all-India service. The Brahmins may hold the field in a particular province, but if we have regard to statistics or to the actual number of places held by Brahmins throughout India, it will be perceived that the non-Brahmin community is in the ascendant in the whole of India, and the Brahmin community and I think Brahmin members of the Civil Service from Madras would not have the slightest objection to be sent elsewhere, where they do not occupy a predominant position. I may even go so far as to say that if the Government of the day were to accede to the principle of allowing Indians to occupy their fair share in the services, Brahmins might sacrifice their own interests, if those interests should stand in the way of the advancement of their countrymen.

“I may also remind the Council that the non-Brahmin community of Madras have practically disapproved of, and disassociated themselves, in a large measure, from the representations which are being made on behalf of that community by the paper called 'Justice' and by certain members constituting the South Indian Association. A conference of non-Brahmins held last month in Coimbatore adopted practically the resolutions of the Congress with regard to substantial questions of reform, expressed its disapproval of the report of the Public Services Commission, and while asking for the safeguarding of communal interests asked that a large advance should be made in the direction of granting the wishes of the people, as asked for in this particular Resolution and in the Resolutions on the agenda paper. Therefore, I may assure the Council that there will be no creation of a political danger either in South India or in the rest of the country if Brahmins preponderate amongst the educated classes and in a particular section of the country.

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“The argument that is frequently urged that the masses of the people would resent these particular changes or that the educated Indians do not represent them has been briefly disposed of by Mr. Justice Abdur Rahim in his able report where he showed conclusively that there is absolutely no evidence that the masses would resent these changes in the manner suggested or that there would be any dissatisfaction felt. On the other hand, the attitude of His Highness the Aga Khan and the other members of the Moslem community and other communities showed conclusively that there is absolutely no estrangement whatever between the educated and uneducated classes or between the several communities occupying this Peninsula.

“With reference to the question of safeguarding the interests of particular classes I may remind the Hon'ble Mr. Hogg that vast sums of British capital have been invested in the Native States also, but I take it that there is no preponderating element in the services in the Native States; and if you study the statistics of crime and other statistics of Native States, it is an object lesson for us that it is not so vitally necessary for good administration that there should be this preponderance that is sometimes urged in its favour. As I have pointed out already, Indians ask for no preponderance of any particular class. I deprecate any such preponderance. I speak of myself as one of the Empire. Britishers should have the same fair play, the same opportunity in this country as we may be allowed in other parts of the Empire, and I welcome their co-operation and coming here, but only on terms of perfect equality with us and no more.

“Then with regard to certain observations as to character and so on, certainly no one would quarrel with the Government if they should insist upon character, position and so on in these services. But may I point out that special individual characteristics have been specialised in India amongst Indians for various purposes, warlike qualities in some, mercantile qualities in others, educational qualities in others, and so on; and you will be able to find ample material possessing all the characteristics required amongst this vast mass of the population, as has been abundantly proved on former occasions.

“I hope I have not incorrectly understood the position of the Hon'ble Mr. Rangaswamy Ayyangar, when he humourously observed that even from the self-interest point of view we could urge our claim to a larger share in the administration of the country. But I think it is absolutely unnecessary to urge any self-interest in this matter because the larger interests of the country and of the British connection require the removal of the bar about which I have spoken.

“With regard to the observations made that the Public Services Commission does not set any bar in the manner I have described, *viz.*, ‘thus far and no further,’ I may be permitted to observe that I understood the Public Service Commissioners to say that within the operation of the proportion which they have suggested, there may be necessity to discuss the question of a limitation, whether the proportion should be one-sixth, one-fourth, one-fifth, one-third or two-fifths, or whatever it may be, but not that they have contemplated the possibility of their doctrine being abrogated in the circumstances.

“Of course I am very glad that the Government do not take it in that light and I shall hereafter read the Report of the Public Services Commission in that light, namely, that the bar they have set is only for present purposes. But even then, as I have remarked, this bar would operate in reality for a period of nearly 30 years, and that is not possible to contemplate.

“With regard to the composition of the Commission and the weight which is to be attached to it, I have already said that it is entitled to weight; but I respectfully submit once again, Sir, that this Report should be treated as a pre-war Report not entitled to the same consideration under present circumstances, and with the new vision that has dawned upon the people, that it would have obtained before the war. It may be regarded as a pre-historic document for some purposes; and Mr. Justice Abdur Rahim, I may also point out, has

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made himself a hero in this respect because there has not been a single meeting in a single place where he has not been upheld as the exponent of the true Indian view. I hope therefore that the Government will bear that in mind when deciding the weight which is to be attached to the opinions of the different gentlemen who composed the Commission.

“ Well, Sir, in view of the remarks which have fallen from the Hon'ble the Home Member, I do not think any good purpose will be served by pressing my Resolution to a division.”

The Hon'ble the Vice President:—“ I understand the Hon'ble Member desires to withdraw his Resolution.”

The Hon'ble Rao Bahadur B. N. Sarma:—“ Yes.”

The Resolution was by leave withdrawn.

The Council adjourned to Friday, the 21st September, 1917.

SIMLA;

The 28th September, 1917. }

A. P. MUDDIMAN,

Secretary to the Government of India,
Legislative Department.



The Gazette of India.

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SIMLA, SATURDAY, OCTOBER 6, 1917.

Separate paging is given to this Part in order that it may be filed as a separate compilation.

PART VI.

Proceedings of the Indian Legislative Council.

GOVERNMENT OF INDIA.

LEGISLATIVE DEPARTMENT.

PROCEEDINGS OF THE INDIAN LEGISLATIVE COUNCIL ASSEMBLED UNDER
THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT, 1915
(5 & 6 Geo. V, Ch. 61).

The Council met at the Council Chamber, Viceregal Lodge, Simla, on Friday,
the 21st September, 1917.

PRESENT :

THE HON'BLE MR. G. R. LOWNDES, *Vice-President, presiding*, and 58
Members, of whom 53 were Additional Members.

QUESTIONS AND ANSWERS.

The Hon'ble Mr. Srinivasa Sastri asked :—

1. (a) Is Government aware that certain persons in high official authority have deprecated the scheme of post-war reforms adopted by the Indian National Congress and the All India Moslem League in last December as impracticable, extravagant and greatly exceeding the changes likely to be granted by the authorities? Constitutional reforms in India.

(b) Has the attention of Government been drawn to a report that Lord Islington, in his private capacity and not as Under Secretary of State for India, recently outlined before a meeting of Oxford students the constitutional changes which, in his opinion, were suitable for India?

(c) Is it a fact that both the late and the present Secretary of State for India have declared in Parliament that a statement may soon be expected on the subject of constitutional reforms in India?

(d) Will the Government of India be pleased to consider the desirability of—

(i) obtaining the consent of the Imperial authorities in England to the publication in this country of the scheme of reforms that is understood to be under discussion? and

(ii) giving the people of India an assurance that they will be afforded full opportunities of discussing the proposed reforms and making representations to the authorities on them before a final decision is taken?

QUESTIONS AND ANSWERS.

[*Sir William Vincent; Rao Bahadur B. N. Sarma; Sir C. Sankaran Nair; Mr. Kamini Kumar Chanda; Mr. R. A. Mant.*] [21ST SEPTEMBER, 1917.]

The Hon'ble Sir William Vincent replied :—

“(a) and (b) The answer is in the affirmative.

(c) and (d) The attention of the Hon'ble Member is drawn to the recent announcement by the Secretary of State.”

The Hon'ble Rao Bahadur B. N. Sarma asked :—

Educational
institutions.

2. “(a) Have Government under consideration any practical measures for starting, strengthening and equipping agricultural, engineering, commercial and technological educational institutions, with a view to minimising the dependence of this country on Europe?

(b) If so, have any estimates been prepared and will Government be pleased to state the initial and the recurring cost of such measures?”

The Hon'ble Sir C. Sankaran Nair replied :—

“The Government of India have recently received proposals for :—

(a) The improvement of the Bihar School of Engineering at a capital cost of about Rs. 3,70,000 and an additional recurring cost of about Rs. 58,000 a year.

(b) The conversion of the existing Survey School at Cuttack into a school of engineering at a capital cost of about Rs. 1,40,000, of which Rs. 20,000 will be met by private subscription, and an additional recurring cost of about Rs. 12,000 a year.

(c) The re-organization of the staff of the School of Engineering at Insein at an additional recurring cost of about Rs. 26,000 a year, and

(d) The creation of an appointment in the Indian Educational Service for a Principal of the Government Commercial Institute at Calcutta, in lieu of the existing post, at an additional recurring cost of about Rs. 7,000 a year.

Consideration of (a) and (b) has been postponed pending receipt of the report of the Public Works Re-organization Committee and (d) is awaiting consideration of the recommendations of the Public Services Commission. The remaining proposal has only recently been received and the action to be taken is at present under consideration.

So far as institutions for the teaching of agriculture and forestry are concerned the attention of the Hon'ble Member is invited to the reply given to him by the Hon'ble Member for Revenue and Agriculture to a similar question at the meeting of Council held on the 27th September 1916. The matter is still under consideration and no estimates of cost have yet been prepared.”

The Hon'ble Mr. Kamini Kumar Chanda asked :—

Appointment
of a
Committee to
examine
long stapled
cotton.

3. “(a) Has any Committee been appointed to examine the question of the cultivation of long stapled cotton and report thereon?

(b) If so, will Government be pleased to mention the personnel of the Committee?”

The Hon'ble Mr. R. A. Mant replied :—

“As I said in reply to a question by the Hon'ble Maharaja Sir Manindra Chandra Nandi two days ago it has been decided to appoint a Committee in the coming cold weather to examine the possibility of extending the cultivation of long stapled cotton in India. The Government are not at present in a position to state the personnel of the Committee but hope to make an announcement on the subject very shortly.”

QUESTIONS AND ANSWERS

[21ST SEPTEMBER, 1917.]

[*Sir Gangadhar Chitnavis ; Sir William Vincent ; Mr. R. A. Mant.*]**The Hon'ble Sir Gangadhar Chitnavis** asked :—

4. “(a) Has the experiment of releasing juvenile prisoners conditionally for work with selected firms been tried with conspicuous success in the Punjab. Juvenile prisoners.”

(b) Is it a fact that out of 107 boys conditionally released only one misbehaved and two escaped.

(c) If so, will Government be pleased to issue instructions to Local Governments to try the scheme experimentally in other Provinces wherever possible and to report results to the Supreme Government.”

The Hon'ble Sir William Vincent replied :—

“(a) Yes.

(b) It appears from the Punjab Jails Administration Report for 1916, that 107 juvenile offenders were conditionally released during that year to the Danapur Settlement managed by the Salvation Army at Lahore, and that of these, as the Hon'ble Member says, one misbehaved himself and two escaped from the Settlement. But these 107 boys released to the Salvation Army are distinct from the juvenile prisoners released to selected firms.

(c) There are other Provinces in which experiments are being made on somewhat similar lines. The subject of the treatment of juvenile offenders is one of the most important of those which will come before the projected Jails Committee after the war and will, no doubt, be exhaustively discussed by that body. In view of this, and of the fact that the experiment may not be suited to local conditions in all Provinces, the Government of India do not consider it necessary to issue instructions in the sense suggested by the Hon'ble Member, but they will send a copy of this question and of this answer to Local Governments.”

The Hon'ble Sir Gangadhar Chitnavis asked :—

5. “(a) Did the Government of the Central Provinces send for approval to the Government of India certain proposals with a view to enable Settlement Officers to consult Malguzars and tenants when rents are fixed by Settlement Officers at the time of settlement? Fixing of rents by Settlement Officers.”

(b) Is it not the fact :—

(i) that Malguzars have the great responsibility of realizing rents fixed by Settlement Officers in the fixation of which they have no voice ?

(ii) that in some places where such rents were fixed by the Settlement Officer, complaints were made that rents were heavy and could not be easily realised ?

(iii) that on such representations being made in certain parts of the Central Provinces, the Local Government was pleased to inquire and reduce the rents in response to complaints or representations made by the people or in the Press ?

(c) If the answer to (a) be in the affirmative will Government be pleased to state what orders (if any) were passed on the proposals made by the Central Provinces Government.

(d) If these proposals have not been approved and sanctioned, will Government be pleased to state the reasons which led them to disapprove of the same and will they be pleased to reconsider the proposals in consultation with the official and non-official representatives from the Central Provinces and Orissa where the system of fixing rents by Settlement Officers obtains ? ”

The Hon'ble R. A. Mant replied :—

“The answer to part (a) of the question is in the affirmative. The proposals referred to were returned to the Chief Commissioner for further consideration, and he has since informed the Government of India that he has decided not to proceed with his original proposals. If further information on the subject is desired, it should be asked for in the Local Council.”

QUESTIONS AND ANSWERS; THE TRANSFER OF PROPERTY
(AMENDMENT) BILL.

[*Captain Ajab Khan; His Excellency the
Commander-in-Chief; Pandit Madan
Mohan Malaviya.*]

[21ST SEPTEMBER, 1917.]

The Hon'ble Captain Ajab Khan, Sardar Bahadur, asked :—

Civil Sub-
Assistant
surgeons on
military
duty.

6. “(a) Is it a fact that Civil Sub-Assistant Surgeons who volunteered for military duty in India and cannot revert to civil duty under the existing rules have suffered loss of their private practice and other facilities enjoyed by them while on civil duty?”

(b) If so, will Government be pleased to state what compensation and prospects are given to them in lieu of such loss?”

His Excellency the Commander-in-Chief replied :—

“In respect of both questions the reply is as follows :—

Civil Sub-Assistant Surgeons are liable to be deputed for ordinary military duty in India during their first five years' service under the terms of their engagement. Men so deputed are not paid compensation to cover any loss of private practice that may be involved in fulfilling the terms of contract. They receive exactly the same pay as their confreres of corresponding grade in the military sub-assistant surgeon branch and benefit substantially to the extent shown below :—

| Maximum pay in civil. | Pay in military. |
|--------------------------|------------------|
| Rs. | Rs. |
| 30 | 60 |
| 45 | 75 |
| 55 | 95 |
| 65 | |
| 80 | 110 |
| 100 | 125 |

Those Civil Sub-Assistant Surgeons who volunteer for general service in or out of India receive their full civil rates of pay, in addition to the full military rates of pay of their grade, plus a special allowance which varies from Rs. 50 to Rs. 100 per mensem according to their grade. These rates, especially those granted for general service, are considered very liberal and should go far to compensate for loss of private practice.”

THE TRANSFER OF PROPERTY (AMENDMENT) BILL.

The Hon'ble Pandit Madan Mohan Malaviya :—“Sir, I beg leave to present the final report of the Select Committee on the Bill to amend the Transfer of Property Act. I may, with your permission, say, Sir, that I propose to move at the next meeting of the Council that the Bill should be passed into law.”

RESOLUTION *re* SIMULTANEOUS EXAMINATIONS FOR THE
INDIAN CIVIL SERVICE IN INDIA AND ENGLAND.

[21ST SEPTEMBER, 1917.]

[*Pandit Madan Mohan Malaviya.*]

RESOLUTION *re* SIMULTANEOUS EXAMINATIONS
FOR THE INDIAN CIVIL SERVICE IN INDIA
AND ENGLAND.

The Hon'ble Pandit Madan Mohan Malaviya :—“ Sir, I beg to move that :—

‘ This Council recommends to the Governor General in Council that the Government of India should move the Secretary of State to arrange that the examination for the Indian Civil Service should henceforth be held simultaneously in India and in England, successful candidates being classified in one list according to merit.’

“ As we all know, Sir, this question is an old one. In 1793 there was the East India Company Act passed under which appointments under the East India Company were limited to certain members who had the sole right of conferring employment in the higher civil appointments in the service of the Company. But when the Charter Act of 1833 came to be framed, a clause was introduced recognising the natural right of Indians to employment in the higher services of their country. That clause was described by Macaulay as ‘ that wise, that benevolent, that noble clause.’ It recognised that though India had come under the dominion of England, it was the natural birth-right of Indians, that if they were qualified by education and character they should be employed in all the higher offices under the Crown. In the course of the discussion that arose on the Bill which subsequently became law, many excellent sentiments were expressed ; but I will invite the attention of the Council to only one utterance, *viz.*, that by Sir Charles Grant in which he said :—

‘ If one circumstance more than another could give me satisfaction, it was that the main principle of this Bill had the approbation of the House and that the House was now legislating for India and the peoples of India on the great and just principle that in doing so the interests of the people of India should be principally consulted and that the other interests of wealth, of commerce and of revenue should depend upon the legislature promoting the welfare and prosperity of that great Empire which Providence has placed in our hands.’

“ When this great and first principle was recognised that the interest of the people of India should be principally consulted in all arrangements for the administration of this country, it was to be hoped that the employment of Indians in the higher services would come about, but not a single Indian had been appointed. When in 1853, a renewal of the Charter of the Company came to be discussed in Parliament Mr. Bright, Lord Stanley and other gentlemen drew prominent attention to the fact, and it was hoped some remedy would be forthcoming ; it was not however until 1854, that the system of competitive examinations was introduced for the Civil Service, Haileybury College was abolished in 1855; competitive examinations were held in 1855 ; Indians were still not able to compete. After the Mutiny, after the Crown took the direct control of the Government of India, the pledge of 1833 was repeated and reaffirmed by the Proclamation of the Queen and in the House of Commons, that Indian subjects of Her Majesty would be entitled to hold any post if they were qualified ; we all know the gracious words of the Proclamation on which I need not dwell. It was hoped after the proclamation that at any rate the claims of Indians would not be ignored but nothing came of it. In 1860, a Committee was appointed by the Secretary of State to suggest the best means for admitting Indians into the service. The Committee considered two proposals. The first was to allot a certain portion of the total number of posts declared in each year to be competed for by Indians in India, and the second was to hold simultaneously two examinations for the Indian Civil Service, one in India and one in England, candidates sitting for either examination having to answer the same papers to be examined by the same examiners, and to be

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classified in one list in order of merit. It is important to draw attention to the Report of this Committee which consisted of Sir J. Willoughby, Mr. Mangles, Mr. Arbuthnot, Mr. Macnaghten and Sir E. Perry, all of whom were well acquainted with India. They reported as follows :—

‘Two modes have been suggested by which the object in view might be attained. The first is by allotting a certain portion of the total number of appointments declared in each year to be competed for in India by Natives, and by all other natural-born subjects of His Majesty, resident in India. The second is to hold simultaneously two examinations, one in England and one in India both being, as far as practicable, identical in their nature and those who compete in both countries being finally classified in one list, according to merit, by the Civil Service Commissioners. The Committee have no hesitation in giving the preference to the second scheme as being the fairest, and the most in accordance with the principles of a general competition for a common object. In order to aid them in carrying out a scheme of this nature, the Committee have consulted the Civil Service Commissioners. The Civil Service Commissioners do not anticipate much difficulty in arranging for this.’

‘This Report was unfortunately not acted upon; it was not even made public so far as I am aware, until 1876. In the meantime, in 1867, Mr. Dadabhai Naoroji took up the question, and with the help of the East India Association agitated the question in Parliament. Mr. Fawcett moved a Resolution in the House of Commons urging that examinations should be held simultaneously in London, in Calcutta, Madras and Bombay. He urged that unless this was done the people of India would not have a fair chance of competing for these appointments; that if some scheme like that he urged was not carried out the promise held out in the Charter Act of 1833, and in the Proclamation of 1858, would not be faithfully fulfilled.

‘It was no doubt true,’ said he, ‘that the natives of India might compete in these examinations, but as they could only do so by coming to London, at great expense, and then might be unsuccessful, to say that the examinations were practically open to them was an idle mockery.

‘His proposal was that there should be examinations at Calcutta, Madras and Bombay; there should be the same papers and the same tests as in London, and that the successful candidates, whether English or native, should spend two years in England. There would be no difficulty in carrying out the plan for the examination papers might be sent under seal to India, and the examination being fixed for the same day as in London, the candidate’s papers might be sent to England under seal and inspected by the same examiners, the name of the successful candidates at all four examinations being arranged in the order of merit.

‘The then Secretary of State expressed sympathy with the object of the Resolution, as has often been done in the case of questions affecting Indians, but he did not approve of the idea of holding simultaneous examinations; he stated that he was going to introduce a Bill by which a certain number of posts would be secured to Indians. Mr. Fawcett pointed out that that would not satisfy the aspirations of Indians and would not do full justice to them, but he agreed that the course proposed might be tried and withdrew his Resolution. After that the Act of 1870 was passed, which empowered the Government of India to frame rules to admit Indians to a certain number of appointments in the Civil Service; that proved unsatisfactory. In 1886 the Public Services Commission was appointed, and it went into the question of simultaneous examinations. A lot of evidence was given in favour of such examinations being held in India and in England, but the Commission reported against it. In 1893, in co-operation with Mr. Dadabhoy Naoroji, who was then a member of the House of Commons, Mr. Herbert Paul brought forward a motion urging the holding of simultaneous examinations in England and India. That Resolution was carried, but unfortunately the Secretary of State was not in sympathy with it. He sent it to the Government of India. Excepting the Government of Madras, all Local Governments reported against it, and the Government of India did not give effect to it.

**RESOLUTION *re* SIMULTANEOUS EXAMINATIONS, FOR THE
INDIAN CIVIL SERVICE IN INDIA AND ENGLAND.**

[21ST SEPTEMBER, 1917.]

[*Pandit Madan Mohan Malaviya.*]

“ Thus, though we have the Statute of 1833 in our favour, though we have the Proclamation of 1858 in our favour, though the Committee appointed by the Secretary of State reported in favour of simultaneous examinations, and though the House of Commons resolved in 1893, that such examinations should be held in the two countries, the proposal has never yet been accepted by the Government. The question of the larger employment of Indians was taken up in 1911, in this Council by my friend Mr. Subba Rao, who moved a Resolution on the subject. In consequence of that the Royal Commission on the Public Services was appointed in 1912. Unfortunately the Commission have reported against it and one more unfortunate circumstance to be mentioned in this connection is that while before the Commission of 1886, a number of European gentlemen, forty-nine of them, deposed in favour of simultaneous examinations, before the Commission of 1913, no European witness except one spoke in favour of it.

“ What is worse, and has pained us most, is that a number of European witnesses, both official and non-official, seemed to delight in giving as bad a character to Indians as they could. The result is that the majority of the Commission have reported against the proposal. But, Sir, our conviction is that justice will not be done to the claims of Indians unless the examinations for the Civil Service are held simultaneously in India and in England. The result of the examinations being held only in England has been that up to 1910, only 80 Indians had succeeded in entering the service by the door of examination as against over 2,600 Europeans. And out of 1,478 officers, who on the 1st April 1917, held posts ordinarily reserved for the members of the Indian Civil Service, including 72 Statutory Civilians and officers of the Provincial Civil Service holding listed posts only 146 or about 10 per cent appeared to be statutory natives of India. Surely this is not a state of things, which is consistent with or carries out the spirit of the Act of 1833, or the proclamation of 1858. I think it was in the debate of 1853, that one speaker had asked how many Englishmen would send their sons to India to compete for the Civil Service Examination on the off-chance of getting admission into it. Speaking in London, about 1878, Mr. Bright said that to hold the examination in England alone and to tell the people of India that they had equal opportunities with Englishmen, was akin to telling them that they must be eight feet six inches in height before they could be admitted into the Civil Service. In view of all that has been said above, the question is whether this recommendation of the Commission is one which the Government ought to accept. I submit most respectfully that it ought not to.

“ In addition to our natural claim to which I have already referred and which has been repeatedly supported by many high-minded Englishmen, we have now a different state of things. The Government of India as it is constituted at present has been described by a member of the Indian Civil Service in a manner which brings out the disadvantages of the present system in very clear words. Sir Frederick Lely wrote in 1906 as follows :—

‘ Perhaps the position may most vividly be brought home to our minds by imagining the same in England. Suppose that in England foreigners were ruling, say the Japanese, who committed the province to one of their statesmen who had never been in Europe before, and surrounded him with a group of men of his own race who got their knowledge of the country chiefly from books and papers at Whitehall, who for the most part could not talk the English language, whose unreserved intercourse with Englishmen was limited to a few Japanese speaking callers in London, and who, when not in London, divided their time between the Scotch Highlands and the Riviera. What sort of Government would it be? It might seem admirable to the people of Tokio but would it be to the men of Yorkshire and Cornwall?’

“ I submit, Sir, that this is the result of practically refusing admission to His Majesty's Indian subjects into the Indian Civil Service. If the examination had been held in India, since 1855, I think it is not unreasonable to think

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that though our English fellow-subjects have very great advantages in the way of educational facilities, and facilities for coaching, and in the fact that the examination is held through their own mother tongue, I think it is not unreasonable to think that there would have been a far larger proportion of Indians in the Indian Civil Service than we have at present. When in 1833, the claims of Indians to the higher ranks of the services were recognised, education had made but little progress. The famous minute of Lord Macaulay had not been written, there were no colleges, no Universities and but a few schools. In spite of that fact the Government of the day recognised that it was only fair that those Indians who could show that by their education, integrity and character they were qualified for admission, ought to be admitted into the higher ranks of the services. Since that time we have had universities established in several parts of India and they have turned out thousands of graduates. They have competed very successfully with their English fellow-subjects in all walks of life to which they have been admitted. In the judicial line, Indian Judges have shown how high they stand both in point of character and ability; they have proved themselves to be the equals of their English brother Judges. In other directions also Indians have proved their capacity in high offices, under the British Government, in Native States, as heads of districts, as Commissioners, as members of Executive Councils, as Dewans of Indian States, those Indians who have had opportunities afforded to them or those who have been able to force admission into the Service, have shown that if they are given an equal chance they are able to render a very good account of themselves. All that we have asked for in this connection from the beginning is, not that we should be put on a favoured footing but that we should be put on a footing of equality. We say that, if two young men are to run a race, all fair rules of the game require that we should start both of them from the same centre, and not compel one to start several miles behind the other, and yet expect the man who started several miles behind the other to succeed in the competition. We want that Indian youths should be subjected to the same test to which English youths are subjected. We do not want any differentiation in that respect. What we do say is that if Englishmen are allowed to sit for the examination in their own country, Indians should also be allowed to sit in their country for the same examination. One might very well say that the more natural, the more reasonable, the more just course would be that examinations for admission into the Civil Services of India should be held in India alone, but the time for it is not yet. In view of the present circumstances of the country, remembering how we are situated at present, in view of the difficulties that have hitherto lain in our path, and of the desire we all have that we, Indian and European fellow-subjects, should move together in brotherly co-operation, and with as little dislocation as possible our prayer at present is, as it has been for the last fifty years, that the examination for admission into the Indian Civil Service should be held simultaneously in India and in England.

“ Sir, (the not holding of this examination in India has exposed us to great disadvantages, political, economic and administrative.) The political disadvantages are obvious. Here we are discussing the question of self-Government, and of the larger admission of Indians into the higher services. We are told we have not held charge of high offices, we have not been dealing with large problems and it is not right that we should ask to be entrusted with these problems at once. Well, if we have been shut out from these advantages, from the exercise of these high functions, the fault is not ours. I submit, Sir, that it is an unreasonable proposition that because we have so long been kept out of these advantages, therefore we should be kept out of them in future.

“ I need not refer again to the remarks of Mr. Gokhale, to which my Hon'ble friend Mr. Sarma referred yesterday in which he pointed out that the

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moral evil of the present system was even greater and more serious than the political and economic disadvantages. The people of this country desire that they should be able to feel that they stand on a footing of perfect equality with their fellow-subjects in England and the United Kingdom. That is practically denied to them by the refusal to hold the examinations simultaneously which leads to the inevitable result that but few can enter through the door in London.

“ So far as the economic evils are concerned, they were again and again pointed out by the late Mr. Dadabhai Naoroji. I do not want to detain the Council by dealing with them at length, but I will refer to a few facts to show how serious the economic evil is. According to a return presented to the House of Commons, in 1892, excluding the rank and file of the British Army, the total of the salaries, pensions and allowances received in 1889-90 by public servants and retired Government officials, drawing salaries of Rs. 1,000 and over, annually, amounted to about 18½ crores, while the real revenue was about 61½ Crores. Of this, only about 3 crores was received by 17,000 Indians, while the remaining 15½ crores went into the pockets of 28,000 Europeans and Eurasians. That the lot of Indians has not improved materially since then is evident as my friend Pandit Hriday Nath Kunzru points out in his valuable pamphlet on the Public Services in India from the statistics published by the Government of India in 1912, which show that out of 5,390 posts to which monthly salaries of Rs. 500 and upwards were attached, no less than 83 per cent. were held by Europeans and Eurasians.

“ Long ago, Sir William Hunter pointed out, that the salaries paid in India are very high, that India cannot afford to pay at the high rate at which the services are remunerated at present. In his pamphlet ‘England’s Work in India’ he wrote :—

‘The truth is, that we have suddenly applied our own English ideas of what a good Government should do to, an Asiatic country where the people pay not one-tenth per head of the English rate of taxation. I myself believe that if we are to give a really efficient administration to India, many services must be paid for at lower rates even than at present. For those rates are regulated in the higher branches of the administration by the cost of officers brought from England. You cannot work with imported labour as cheaply as you can with native labour, and I regard the more extended employment of the natives not only as an act of justice but as a financial necessity.....The salaries of the covenanted services are regulated, not by the rates for local labour, but by the cost of imported officials. If we are to govern the Indian people efficiently and cheaply, we must govern them by means of themselves and pay for the administration at the market rates for native labour.’

“ You must recognise the fact that if you want to carry on the administration of India efficiently and cheaply, you must employ a larger number of Indians than have been employed hitherto. So that from the economic point of view it is obviously necessary that a larger number of Indians should be admitted into the Civil Service. Then, Sir, there is the advantage of administrative experience which can only be acquired if Indians are admitted into the higher ranks of the service. Mr. Dadabhoy summed up the whole situation in his own inimitable manner in a few words. He pleaded for a beginning for self-government being made by the institution of simultaneous examinations in India and in England, and he urged that that beginning will be the key, the most effective remedy for the chief economic and basic evils of the present system.

‘ A three-fold wrong is inflicted,

said he,

‘ upon us, *i.e.*, of depriving us of wealth, work and wisdom, of everything, in short, worth living for, and this beginning will begin to strike at the root of the muddle. The reform of the alteration of the services from European to Indian is the keynote of the whole.’

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“Of course Mr. Dadabhoj did not mean that there should be an immediate or an early replacement of Europeans by Indians as a whole; what he urged was that a beginning should be made in order that Indians should be able to obtain an increasingly large share in the higher services of their country.

“This, Sir, was the state of affairs before the war. What is the position of affairs now? The war, as Mr. Lloyd George has said, has changed things enormously; as one of the members of the Commission has observed, centuries of progress have been effected by this war. Naturally in consequence of it, things have begun to be looked at from a changed angle of vision; and we have been looking forward that our claims, which are based on justice, based on right, claims which were solid and strong before the war and without any reference to the war, will now be regarded as much stronger by reason of the part which Indians have had the privilege of playing in this great world war. I would like to quote here a few remarks from a speech of the Marquis of Crewe. In his speech at the Guildhall in London he said:—

‘It is perhaps even more striking, certainly no less gratifying, that those representing the various races in India, races representing a civilisation of almost untold antiquity, races which have been remarkable in arms, and the science of government, that they should in so whole-hearted a manner rally round the British Government, most of all round the King-Emperor at such a moment as this, and I am certain that the House will desire to express through those who are entitled to speak for it, its appreciation of their attitude and its recognition of the part they have played.’

“And Lord Haldane said:—

‘Indian soldiers are fighting for the liberties of humanity as much as we ourselves, India has freely given her lives and treasure in humanity’s great cause; hence things cannot be left as they are.’ We have been thrown together in this mighty struggle and have been made to realise our oneness, so producing relations between India and England which did not exist before.’

“Now, Sir, in view of this momentous event, I submit the problem should be looked at in a much more sympathetic spirit than it has been heretofore. Our claim to have simultaneous examinations for admission into the Indian Civil Service held in India as well as in England, was quite strong before the war, and without reference to the war; but the attitude of India during the war has given added strength to that claim. His Majesty’s Government have recently announced the goal of British policy in India. In that announcement we have been told that

‘The policy of His Majesty’s Government, with which the Government of India are in complete accord, is that of increasing the association of Indians in every branch of administration and the gradual development of self-governing institutions with a view to the progressive realisation of responsible government in India as an integral part of the British Empire.’

“His Excellency the Viceroy also in the memorable speech, to which it was our privilege to listen on the 5th of this month, told us that the increased association of Indians in the higher services was one of the matters which was close to his heart and to that of the Government.

“We also have the statement of Mr. Montagu in the speech which he delivered a short time before he was appointed as Secretary of State, and which he reaffirmed after he had been appointed Secretary of State, in which he pointed out how necessary it is that the Government of India should be radically altered. I will not take up the time of the Council by reading large extracts from that important speech, but I will draw attention to only one important passage in it, where he says—

‘Your executive system in India has broken down because it is not constituted for the complicated duties of modern government. But you cannot reorganise the Executive Government of India, remodel the Viceroyalty, and give the Executive Government more freedom from this House of Commons and the Secretary of State unless you make it more responsible to the people of India.’

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“ Now that is the position, that the Executive Government has to be made more responsible to the people of India. With the altered state of things which the war has brought about, the recognition of the comradeship of Indians and Europeans, in arms, the recognition of the free contributions and the loyal services rendered during the war, and above all with a full recognition of the fact that the present system has outgrown itself and must be altered, so that the Government shall be made responsible to the people of India, we have to approach this problem for solution. And I submit, Sir, that of all the questions relating to Constitutional reforms there is none which is more important, which lies at the root of the problem, more than this question of instituting examinations for admission into the Civil Service simultaneously in India and in England.

“ There is one other aspect of the question which I think I ought to ask the Council to bear in mind in this connection. Things have changed, they have changed greatly. The prayer for simple justice which we have gone on repeating, and, I say it with regret, repeating vainly for fifty years, cannot be disregarded. Indians feel that, in being excluded from the higher appointments of the services of their own country, they are being very unjustly dealt with. They find that the peoples of many other countries have made and are making great progress in all directions, that in many of them the systems of government have undergone a change to the great benefit of the people. They find that a new life has come over Japan.

“ In the last fifty years Japan has reorganised itself and has won a place amongst the foremost nations of the world. When they contrast the condition of Japan with what it was in the last fifty years, with the progress made in the condition of India during the last 60 years, since the Proclamation of 1858, they cannot help drawing inferences and making comments which are unfavourable to the present system of Government. Indians dearly want to feel, they want to realise that in India, as subjects of His Majesty the King Emperor George V and his successors, they can and they shall rise to the same height in their own country to which the Japanese have risen under the Mikado. They feel that other countries, even Asiatic countries, have been making great progress and they find a difference in the treatment given to the youth of this country. The British Government have established Colleges and Universities in our midst and have given us good education. We feel grateful for it. But the Governments of other countries have done one thing more, which the Government of this country has not done to the same extent. After having educated the youths of those countries, they have opened all the portals of higher service to those youths. In this country these higher portals have been practically closed against us, and, as has again and again been pointed out by several English writers, if you will not allow the advantages which ought to flow from the acquisition of higher knowledge to come to those who have received that knowledge, you will necessarily create dissatisfaction and discontent. Having regard therefore to the justice of our claim, to the entirety of the circumstances and considerations which have come into existence because of the war, having regard to the circumstances of surrounding countries, and of the civilised world generally, the Government ought not to hesitate any longer in instituting simultaneous examinations for admission into the Indian Civil Service in India and in England.....”

The Hon'ble the Vice-President:—“ I have to remind the Hon'ble Pandit that he has already exceeded the time limit.”

The Hon'ble Pandit Madan Mohan Malaviya:—“ I am sorry, Sir, I was not conscious of it. The subject is one which touches the hearts of us all, and I hope you will kindly allow me just a few minutes more to bring my remarks to a close.”

The Hon'ble the Vice-President:—“ I hope the Hon'ble Pandit will be as brief as possible.”

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The Hon'ble Pandit Madan Mohan Malaviya:—"I was going to deal with the question of the character of Indians which has largely, it seems, influenced the decision of the majority of the Commission, but I will reserve it, if it should become necessary for me to do so, for my reply. But before concluding, Sir, I wish to make an earnest appeal to the Government to take up this question in an earnest spirit and to solve it. There ought to be no necessity for discussing it at any great length. We have got the authoritative opinion of the Parliamentary Committee of 1860, we have got the authority of the House of Commons of 1893, we have got the opinions of many gentlemen who appeared before the Public Services Commission in 1886, and of many more who appeared before the Royal Commission of 1912, in favour of simultaneous examinations. We remember that the Committee of 1860 pointed out that there could be no better way of honourably fulfilling the pledges which had been given than by instituting such examinations. I wish also to make an appeal to my friends, the members of the Indian Civil Service. My friend the Hon'ble Mr. Sasiri made an appeal to them yesterday. I wish, if I may, to support it. I would earnestly ask them to look at the question from the point of view that the honour of the English sovereign, the honour of the English Parliament, the honour of the English nation, is involved in the fulfilment of the pledges which have been given to us during the last eighty years. Many of your own statesmen have said that those pledges have not been faithfully fulfilled. Lord Lytton once said that they had been made a dead letter, and Lord Salisbury cynically urged that there was no good in keeping up an hypocrisy. But I am sure the documents containing the pledges will not be treated by the great English nation as a mere 'scrap of paper.' I am sure they realise that the honour of every Englishman, the honour of every Britisher, is involved in the honourable fulfilment of those pledges, and that those pledges can only be faithfully fulfilled by the holding of examinations for admission into the Indian Civil Service simultaneously in England and in India. One of the members of the bureaucracy has appealed to the members of the Indian Civil Service to decide their duty with reference to this question. I feel that it lies with them more than with any other body of men to help us to realise what we believe to be our birthright. In concluding his book on bureaucracy Mr. Bernard Houghton says:—"

The Hon'ble the Vice-President:—"The Hon'ble Member must not read quotations at this period of his speech. He has already exceeded the time limit."

The Hon'ble Pandit Madan Mohan Malaviya:—"I will take only a minute, Sir."

The Hon'ble the Vice-President:—"Very well, I will give you a minute more."

The Hon'ble Pandit Madan Mohan Malaviya:—"Mr. Bernard Houghton says:—"

'And the members of the Indian Civil Service, easily the finest in the world,'

I am sure this will gratify the hearts of my friends,

'may recall with pride, even when handing over the sceptre of supreme control they have wielded so long, that their dominion in India has not been without its glories. To have replaced turbulence and disorder by peace, to have established courts of impartial justice, to have cast over the country a close network of roads and railways—all these are achievements which will ever redound to the honour of themselves and of England. But perhaps the greatest of boons, albeit an indirect one, which India has received at their hands has been the birth of a genuine spirit of patriotism. It is a patriotism which seeks its ideals, not in military glory or the apotheosis of a king, but in the advancement of the people. Informed by this spirit, and strong in the material benefits flowing from British rule, India now knocks

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at the portal of democracy. Bureaucracy has served its purpose. Though the Indian Civil Service were manned by angels from heaven, the incurable defects of a bureaucratic government must pervert their best intentions and make them foes to political progress.

Not all of them, I am sure, Sir.

‘It must now stand aside, and, in the interest of that country it has served so long and so truly, make over the dominion to other hands. Not in dishonour, but in honour, proudly, as shipbuilders who deliver to seamen the completed ship, may they now yield up the direction of India. For it is the inherent defects of the system, which no body of men, however devoted, can remove, which render inevitable the change to a new polity. By a frank recognition of those defects the service can furnish a supreme instance alike of loyalty to the land of their adoption and of a true and self-denying statesmanship’.

“I earnestly hope, Sir, that my friends of the Indian Civil Service will approach this question before us in the spirit in which this appeal has been made to them by one of the former members of their Service, and I trust that, approaching it in that spirit, they will help us to obtain such a solution for which we ask of this very important problem which concerns our welfare.”

The Hon'ble Mr. C. H. Atkins:—“I should like to get up at this early stage of the debate, not because I have anything useful to lay before this Council, but to express my own disappointment with the speech of the Hon'ble Mover and to express a hope that perhaps other speakers may give us something more useful to listen to. The Hon'ble Mover has dealt with the subject generally; he has made a passionate appeal to us, members of the Indian Civil Service, to open an access to the service by having simultaneous examinations. He has not dealt with the practical difficulty. He said a few unpleasant things; he said some pleasant things. We all feel the many difficulties; we feel the difficulty of our Indian friends and we also feel the practical difficulties of what they ask for. But the speech we have heard might better have been delivered on yesterday's Resolution, and I do not think it has helped the question which is now before us. I understand that Government wish to hear the opinions of Hon'ble members; they wish to get help from them. We have to consider what the result of simultaneous examinations would be. I think it is generally admitted that the change is not to come too suddenly, and that for a time the preponderance of British officers will have to prevail. Although we grant that there was objection to the proposal put forward yesterday that we should not lay down rules as to a definite number of British officers to be maintained, at the same time, from conversations with Hon'ble Members, I think they all admit that the change must come slowly, that for a time the preponderance must remain. And a result possibly of simultaneous examinations might be that the constitution of Government will be altogether altered.

“There is no doubt about the ability of Indian boys and it is quite possible that in the case of a simultaneous examination they might carry off a very large proportion of the appointments. It would seem *prima facie* to be better to fix some proportion that should be taken by Indians and that examinations for entry to so many appointments should be held in India. We want, I think, to get ideas as to how this can be worked, to get some solution of the practical difficulties. The question of expense has to be considered. One of the arguments for admitting more Indians is that the present officers are too expensive. Well, I do not think you will get British officers for less, and if any expense is to be saved it means that the pay of Indian officers must be less than that of British officers. That again would mean the maintenance of a separation between the two services, the Indian and the British. That is one of the difficulties, I think, and one that I have not seen the solution of. Of course all the same appointments may be open to members of both services and in that way the services may be one and the same. But I take it if anything is to be saved the pay of the Indian recruited officer will have to be less than that of the

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British. I would again ask the Hon'ble Members to give us something useful in the way of suggestions. The time for these passionate appeals is past. It has been admitted that something has to be done and the desire is to know what."

The Hon'ble Mr. K. V. Rangaswamy Ayyangar:—
"In this connection I should say that last year by this time one of my good friends Dr. S. Subramania Iyer made an important pronouncement in a public entertainment that the Civil Service Examinations should be held exclusively in India. The other day when we had the notice of this Resolution of Panditji I suggested to him that I had in contemplation a notice of amendment which would make the Resolution mean that the Examinations should be held entirely in India. Even though by this step there is doing justice for Indians and there is more economy and efficiency for the Government, yet the Hon'ble mover asked me that we should wait to suggest the proposal in my intended amendment, till we are able to first secure the co-operation of the Government in this moderate Resolution. On his advice, I did not send in the amendment. Now that the Government of England or India is only attempting at economy and efficiency of administration even at the sacrifice of the luxuries of the different nations I do not think it would be impossible for holding the examination of the Indian Civil Service exclusively in India.

"Whether it is exclusive Examination in India or a simultaneous one, at least one examination should be held in India. The extreme poverty of India does not afford its sons to invest such a large amount on the journey to England and the costly maintenance there. The Home loving tendencies of the Indians and the deep domestic attachment and kinship forming our characteristics retard all the impetus to go a long distance. Only very few parents will be willing to barter a long absence of their sons for even the Indian Celestic services. The climatic conditions of England do not entirely suit our health and habits. Further, rightly or wrongly, there is a scripture to interdict Hindus from sea voyages and many of them are mostly very loyal to their scriptures. The first obstacles are over-ridden by a very few people and our object is only to remove obstacles and place open competition within the reaches of all the gifted sons of the land.

"Further, I know one instance, which would at once show to what extent Indians are subject to disappointments even after overcoming all obstacles and after taking all the risk, trouble and expense by going there for competing the test. The instance I refer to is a talented Indian, who having passed the Indian Civil Service creditably was not taken into the services, because he could not ride his horse well. If India had not got enough of its sons who are not worthy of the responsibility, confidence and ability, then it is another matter and we have no case at all. I can confidently say that the men who are in the provincial services who had passed the old Provincial Civil Service tests can very easily compete for the Indian Civil Service Examination. There was a case in Madras of one who having failed to secure a pass in the Provincial Civil Service, had the pluck to go to England where he creditably succeeded in passing the Indian Civil Service Examination. The test, if accepted to be held in India, would attract the best men and would be doing sheer justice to the sons of the soil. Especially, in times of war, when conditions are such that sea voyages become increasingly difficult, such a course as holding an examination here would be very much urged upon. The Government would do well to take a lesson from the Industrial men of England, who instead of the out-of-date method of importing products from India and sending them back as various finished goods are now resorting to start those Industrial Mills in India itself."

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The Hon'ble Sir William Vincent:—"Sir, for reasons which I explained yesterday, the Government cannot accept this Resolution. Indeed, I do not suppose that the Hon'ble Member seeks at this stage to do more than ventilate the subject; and he has done so, if I may say it, with great ability. I may mention here also that I do not share the Hon'ble Mr Atkins' opinion that he has not done so with very reasonable moderation, because I think we all understand and know that the subject of this Resolution is one upon which Indians feel very strongly. I am sorry that more Hon'ble Members have not spoken in order that I might have had the advantage of hearing their arguments before I had to speak myself; but in any case I can assure the Council that any arguments that are adduced will receive careful consideration.

"I do not propose, nor would there be time for me, to enter into any prolonged discussion of the arguments for and against this Resolution; but there are some salient points to which I think I ought to draw attention. The first is the suggestion that the Commission seek to exclude Indians from the Indian Civil Service....."

The Hon'ble Pandit Madan Mohan Malaviya:—"May I explain? I did not mean to say that the Commission seek to exclude Indians. I said the fact of the examination being held in England alone results in Indians being excluded to a large extent."

The Hon'ble Sir William Vincent:—"I repeat that the suggestion the Hon'ble Member made was that Indians were being and were to be excluded from the Service. Now this is really not so. The Commission propose that a percentage of the Service should be recruited in India and the question which the Government have to consider is the best manner in which the recruitment can be effected with due regard to securing the proper representation of different classes of Indians and so as not to endanger the British character of the administration. These are the real points for decision. The Hon'ble Member also suggested that the adoption of his Resolution would in some way lead to economy. But it has never been suggested, as far as I am aware, that Indians admitted into the Indian Civil Service either through simultaneous examinations or separate examinations should be paid at different rates from Europeans. Turning again to the recommendation of the Commission I ask the Council to remember that there was only one dissentient member on this point, Mr. Justice Abdur Rahim, and that all the other members including Sir Mahadev Chaubal were opposed to the views of the Hon'ble Mover on this question. The reasons which they give are, I think, worth quoting in this Council, possibly many Hon'ble Members are aware of them but some may not have read the report carefully. The Commission say :

'It was also suggested to us, though almost exclusively by the Indian witnesses, that there should be simultaneous examinations in England and India, conducted in both cases by the Civil Service Commissioners and with the same papers and a common list embodying the results. Few, however, pushed this suggestion to its logical conclusion. Some, for example, expressly proposed a British minimum from the outset, whilst many, who saw no necessity for imposing a minimum at the present juncture, admitted that a time might come when such would have to be established. In this uncertainty quite apart from the practical difficulties which must surround any simultaneous system in totally different longitudes and in separate continents, will be found the main reason for rejecting this precise solution of the problem. For such an arrangement must either be accompanied by a fixed proportion between Indians and Europeans or it must not, and in either case the results will be equally open to objection. In the former, the fundamental anomaly will be introduced, by which men, who pass lower in the examination, will be preferred on racial grounds to those who have passed higher. In the latter the maintenance of the British character of the administration will be made to depend on the chances of an examination.'

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[*Sir William Vincent.*]

[21ST SEPTEMBER, 1917.]

Now, I think it may be said that the case against simultaneous examinations rests in great measure on the basis that the maintenance of English methods of Government in India necessitates a substantial proportion of Britishers in the service. Some Members, I dare say, hold this to be incorrect; many more will hold it to be controversial, and I admit that it is controversial, and it was in fact one of the many difficulties which necessitated the appointment of this Commission, a Royal Commission, to investigate the subject. It is quite true that the last word has not been said on the Report of that Commission. But I think that the Hon'ble Member will recognise that recommendations arrived at after such careful inquiry are entitled to be treated with some respect, and it seems better to approach them in a liberal spirit rather than lightly to brush them aside. I have not had time to examine the evidence at all; I have just glanced at portions very cursorily but even that has shown that not a few Indians whose opinions are entitled to respect hold that simultaneous examinations are undesirable. I can give the names of some of them if the Hon'ble Member wishes.

"The views of the Commission on the point are perhaps entitled to the greater respect because they are in complete accordance with the views of previous Commissions and also with the views of the Government of India and of the Secretary of State for many years. The *locus classicus* on the subject will, I think, be found in the Government of India despatch of 1893 from which I quoted yesterday. The conclusions of which were concurred in by the Secretary of State. I have no time to cite the whole of arguments in the despatch, but I should like to quote one or two portions of the summary at the end. The Government say firstly that no concessions of simultaneous examinations were necessary for the fulfilment of so-called pledges; and secondly that the practical difficulties in introducing a system of simultaneous examination would be extremely serious. Now this is a point to which the present Commission also advert. I do not wish to dilate upon it, and it is not really of primary importance; but there are obvious difficulties in conducting simultaneous competitive examinations *viva voce* in different continents. Further, recent experience gives some colour to the view that the leakage of information as to papers is not entirely negligible; but I do not want to press this point, because I admit it is a minor one. The Government of India go on to say—

'It is conceded that in order to ensure the efficient administration of the country a minimum of British officials is indispensable, and such a minimum could not be maintained if simultaneous examinations were held.'

They go on.

'Again competitive examinations in India would certainly have the effect of admitting a large number of competitors deficient in the qualifications necessary for the higher ranks of the service and whose antecedents and origin would not be such as to command the confidence and good will of the classes for whose welfare they would be responsible. On the other hand it would exclude the most valuable and capable assistance which the Government could obtain from Indians in the Sikhs, Muhammadans and other races, accustomed to rule and possessing exceptional strength of character, but deficient in literary education.'

"Mr. Shafi will possibly not admit that the Punjab is behind hand in education just at present, here I should like to pause and place before the Council figures which I have had collected as to the results of the Civil Service examination from 1906 up to date. I have taken figures from 1906 because I believe in that year the age limit was changed. Here are the results. In all 34 Indians got into the Indian Civil Service in the period through the competitive examination held in England. Of these 25 were Hindus and 1 was a Muhammadan. The presidencies of Madras, Bombay and Bengal absorbed 26 out of these 34 places. The Punjab, Burma, Central Provinces and Assam did not produce a single successful candidate during these years. I state these figures subject to

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correction, and I should be glad if any one will put me right if I am wrong because I have not had time to verify them carefully. Nor do I want to base too much upon them, because obviously the same results might not have followed if simultaneous examinations had been held. But the possibility of similar results cannot on the other hand be entirely neglected, and I think the figures are the more significant when it is remembered that though Muhammadans and others freely resort to the United Kingdom for their education, many orthodox Hindus—and they would be very successful according to what my Hon'ble friend Mr. Ayyangar said—are at present unable to proceed to England for this purpose.

“ In this connection I should like also to refer to certain figures which I have obtained from the Finance Department as to the results of competitive examinations for appointments in that department. The figures, I should explain, are not figures of open competitive examinations and their value is *pro tanto* diminished. The examinations are held among a number of nominated candidates. I do not therefore seek to base too much upon them, but I do ask the Council to consider them and I put them before the Members more as an illustration of what some of our difficulties are in this matter. Now, in the Finance Department the Government have admitted 24 candidates into service in the last ten years. Of these ten were Madrassee Brahmins. The total number of Brahmins is 14, the total number of non-Brahmin Hindus is 8, and the total number of Muhammadans is again 1. Now, Sir, as I said before I do not seek to build any argument upon these figures. I merely put before the Council facts. It may be right, it may be desirable that the Government should be Government by Brahmins. I am not offering an opinion on the point; but I put the facts before Council that Hon'ble Members may judge for themselves. It is also a question for consideration, I think, whether the races of the North-West Provinces of India would readily accept complete administration of their provinces by gentlemen who, though possessed of the highest intelligence and great educational qualifications, were in their opinion, lacking in qualities which they regarded as essential.

“ It is doubtful, for instance, if the entire Administration of the North-West Frontier Province could safely be entrusted to gentlemen of this class. Indeed, I think myself that if I were a local resident I should be inclined in such a contingency to realize my property and convert it into some portable form. Similarly, in a Province like Burma, it might be argued that if the whole of the Civil Service were filled with Indians the Burman would have a genuine grievance. I may observe that the general trend of the evidence in Burma was against the employment of Indians there at all. Now it may be urged that the whole of this assumes that the result of simultaneous examinations would be to destroy the British element in the service. I do not say that would be the result but I do say that it is one of the possibilities which the Government of India have to contemplate and this question becomes more important if the cumulative effect of the various Resolutions proposed be considered. If these Resolutions are accepted, the Civil Service is to be debarred from all high office whether executive or judicial, and the recommendations of the Public Services Commission as to remedies for grievances relating to pay or pension are to be negatived, in other words this Service which has already lost much of its attractiveness, in the eyes of Englishmen, is to be rendered less attractive still, so that fewer candidates of the best class may be tempted to compete for it. At the same time simultaneous examinations are to be introduced so that the best young men out of 300 million people, some of very high intelligence, very well educated, may compete with the few English lads who would seek to enter the Service under the new conditions. Now, I put it to the Council whether a possible effect, I do not say that it would be the effect, but whether a possible effect of this might not be the immediate Indianisation of the whole Service, if it did not lead to the whole service being filled

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by Hindus from the South and West of India. I am not committing the Government of India to saying that this result would follow, I am not stating, nor do I wish to say for a moment, that for these reasons the Government of India are unwilling to accept the resolution ; but I am putting before Council considerations which show that this question is one of great gravity which can only be decided after consideration of various possibilities. I do not wish to press the point further, I seek merely to indicate some of the difficulties of the position. Finally though I have already drawn attention to the point I wish again to point out that although the Commission rejected the principle of simultaneous examinations, they at the same time made definite proposals to secure that Indians should receive an increased number of appointments in the Service. In such circumstances it cannot be said that they were biassed or unwilling to consider what are very just claims. The policy of the Government of India and the Secretary of State in this matter has also been explained in the debate yesterday and with that policy the Council is familiar. Nevertheless, I am afraid that for the reasons which I have already given, and without committing the Government in any way, to accept or reject this proposal, I cannot accept the Resolution which has been moved by the Hon'ble Member."

The Hon'ble Mr. Srinivasa Sastri:—"Sir, the Hon'ble Mr. Atkins wishes us to tackle the practical difficulties in the way of our adopting the Resolution. What practical difficulties there are he has not indicated very clearly, but there was a reference in his short speech to one of the difficulties which I will attempt to tackle, not on my own authority, but on the authority of eminent people, who have been examined by this very Commission. I think one of the difficulties he alluded to was that which may be experienced in holding an examination in India identical with the one that is held in England. On that point I would refer him respectfully to the evidence tendered by Mr. Stanley Leathes, the first Civil Service Commissioner in England. He opined that it was possible to hold such examinations here. Of course it would be necessary to send out some men with experience in the holding of examinations, he even suggested that in the conduct of the *viva voce* examinations, and where Indian subjects were concerned, he would not object to the appointment of Professors of Indian Colleges. Then the other difficulty which Mr. Atkins suggested was one to which the Hon'ble the Home Member has also referred, at considerable length, and that is the difficulty of obtaining a guarantee that a certain British minimum would be maintained in the Service. This would lead me to cover the ground partially gone over yesterday, but I will try to be very short. The Commission objected theoretically to the establishment of a proportion at all, and, looking at the Statutes great lawyers have held the opinion that to prescribe a minimum either on one side or the other is not lawful. That is not a point on which I am competent to say anything. But what have the Commission done themselves? They have proposed two examinations, one to be held in England and one in India and they have fixed a proportion, a proportion on the Indian side, but they strongly object to fixing one on the British side. They have set 25 per cent as the maximum of Indians that may be admitted into the Services.

"There is only one other point to which, at the risk of being some what invidious, I wish to refer because the Hon'ble the Home Member, careful as he was not to commit either himself or the Government of India, still indicated a considerable diffidence. He told us that if simultaneous examinations were held in India it would lead to the over-representation or to the exclusive representation of certain communities greatly to the detriment of the other communities.

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The Hon'ble Sir William Vincent:—"I did not suggest that, I did suggest that whether this result would follow was one of the points which the Government would have to consider. I certainly said that, but if I said more than that, I did not intend it."

The Hon'ble Mr. Srinivasa Sastri:—"I accept the correction, Sir. But still there is a difficulty suggested and I am trying to deal with it. It is not a difficulty which the Hon'ble the Home Member has yet persuaded himself to believe. This difficulty will exist for ever. There are different communities in India, and as far as I can look forward to the future, it is not possible to attain a complete assimilation of all the communities that now are consciously considering themselves as distinct from one another. Then is it proposed to postpone the fulfilment of the pledges and the grant of what we consider our due till this impossible end is attained? That seems to me to be the logical end of those who suggest the difficulty as one that will stand in the way of simultaneous examinations. Muhammadans, Sikhs and other people it seems, would at once start up in clamour if simultaneous examinations were adopted. What are they doing to-day? Have they the representation in the higher branches of the service to which they are entitled and to which they will say they are entitled in future? They have not got that now. If the Government of India, I mean, if the authorities—I should not speak of the Government of India alone in this connection—if the authorities make suitable provision for the representation of those communities, those who advocate simultaneous examinations would be prepared to consider any proposals that might effectuate the object. The Commission themselves, while putting forward this difficulty, have not appeared in my opinion in their own practice, that is to say, as judged by their recommendations, to attach very considerable weight to this difficulty. On the contrary both they and the several witnesses who gave evidence before them, have laid clear line of demarcation between this eminent service in India, the superior service in India, and all other services. While they consider that it would be a suitable object to keep in view in recruiting for the Provincial Civil Service and for the other services to see that all the communities receive adequate representation; they have considered, however, that in the Indian Civil Service, the highest in the land which was called upon to administer on the largest scale, it is not desirable to give this particular object, namely the representation of the different communities, the same importance. In their own recommendations they have fixed the number 9 as the limit of Indian representation. They have allowed 7 to be competed for in more or less an open competitive examination. 2 however are to be retained under the patronage of the Secretary of State..."

The Hon'ble Sir William Vincent:—"May I rise to say one word, Sir. I think that the Hon'ble Member's remarks would be more relevant when the alternative Resolution of my Hon'ble friend dealing with the question of proportion and numbers comes on?"

The Hon'ble the Vice-President:—"I understand that the Hon'ble Pandit's alternative Resolution is only to be moved in the event of the present resolution being lost."

The Hon'ble Sir William Vincent:—"I hope that he will withdraw it."

The Hon'ble Mr. Srinivasa Sastri:—"Besides, Sir, I am mentioning this only as giving a clear indication of the mind of the Commission themselves, as may be inferred from the recommendations, that this principle of adequate representation of all communities plays only a very small part. Therefore what I am urging is that this difficulty of having adequate representation for all castes and communities in India, for all provinces and for all

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universities also, should not deter us from adopting what might otherwise recommend itself as a suitable means of rendering justice to Indians.

“There is, Sir, only one other point which remains for me to touch, and that is the question of the attractions of the Civil Service for English youths. That is a point which would appear again and again in the course of our discussions. I think the Hon'ble Home Member was a little previous in alluding to it, and it is therefore part of my duty to refer to it. The attractions of the Indian Civil Service for British youths, I am not of course in a position exactly to judge, but they seem to me to be very great, and I am not one of those who think that they need at all to be rendered greater. If, however, the apprehensions of the Hon'ble the Home Member or of those for whom he was for the moment speaking,—apparently he was not speaking for himself at the time,—if these apprehensions should prove true, I am one of those who think that that is one of the difficulties that we shall have to face in the course of our upward progress, but in my opinion it is by no means the greatest difficulty that we shall have to face.”

The Hon'ble Mr. M. A. Jinnah :—“Sir, the position that has been taken up by the Hon'ble the Home Member is one which, I must say, has not satisfied me. The Hon'ble the Home Member has pointed out every possible argument that he could lay hold of against simultaneous examinations. Having done that, he wound up by saying, very ingeniously, very cleverly, that the Government do not commit themselves in any way at all. Well, if the Hon'ble the Home Member has taken the trouble to solve all these difficulties,—I have no doubt that he as one of the Members of the Executive Council will put all those difficulties before the Executive Council,—I have no doubt that to a certain extent he has given an indication of his own opinion. I would never have taken part in this debate, but since the Hon'ble the Home Member has invited the opinions of non-official members I would like to meet those difficulties. First of all, the Hon'ble Mr. Atkins said that we never put forward reasons for simultaneous examinations but he never put forward any against it except one which my Hon'ble friend Mr. Sastri has dealt with. Now, Sir, I do not wish in any way to convey any idea of criticising the Civil Service unnecessarily. The position is this. The people of India say ‘you lay down any test you like, but give us equal opportunities.’ Why should the people of India not have equal opportunities? Now, it has been said that the competitive test is the best possible test that we can think of, and I propose, with the permission of the Council, to quote the words of Mr. Balfour which I had the honour of putting forward before the Public Services Commission. This is what Mr. Balfour says :—

“There can be no doubt for example that a man who can succeed in a severe competition must have great powers of work, great powers of concentration, great powers of maturing a subject, and great powers of reproducing his knowledge. The existence of these mental powers is shown to demonstration by success and they are all of them of the utmost use in every walk of life and not least perhaps in that of the Indian Civilian.”

“Now the first difficulty which the Hon'ble Member puts forward is that it would certainly not maintain the preponderance of the British element. Now, Sir, may I know why it is necessary to have a preponderance of the British element? Why? If, as we are contemplating, we are not going to have I hope for a very long time a bureaucracy that will be the masters of the people, but a bureaucracy that will be the servants of the people, and that is what we are aiming at, and if our hopes are realised in the reconstruction of the Government, we hope that the bureaucracy which under the present constitution are the masters and the rulers, will be the servants responsible to the people and under the control of the people. If that is to be realised, may I, Sir, know why there should be a substantial element of the British? We want a service, we want

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mén who will serve us, who will discharge their duties efficiently and faithfully to the Government. I have always failed to understand this argument.

"The Hon'ble Member said well, now, supposing you have to send men to the North-Western Frontier, what will be the position? If you have a Brahmin he may be very efficient as a literary man, full of knowledge. In other words he conveyed that a Brahmin, if he got into the Civil Service, would be nothing but a bookworm and would not be a man possessing manly qualifications.

The Hon'ble Sir William Vincent:—"Indeed, I said nothing of the kind."

The Hon'ble Mr. M. A. Jinnah:—"May I know what the Hon'ble Member meant. Why should not a Brahmin who has passed the test laid down, any test you like, educational, physical or otherwise,—why should not a Brahmin who has passed that test be put in charge of any Province or any district; will the Hon'ble Member explain that? What will happen to the North-Western Frontier if he goes there? The Hon'ble Member says 'Oh! the man with any property, if he was living there would at once convert his property, into a portable state.' If the Hon'ble Member is so much afraid of a Brahmin he may be sure the residents of the North-Western Frontier will also obey his orders. But Sir, I go further, how are these Provinces now managed by the Civil Servants? We know perfectly well Sir, that in these Provinces the people are more or less not civilized, people who do not obey the law in the same way as the civilized parts do. We know Sir, military officers have been sent, military officers have been governing those Provinces, even the Punjab was a non-regulated Province for a very long time and surely such Provinces as are of that character can always be managed by other officers who would be able to prevent the residents of those Provinces from turning their property into a portable state.

"I have mentioned the two arguments, namely, preponderance and the question of Provinces such as Burma and the North-West Provinces. The other argument was that we have got in this country different classes of people such as the Muhammadans, Hindus, Parsis, Sikhs and so on, and the Hon'ble Member quoted certain figures with regard to examinations in the Finance Department as I understood and with regard to the Civil Service examinations that have been held in London. Well, now, Sir, on this point my answer is this. A man like the late Mr. Dadabhai Naoroji who represents the Parsi community, a man like the late Mr. Gokhale who represents Indians, men like Sir Pherozeshah Mehta who represents the Parsis and men like His Highness the Aga Khan who, as we all know, carried enormous weight with Muhammadans, they all gave their evidence before this very Commission, urging upon the Commission that they wanted simultaneous examinations. Now Sir, are the opinions of such men not to be taken into consideration. Did they not know the interests of their own communities? The Hon'ble Member has given figures; he says the result would be that probably the Muhammadans would not get their proper share. Well, Sir, I can tell you this that the Muhammadans are to-day in a much better position than perhaps the Hon'ble Member knows and are quite prepared to compete with their Hindu brethren, and therefore there need be no anxiety of any kind whatsoever on the part of Government for the Muhammadans. I grant that we are backward to a certain extent, I grant that there is a larger number of Hindus in this country than Muhammadans, but assuming that a larger number of Hindus do get into the Civil Service will that be more objectionable to the Muhammadans than that a larger element of the Europeans should get in? I want to be frank, I do not want to give any offence, but why should it be any more objectionable to the Muhammadans if

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the Hindus are more than if the Europeans are more? Therefore I say that is an argument which I submit has no place here. What we want Sir, is this, we want an efficient service. Let it be open to competition to any one, to Europeans, Hindus and Muhammadans, Parsis, etc., and the fittest get in—the survival of the fittest should be the rule for recruiting the highest service.

“Then I give you what my objections are at the present moment to the Civil Service examination being held in London only. Sir, we know perfectly well, and let me tell you this that the Indian element which you get now by this door, which is a door which really more obstructs the Indians from getting in because you put so many difficulties in the way, a man has got to go to London, a man has to get money, a man has to take the chance and the risk of working for years and at the end of 5 or 6 years, if he fails in the Civil Service he is good for nothing”

The Hon'ble Sir William Vincent :—“ I always understood he went to the Bar!”

The Hon'ble Mr. M. A. Jinnah :—“ No, the Hon'ble Member is very much mistaken. If he cannot get into the Civil Service he will be much less able to get on at the Bar. However that is beside the point. Therefore you expect people to go to London all the way taking all these risks and then at the end find themselves, if failures, with nothing to do. On the other hand if you had simultaneous examinations in this country you would find better men, better talents will have an opportunity of competing and you will get better men, I venture to say better men will get in, if you had examinations here in India as well as London. Therefore, Sir, I strongly object to the present system of recruiting for the Civil Service, and I say that it is obvious to any thinking man that, while theoretically the Civil Service examination is open to the sons of India, practically every possible difficulty is put in their way and the result of that is that you find (I believe I am right) that out of 1,300 Civilians holding various posts in this country, today there are no more than 60 or 70 Indians. Well, that is the state of things, that although in theory it is open to His Majesty's subjects in India to compete for the Civil Service, to all practical purposes the door is really closed.

“Now we say open that door properly and let there be honest equal competition. Let the best talent of India compete for it. Put any test you like, and then, whoever is the fittest should get into that service. I do not see any reason against it or any objection to or any answer to that proposal. Therefore, I would ask the Hon'ble Mover to divide the Council on this Resolution and let us record our most emphatic opinion on this Resolution, by our vote.”

The Hon'ble Khan Bahadur Mian Muhammad Shafi :—“ Sir, I am in entire agreement with the Hon'ble the Home Member when he says that my friend the Hon'ble Pandit Madan Mohan Malaviya placed his case before the Council with extreme moderation. With most of what fell from the lips of the Hon'ble Pandit I am in entire accord. I agree with him that a state of things in which, for the Indian Civil Service, an examination is held in England and in England alone is in the highest degree unsatisfactory. I am further in entire agreement with him that, when we examine the figures and find that only 10 per cent. of the appointments in the Indian Civil Service cadre are held by the people of this country, it is a state of things, the sooner put an end to the better. But when we closely examine the speech delivered by my Hon'ble friend, it is directed to establishing the necessity of an examination being held in this country. The Civil Service Commission also have recommended that an examination should be held in India, and the real point for discussion, it seems to me, was whether that

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examination should be simultaneous, as advocated in this Resolution, or should partake of the nature of the examination, which is suggested by the Public Services Commission. That was the real issue before the Council, and I venture to submit that, as regards this issue, my Hon'ble and learned friend the Pandit has said nothing in his very able and lucid speech.

"The difficulties which, according to the Public Services Commission—I do not say I endorse all that has been said in that connection by the majority of the Commission—stand in the way of a simultaneous Indian Civil Service examination being introduced in this country have been stated by them in their Report. My Hon'ble and learned friend in his speech did not deal with any of those difficulties. The scheme put forward by the Commission of the kind of examination which they advocate is supported by them in that Report by certain arguments and certain considerations which they have enunciated. My Hon'ble and learned friend has not combated those considerations and those arguments. I entirely agree with him that the examination for the Indian Civil Service to be held in India should be of the nature of a competitive examination so that the best intellect of the country may have the chance of competing for the appointments held by the Indian Civil Service. I also agree with him that it should be simultaneous in this sense that the same subjects should be the subjects of examination here in India as are the subjects of examination in England and the same papers should be set to the examinees in this country as are set to the examinees in England, so that there should be not the slightest difference whatsoever in the standard of the two examinations. But where I differ from him is this. I am not in favour of the examination in India being an open competitive examination in the sense contemplated by my Hon'ble friend's Resolution. It seems to me that in a country like India the best intellect of every province and of every community should have a fair chance of competing for the Indian Civil Service appointments. That is the sum total of the argument which it seems to me lies at the root of the recommendation made by the Public Services Commission, and I think that is a consideration which is well worthy of consideration by Hon'ble Members. As I said just now I do not want any favour for any community or for any province whatever, but I want that the best intellect of every province and of every community should have a fair chance of competing for the Indian Civil Service appointments.

"So far as what fell from the lips of the Hon'ble the Home Member is concerned, that possibly the people of the Punjab or of the North-West Frontier Province would not like to have for their Collectors, gentlemen from Madras or from Bengal, all I would like to say is this, that I do not for a moment share this apprehension nor do I agree with the view which he has expressed in this connection. I think that once a fair chance is given to the people of the North-West Frontier or to the people of the Punjab for competing in this examination, after that, the best man, the best Indian, no matter whether he be a Punjabi, whether he be a Bombay man or a Madras man, would be welcome to Indians of every Province and of every class. What I want to see secured is that the Muhammadans, the Sikhs and the Hindus of every province should have a fair chance, and that is possible only if a combined system of selection and competition, such as is recommended by the Public Services Commission, is adopted.

"Personally, I do not agree with the majority Report in the Public Services Commission that only 25 per cent of the total number of what are called higher appointments in the Indian Civil Service should be reserved for Indians in this country. I think there was absolutely no reason why 25 per cent only of the higher appointments should have been so reserved and why a certain fixed proportion of the entire number of appointments held by the Indian Civil Service should not be reserved for Indians in this country. Moreover, I think that

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25 is too small a percentage and will not meet the requirements of the situation. When I gave evidence before the Royal Commission on the Public Services on behalf of the Punjab Moslem League we claimed that 40 per cent of the total number of appointments held by the Indian Civil Service should be reserved for being filled up in this country, and I still adhere to that view. It seems to me that the real point has been missed by the advocates of this first Resolution. If they had given us their arguments against the combined system of selection and competition and in favour of the simultaneous Civil Service examination we should have been in a position to judge of the relative merits of the two cases. Personally, as I have said, I am entirely in favour of the system suggested by the Public Services Commission, but am not satisfied with the proposal that only 25 per cent of the appointments in the higher rungs of the Civil Service ladder be filled up in this country. I would like to see at least 40 per cent of the appointments filled up in this country.

“ With these few words, I regret, I am unable to support the Resolution as put forward by my Hon'ble friend.”

The Hon'ble Dr. Tej Bahadur Sapru :—“ I must begin, Sir, by congratulating the Hon'ble the Home Member upon the frank recognition that he has been pleased to give to the strength of Indian feeling upon this question ; but having congratulated him on that part of his speech I must part company with him. The Hon'ble the Home Member referred to the report of the Royal Commission in the course of his speech. I think he is certainly entitled to refer to it and to rely upon it ; but at the same time I think it is necessary that a word of warning should, on behalf of the Indian community, be uttered against too much reliance being placed upon that report. It will be within the recollection of the Hon'ble Members of this Council that when the appointment of this Commission was announced a great deal of dissatisfaction was expressed in this country with its constitution. I make no reflection upon the honourable gentlemen who were members of that Commission, but it is only true to say that the feeling at that time was, and the feeling at the present moment also is, that progressive Indian opinion was not adequately represented on that Commission. There was no doubt our great and revered leader, Mr. Gokhale, on that Commission. There was also Mr. Justice Abdur Rahim, whose politics at that time were unknown to the country and who fortunately for us has given expression to our sentiments as no other man in the country could have done. There was no doubt Mr. Chaubal also, but so far as Mr. Chaubal is concerned, I will say with the utmost possible respect for him that he never belonged to the progressive party in India. Having said that much, I must invite the attention of the Council to one other important circumstance with regard to that Report, and it is this. The Commission was appointed before the War and the Report was written at a time when there was some talk of a change in the angle of vision but when the readjustment had not taken place. Sir, it is important to bear in mind that the report of the Commission has not appealed to the Indian community at large, and I think it is a great mistake to suppose that we Indians are going to be satisfied with the recommendation that 9 persons should every year be selected for the Civil Service in India. Sir, in the recent announcement which was made in the House of Commons by Mr. Montagu it was said that it was the policy of British Rule in India that there should be an increasing association of Indians in the administration of the country. That being so, I fail to see how that object can be achieved with any degree of success if we accept the recommendation of the Public Services Commission. Of the 9 men who are recommended by the Public Services Commission to be taken from India, seven are to enter the Indian Civil Service by the open door of competition while 2 are to enter it by a back door, and it is quite obvious that the men

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who enter by the back door can never occupy the same status and position as the men who enter the Service by the open door. Now, Sir, I may frankly say that Indian opinion will never reconcile itself to a position like this.

“ I will now refer to some of the objections that were pointed out by the Hon'ble Home Member. He expressed his solicitude for the proper and adequate representation of all classes in India. I do not take exception to that solicitude; but what really are the facts? I will show by illustration that there is no basis for those apprehensions to which he gave expression in the course of his speech. He said there are so many Brahmios that they are likely to preponderate in any particular province and that gentlemen from the west or from the south may flood a particular province. Now let us take the province from which I come. You find from the last Civil List that the Civil Service Cadre there consists of 232 men. Of these 232, 15 are Indians, and of these 15 there are only 4 men whom you could describe as genuine United Provinces men. Bombay has been very kind to us. It has supplied to us half a dozen men in the Indian Civil Service. Similarly there are two gentlemen from Bengal, and one or two from other parts of the country. But I can assure you that none of us in the United Provinces has ever felt our self-respect lowered because the majority of the Indians in the Indian Civil Service there come from other parts of India. We have got on with them splendidly. We are proud of them and we look upon them as if they were really men of our Province.

“ It has been said ‘ that may be so, but what about the North-West Frontier Province? ’ May I with all respect ask whether the experiment has ever been tried there? Have you ever sent an Indian there, and has the population there refused to be governed by an Indian member of the Indian Civil Service? I submit, Sir, that the objection that has been raised is merely theoretical; it has not yet been proved by real experiment. Sir, objections of this nature, based upon class representation, are, to my mind, absolutely out-of-date. You must take stock of the new forces which are coming into existence in India. Then, with regard to the Muhammadan community, Sir, it has been said the Muhammadan community might not be sufficiently represented in the Indian Civil Service if the examination was held in India. I apprehend no such danger. As one who has been directly connected for many years past with the Allahabad University I am prepared to affirm that in my opinion the Muhammadan undergraduates and graduates who come up there for various examinations are not inferior to the Hindu undergraduates intellectually. If we can boast of a distinguished Hindu scholar like Dr. Ganesh Pershad, we can also boast of a distinguished Muhammadan scholar like Dr. Zia-ud-Din. If Muhammadans are not so well represented in the Indian Civil Service as their intellect, capacity and character entitle them to be, we have got to go to other reasons, and the main reason is their poverty. How many Muhammadans are there in Bengal, in the Punjab or any other province who can afford the luxury of sending their boys to England on the off-chance of their coming out in the Indian Civil Service? There are certainly more Hindus who can afford to bear that risk. I submit, Sir, that too much is sometimes made of the Muhammadan opposition. But here perhaps I may be permitted to remind this Council that in a memorandum which was recently submitted by some members of the United Provinces Council we find such distinguished members of the Muhammadan community as the Hon'ble the Raja of Jehangirabad, and the Hon'ble Nawab Abdul Majid, supporting the recommendation about simultaneous examinations in India.

The Hon'ble Sir William Vincent:—“ Did the Hon'ble Member say Nawab Abdul Majid? ”

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The Hon'ble Dr. Tej Bahadur Sapru:—"Yes."

The Hon'ble Sir William Vincent:—"Is that correct, that he was in favour of simultaneous examinations?"

The Hon'ble Dr. Tej Bahadur Sapru:—"Yes, that is correct. He wrote a note of dissent but not on this point."

The Hon'ble Sir William Vincent:—"But did not this gentleman tell the Commission he was not in favour of simultaneous examinations?"

The Hon'ble Dr. Tej Bahadur Sapru:—"I am speaking, Sir, of the memorandum which was submitted to the Local Government very recently, I believe, in May last. People do change their opinions and it is a tribute to the strength of our cause that men do so. Why, for the matter of that, I find my friend the Hon'ble Mr. Shafi supporting our argument to-day"

The Hon'ble Khan Bahadur Mian Muhammad Shafi:—"My learned friend should remember that I have to-day expressed the same view that I expressed before the Royal Commission."

The Hon'ble Dr. Tej Bahadur Sapru:—"I am glad, Sir, to be corrected on that point. Therefore, I submit this bogey of Muhammadan interests being endangered is absolutely unreasonable. When you find Muhammadans of position and eminence who ought to know their own interests supporting this, I submit the time has come when arguments of this character, which are really ante-diluvian, should be summarily dismissed. The fact of the matter, Sir, is that the whole system is perfectly unnatural. To ask Indians that they should send their boys six thousand miles away to compete with Englishmen in order that they may come back and serve their own country is absolutely unnatural; and if all this talk about the increasing association of Indians in the higher administration has any element of sincerity, as I hope it has, then, Sir, the only reasonable thing that you can do is to get over those prejudices and not take shelter behind arguments which cannot stand any scrutiny now, and to open the door to us through which we wish to enter into the highest portals of administration. On these grounds, Sir, I beg to support strongly the resolution moved by my Hon'ble friend."

The Hon'ble Sir Dinshaw Wacha:—"Sir, I am sorry to say that the arguments urged against the resolution brought forward by my friend the Hon'ble Mr. Malaviya do not convince me. As far as the difficulties are concerned, I have heard of these difficulties before in almost all official arguments brought against simultaneous examinations; these arguments are very old and they are being trotted out every time. I see that this time also they have been trotted out by the Home Member. I remember reading these things thirty years ago when the House of Commons passed a resolution (in 1892) in favour of simultaneous examinations, and the Government of India issued a blue-book in which all these arguments, which are now being trotted out, were repeated. So far, then, they are all stock arguments which are dragged in every time in order to oppose this very simple and just resolution which has been brought forward to-day. Now, as to the difficulties, what are they? The Home Member says there are difficulties in the matter of holding examinations both in England and in India at the same time. How far the conducting of an examination in England and in India is a horrible, a terrible, thing I do not know! The same questions might leak out in England as out here. No, there is nothing in that reasoning. I may say, Sir, that the local Cambridge examinations, Junior and Senior, are simultaneous examinations; questions are, of course, put on the same day in England and in the different centres in India, in Madras, Calcutta, Bombay and elsewhere; the answers are

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all sent to London where they are, of course, examined and one list is made out in which the results are declared. Where is the difficulty in the case of the Civil Service Examinations? I do not see any difficulty that the Civil Service Commissioners can find so far as these examinations are concerned. Even with regard to the *viva voce* part of these examinations, surely, there are more than one or two Civil Service Commissioners; one of them can always be deputed when the examination takes place to come out here and conduct the *viva voce* examination on the same day that the London candidates are examined there. Where is the difficulty? I do not see any at all. Sir, it is the case, that when there is a selfish interest to be preserved and conserved, difficulties always arise; red herrings are drawn across the path and this is one of the red herrings which the Honourable Home Member has brought forward to-day....."

The Hon'ble Sir William Vincent:—"I really must rise to a point of order. I was only quoting the arguments which had been advanced against the proposal; I did not pretend to put forward arguments of my own. I think that it is unfair to suggest anything else."

The Hon'ble Sir Dinshaw Wacha:—"That may be; the arguments in general are the arguments of the Civil Service."

The Hon'ble Sir William Vincent:—"The Hon'ble Member may say that they are the arguments of the Civil Service, but he has no right to father them on me."

The Hon'ble Sir Dinshaw Wacha:—"The Hon'ble Member is a member of the Civil Service, and I consider that he is here as Home Member and as a member of the service which governs India."

"Well, Sir, as to the other arguments. In former days, when the Congress was held, we were told that it was a Hindu Congress and that the Muhammadans did not join in it. 'Of course, when there is a difference of opinion, how can we agree to all the propositions urged by a Hindu Congress.' So we were not unfrequently told by the Government. But the Hindus and Muhammadans are amalgamated. There is unanimity of thought, speech and mind between both communities, Government now trot out the question of Brahmins and non-Brahmins. That is the usual way with the bureaucracy, and there is nothing particular about it. I understand it to be intelligent enough. But what if there are Brahmins and non-Brahmins? There is the Charter Act which lays down clearly that 'proved merit and ability' shall be the only qualifications for the public service. One may be a Brahmin, or a non-Brahmin, or an Australian, or a Canadian, or a Negro or a Hottentot, what about that? So far as the Service is concerned we are to have the best men for the Indian Government. There is nothing further to be said about it. Take the case of the Civil Service in England. Is there any distinction made between the Welsh, Scotch, English, Irish, and so on. There are men of all races and denominations. Take the Austrian Government, does the Home Member mean to say that none of the representatives of the different communities and races there hold very high appointments or are appointed governors or posted to high offices? Did the Austrian Government complain that there was a Magyar or a Slav or a Czech or some one of that sort in its public service? There is that difficulty; but what does it matter? Why then should we have any more difficulty here with Brahmin preponderance or Muhammadan preponderance or Parsi preponderance or any other? The Charter Act is clear on the point; it says 'men of proved merit and ability' shall only be employed in the public service. Then it is laid down that there shall be no 'governing

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caste' in India. Where is the governing caste? The governing caste is the Civil Service; they are the governing caste, and yet the Brahmin is denounced. I cannot at all, Sir, understand that argument. Therefore, so far as the two principal arguments urged by the Home Member are concerned, they do not, I am sorry to say, hold water at all. Then, look at the other side. There is what you call a list of 'present discontents.' It is not one discontent but there are six, perhaps more; and in this list of present discontents, simultaneous examination holds the first place. And why? Because it is the oldest discontent against which for more than fifty years, from 1860 onwards, the people have been crying and crying. Time after time it has been brought before Parliament and still nothing has been done. And up to this time not a single strong argument has been brought forward against it. All the arguments that have been brought forward by Government here or by the Secretary of State before Parliament are these specious and fallacious arguments only. That is the position; and yet after fifty years of education, after universities have been established and thousands after thousands of students have passed through them, after being told that India is rapidly progressing in educational matters and in moral and material condition, you say 'No, simultaneous examinations shall not be held.' As my friend, Mr. Jinnab, put it well, 'why should there be any examination at all in England?' The examination is for service in India: if that is the case what does it matter whether it is held in India and in England alike? It is the old story of the Saxons and the Normans. I will not use any strong words as to how the Saxons felt when the Normans got appointments and how they chafed under their disabilities. I wish the Home Member and all the other Members of the Civil Service will put themselves in the category of the Saxons and us in the category of Normans and say how they would feel and how they would like to be governed by them. I say to the Civil Service, enter into our skins, into the skins of us Indians, and find out what the Indian feeling and sentiment is. The answer, as far as India is concerned, is 'the service is Indian and the examination must be confined to India alone.' Let Australians, Canadians, Irishmen come, Let them all come. We welcome them but of course, those who have shown the best merit and ability should alone be employed. But at present these are all the artificial barriers of the bureaucracy and it is for these reasons that simultaneous examinations are opposed by the service. With these words I support the Resolution."

The Hon'ble Rao Bahadur B. N. Sarma:—"Sir, having regard to the cardinal principle on which the Government has been proceeding in the matter of recruiting for the Civil Service I quite agree with the Hon'ble the Home Member that there are difficulties which have to be faced by the holding of simultaneous examinations in India and in England. I shall not repeat my arguments used in the debate yesterday as regards the proportion of Britishers. It is urged that there is a danger, an immediate danger and one which will face Government in the not distant future that the preponderance or inequality will disappear if simultaneous examinations are held in India and England. What does the argument come to? It comes to this that as things stand, India must agree to be governed by inferior Britishers because in competitive examinations, more Indians than Europeans will succeed. If that be the result then certainly we Indians ought to prefer to be governed by superior Indians rather than by inferior Britishers. I for one believe firmly, that for a very long time to come such a change will not be possible having regard to the immense progress in Education which has been made by Englishmen and the comparative poverty in educational institutions in India and that therefore the danger is not a practical danger. If a minimum is to be set I think it would be more frank and would give greater satisfaction to the people to do so than to veto simultaneous examinations. A difference in status among the members of the Indian Civil Service and a consciousness on the parts of some

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that they have entered the service by a more difficult door and under a stiffer examination are equally to be avoided and provided against. The examination in India which has been suggested by the Public Service Commissioners is an examination somewhat different from that in England they recognise it and they get over the difficulty by stating that the order of merit and rank will be arranged according to the total number of marks which successful candidates in India, and in Great Britain would secure at the final examination that is to be held during the probationary period. Englishmen and Indians alike have a right to say 'on ground of policy Government are obliged to add the marks and fix the order of seniority ; we have come in under a severer examination and are consequently superior to you'. Simultaneous examinations would avoid the difficulty and the anomaly of Britishers securing fewer marks being preferred to Indians who get a larger number, in order that the minimum British element may be met. If it is a way of escape that is wanted there is a way out of the difficulty. It may be said that candidates from England take up Latin and the modern languages of Europe in preference to Sanskrit, Arabic and other languages, these are optional no doubt but Indian candidates would take the latter group rather than Latin and Greek and to that extent the examinations are different and therefore the British candidate who secures fewer marks is not necessarily inferior. I think the Government should not press this difficulty against holding simultaneous examinations. There would be heartburning if a man who got more marks is passed over for a man who got fewer marks but the heartburning would be nothing compared to the present when the door is practically completely shut against us. I may point out to the Government that the feeling during recent years against the Government attitude in the matter has been so strong that there is a section of our community which is urging that examinations should be held only in India. I do not say that this is a reasonable attitude nor is it necessary to express an opinion on it, but we must take note of the feeling which is due to the *non-possumus* attitude taken on the subject. The second objection taken by the Public Service Commissioners namely that there are difficulties in the examinations being held in two continents, has been met by previous speakers. Mr. Stanley Leathes pointed out that there was considerable difficulty but that on the whole he did not think there was an insuperable difficulty....."

The Hon'ble Sir William Vincent:—The question was put to Mr. Stanley Leathes.

'I understand that the Civil Service Commissioners at the present time think it would be wholly impracticable to conduct simultaneous examinations in England and in India.'

'The answer was—

'Yes'.

The Hon'ble Rao Bahadur B. N. Sarma:—"That was what I was alluding to but it would not be an insuperable difficulty to have another examination ; it would not be difficult to send examiners to India ; *visa voce* examinations might also be held. The third objection taken by the Commissioners is that, simultaneous examinations would be bad for Indian education. That, Sir, would raise a smile among Indians. The whole of educated opinion in England was dead against the lowering of the age, on the ground, that university education would be adversely affected—the Public Service Commissioners were not solicitous about the higher education of Britishers but are very anxious lest the holding of simultaneous examination in India might prejudicially affect Indian education,

"Sir, I think that if the examinations are held here, our educational institutions will be improved considerably, there will be a greater stimulus for more reasons than one for the advancement of higher education, and

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therefore, far from there being any decay in the quality of Indian education there will be a rapid advance and progress in the quality of Indian education. Well, what was the reason that was suggested? It was said that though the subjects were the same, the groups taken were somewhat different. But if we turn to the curriculum we shall find that apart from Latin, Greek and modern languages there is not the slightest difference between the other subjects or the grouping either under the old curriculum or under the curriculum suggested in India and in England; and, if any argument can be adduced in favour of holding the examinations in this country, I should think that, in Indian interests, for Indian purposes, it would be far better to have a man who matured in British literature and thought is acquainted with the eastern literature, and is educated in the best of eastern thought, rather than one who has read only the Greek and Latin authors. Of course, there is a wide difference of opinion on that subject, but so far as the Indians are concerned, we would certainly prefer one who has been trained in the eastern thought, in Sanskrit, Arabic and Persian, rather than one who has been trained in Greek and Latin alone. Well, Sir, there is not much in that third argument that was taken up by the Public Service Commissioners that the system of holding examinations in India is bad for Indian education.

“Now, Sir, an argument has been advanced here that certain sections of the Indian community would predominate if the simultaneous examinations were held here. I quote from page 400 of the Public Services Commission's Report. This is the opinion of Mr. Justice Abdur Rahim:—

“His Highness the Aga Khan joined his weighty voice with that of the leaders of the congress in demanding simultaneous examinations for the Indian Civil Service and the representatives of the Sikh Khalsa and the Pathans of the Punjab, the Moslem League along with the spokesmen of the communities more advanced in western education, were unanimous in entering their emphatic protest against the suggestion that the presence of Indians in the higher official ranks would be distasteful to the people themselves, and specially in a province or a community other than that of the Indian official.”

“Now with regard to the much misunderstood Brahmin, may I say a word, Sir? I do not mean to claim that the Brahmin has any superior qualities which the other communities inhabiting this country do not possess. But I venture to say that ancient history shows that the Brahmins ruled over the North-West Frontiers and a portion of Afghanistan, the ancient Ghandhara country, that it was the Maratha Brahmins who held sway over practically the whole of India before the British came to this country, that the ancient warriors of Hindustan who led armies were Brahmins, that the Brahmins of the Punjab and the United Provinces are found in large numbers in the armies of Hindustan, and recently in Madras more Brahmins volunteered for the Indian Defence Force than people belonging to any other community, and I am certain that the Brahmin community in India, which is 14 millions strong, has got the nerve, the capacity and the brain power to hold its own against any other class in India or elsewhere, and I feel that the Hon'ble the Home Member need not think seriously of winding up the business if the Brahmins were to rule. May I also ask whether the Britishers preferred the Germans or the French or any other nation in the ancient days to other classes of the nobility; and the higher middle classes and the nobility ruled practically the whole of England for centuries and perhaps do so even now. I therefore think this argument of using certain communities against one another is one which I think had better be dropped in modern times.”

The Hon'ble Mr. E. H. C. Walsh:—“Sir, I do not intend to express any views of my own on this Resolution. But I wish to refer to certain remarks and arguments in the speech of the Hon'ble Sir Dinshaw Wacha.

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“The Hon’ble the Home Member has stated certain difficulties with regard to the proposal to adopt simultaneous examinations in England and in India, which will have to be considered before a conclusion on the point can be arrived at. The Hon’ble Sir Dinshaw Wacha has referred to these as old stock arguments which were brought forward against this proposal thirty years ago, and on other occasions since when the proposal has come up for consideration, and says that they have all been answered again and again, and are now, according to his own expression ‘being trotted out again’. And he argues that this shows that they are of no value.

“The Hon’ble Member’s argument, however, entirely overlooks the fact that the proposal has, on full consideration, not been adopted on the previous occasions, and it therefore follows that the arguments which were then adduced against it, were held to be substantial. The fact therefore that the difficulties which have been referred to by the Hon’ble the Home Member, were then also pointed out and considered, so far from in any way lessening their force and value, considerably adds to it.

“Had these difficulties and objections not then been pointed out and considered, their present value would be very much affected, and they would be open to the very obvious and reasonable criticism that these difficulties were not found to exist when the matter has been previously considered, and must therefore be groundless as regards the same proposal of the present Resolution.

“As the Hon’ble the Home Member has said that the Government of India will consider this question, and the other questions arising out of the recommendations of the Report of the Public Services Commission after taking the opinions of the Local Governments and also of the public outside this Council, it is I think, necessary to remove the entirely unwarranted idea, which may be produced by the speech of the Hon’ble Sir Dinshaw Wacha that the difficulties now mentioned are any the less real and material because they have been previously put forward and have been found to be substantial. That very fact on the other hand is essential to them, and adds to their present force.”

The Hon’ble the Raja Sir Muhammad Ali Muhammad Khan, Khan Bahadur of Mahmudabad :—“Sir, I give my entire support to the Resolution which has been moved by my Hon’ble friend Pandit Malaviya. I am sorry to find that the argument of the Hindu-Muhammadan controversy should have been advanced from the Government side. This is a worn out argument, and we are not prepared to accept this argument against a Resolution for simultaneous examinations. Sir, the All-India Moslem League, has already supported the introduction of simultaneous examinations through its Honorary Secretary who gave evidence before the Royal Commission. I am therefore in a position to make this statement on behalf of the All-India Moslem League that the Moslem League and the Moslem community support entirely the proposal for simultaneous examinations.”

The Hon’ble Mr. F. J. Monahan :—“Sir, I am tempted to say just a few words mainly because the Hon’ble Sir Dinshaw Wacha in the course of his speech I think attributed a certain set of views on this subject to the whole of the Civil Service. We have heard today arguments for and against the system of simultaneous examinations in India and England, certain strong arguments against it, arguments against the present system of an examination held exclusively in London, certain arguments in favour of an examination held exclusively in India and against that also possibly I think certain arguments might be adduced. And really one impression that one might derive from the discussion would seem to point to an examination held exclusively at Aden, or

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I believe there is a place called Port Soudan on the coast of the Red Sea, which is in British territory, and which, perhaps, might be found approximately equidistant between India and Great Britain. But, speaking seriously, I think it has been correctly pointed out that there is a close connection between the subject of this Resolution, and that of the Resolution which was discussed yesterday. Apart from practical difficulties about holding simultaneous examinations, which, as the Hon'ble Home Member admits, is, comparatively, a minor point, the real argument in favour of the present system seems to be the view that the Indian Civil Service should contain a preponderating proportion of British officers, that it is, in fact, mainly a European Civil Service, that there should be a European Civil Service, and that the European Civil Service, logically, should be recruited by examination in London. The arguments in favour of that view are stated compendiously in different forms. It is said in the recommendation of the Public Services Commissioners that the nature of British responsibility for the good governance of India requires the employment of a preponderating proportion of British officers in the Indian Civil Service, or it is stated that it is necessary in order to maintain the British character of the administration. Well, of course, necessarily, these are compendious statements of the reasons, and perhaps not very explicit, but sometimes it is attempted to explain these reasons a little further and reference is made to the inherent qualities of the British race, and that it seems to me is an argument that excites a little resentment, and I think possibly with some reason, although the argument is supported by high authority, because it seems to suggest an inference which is not altogether fair, not altogether just, to the people of this country. There is no doubt that the inhabitants of the British Islands have certain inherent qualities, also certain inherent defects. I suppose, and it may be said that their inherent qualities, or some of them qualify them eminently to carry on the administration of this country. On the other hand, it might be argued that some of their inherent defects are a considerable handicap to them in carrying on the administration of any country except their own. And it may also be said that the educated, advanced people of this country have certain inherent qualifications for the administration of their own country, in their permanent interest in the country and intimate acquaintance with the people of it. But, when all that is said, I think it will be admitted that, at any rate when British rule was established first in India, there was a practical difficulty in finding Indian officials qualified to carry on the administration on modern, what we may call advanced and civilised lines. That is no reproach to the people of this country. It was due to certain circumstances in the political history of the country which had retarded its development. Well, in course of time that difficulty of finding qualified officials has been very largely removed as regards certain communities in the country,—not entirely removed as regards all of them, and, apart from that difficulty, so far as it still exists, there is the fact that there are British interests in the country to be considered, British communities and their interests to be protected, and, I take it, those two considerations are the arguments in favour of the continued maintenance of a European Civil Service in this country, and, while there is a European Civil Service, it should, it may be argued, be recruited in London. It may easily be imagined that at some future time the functions of this European Civil Service may be considerably changed,—its position may be considerably changed. It may be relieved of a great many of its present functions and powers, which may, some of them possibly, be transferred to representative bodies, and others to services recruited entirely in India. That is a development in the future which may possibly be looked forward to. Even when such a state of things might come about, it might perhaps even then be necessary to maintain a European service in this country for the safeguarding of British interests. But the Public Services Commission had not to deal, I take it, with the remote future; they had to make recommendations for the present, and

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their recommendation is that a European Service should be maintained with a preponderating British element in it, that it should be recruited by examination in London because it is a European Civil Service, I take it, and because it is to have a preponderating British element, and they made certain suggestions for facilitating the admission of Indians to that Service. Now, Sir, it is not my intention to give, and I trust that I have not given, any more than the Home Member, any indication of my own opinion on this question. I have merely attempted to state a few issues that might have become obscured clearly for the consideration of members of this Council."

The Hon'ble Sir Dinshaw Wacha :—" May I say one word of explanation. In no Act of Parliament has this question of predominance been laid down. It is only the view of the Public Services Commission."

The Hon'ble Pandit Madan Mohan Malaviya :—" Sir, I am very thankful to the Hon'ble the Home Member for the way in which he has received the resolution, and to my Hon'ble friends who have made up for the deficiencies of my very poor speech in supporting the resolution. I may assure the Hon'ble Mr. Atkins that I do not resent his remarks; I really wish that I had done my duty in putting forward this resolution before this Council, in a far better way than I have done. I wish I had not been presumptuous enough to take it up, but it fell to my lot to take it up, and I have done it in the way I could. But Sir, I wish that when he complained that I had not met practical difficulties, Mr. Atkins had mentioned what in his opinion those difficulties are, so that possibly I or some of my friends might have met them. As the Hon'ble Mr. Sastri has pointed out, he has not done so. The one or two he mentioned are of a very small character. One of these was the difficulty of arranging for the *viva voce* examination in this country. That was a difficulty which was referred to by the Hon'ble the Home Member also. But that was answered sixty years ago. The Civil Service Commissioners were consulted on that point by the Committee which was appointed by the Secretary of State for India.

" They clearly said in their report that in order to aid them in carrying out a scheme of the nature they recommended—

' The Committee have consulted the Civil Service Commission, and the Civil Service Commissioners do not anticipate much difficulty in arranging for that.'

" That was in 1860. In 1868 in discussing the same question in the House of Commons Mr. Fawcett said :—

' An objection might indeed be taken on account of part of the examination being *viva voce*; but some of the best scholars from English Universities held professorships in India and were perfectly competent to conduct *viva voce* examinations.'

My friend the Hon'ble Mr. Sastri has mentioned the opinion of Mr. Stanley Leathes and the Hon'ble Sir Dinshaw Wacha has also pointed out that this is not a real difficulty.

" The second point mentioned by the Hon'ble the Home Member related to the leakage of questions. Unfortunately recently, there have been some leakages; but these have been very recent, and they have been very few and far between in the history of even the Calcutta University; and all the other Universities taken together have on the whole done very well, and I submit, Sir, that if the Government of India can preserve the secrets of the Finance Department, it should not be impossible for those who will be entrusted with the carrying out of the examination for the Civil Service to preserve the secrets of the question papers. A secret of the Finance Department might mean untold wealth to a person who might disclose it. But be it said to the honour and credit of

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those Indians and Europeans who have been connected with the Finance Department of the Government of India, that never has such a thing happened and, I hope it never will.

"It seems to me, Sir, rather late in the day to put forward these old arguments which, as the Hon'ble Sir Dinshaw Wacha has pointed out, have been trotted out over and over again. A Government which is able to meet the Germans, an inveterate foe, with their 20 or 30 years of preparation for a gigantic war, a Government which is able to call forth all the aid of knowledge and science to combat that enemy, should certainly not be found wanting in capacity and ability to devise means for holding an examination simultaneously in India and in England. Then, Sir, India has not been found to be deficient in anything which science and knowledge have discovered. Why not then have certain examinations for the purpose of dealing justly with the people of this country?"

"Now, Sir, the one thing that lies at the bottom of this question is whether my European friends, members of the Civil Service and others, if they think at this time of the day that the present state of things is just or fair to Indians, or that it should be allowed to continue without repeated protests, protests which will continue until the Government will find the situation intolerable. I ask in all sobriety, not in anger, nor in bitterness, all my friends sitting here whether they desire that the members of the Civil Service and a certain number of our other English fellow subjects should retain a preponderance in the Indian Civil Service and the other services at the cost of the goodwill of the people of India? I am sure, Sir, no reasonable man would say 'yes' to that. We know, as the Hon'ble Mr. Monahan said, that, when British rule was first established in India, for certain reasons it was necessary to invoke the assistance of British officers. Those reasons do not now exist. Thanks to the education which the Government have provided for us, thanks to the progress which has been made in various other directions, we are well able now to compete with our English fellow subjects, and to fill many offices which have been filled by them heretofore. We do not ask that the preponderance of our English fellow subjects, in the services should not remain for some time. That preponderance will continue for a long time to come even if simultaneous examinations are introduced next year. The preponderance arises from the fact that our fellow subjects have had the start of us for seventy years. It will be maintained for the reasons that they have greater educational facilities. For these and several other reasons the preponderance will continue for some time. And we do not object to a fair number of Britishers being in the service for some time. But I think the object should be steadily to work for the fulfilment of the promises of the pledges made. I am sorry that any body should call them so-called pledges, and the more so that any member of the Government should use any such expression. They are honest pledges, solemnly made, and an honourable, fulfilment of those pledges demands that Indians shall be admitted in increasing numbers into the Indian Civil Service and that the number of Englishmen shall decrease year by year, not because there is any ill-feeling in us towards Englishmen, but because it is right and just that Indians should preponderate in the service of their own country. I do not think that my European fellow subjects, my British fellow subjects will urge that, taking into account the entirety of circumstances as we find them in India, there is any justification for imposing the additional burden upon the Government of India. The Suzerainty, as one of my Hon'ble friends pointed out yesterday, does not demand the maintenance of a preponderating British element in the services of the country. We own and acknowledge the suzerainty gladly, because we have been assured that our natural claims will be dealt with justly, because those solemn promises and pledges have been made. It will be idle at this time of the day for any one to say that those claims are not going to be honestly satisfied. Any Britisher who said so

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would be going entirely against the Act of Parliament of 1833, and the Proclamation of 1858, and will be showing himself wanting in that faithful devotion to the pledges of the British Crown and Parliament which is expected of him.

“ Sir, there are certain objections which have been raised on the ground that opinion in India was divided and that, with the exception of one member, the whole Commission voted against it. Well, Sir, as my friend the Hon'ble Dr. Sapru has pointed out, the composition of the Commission was very unfortunate. Protests were made against it at the time, but, I am sorry to say, those protests were not heeded, and more representatives of educated Indian opinion were not put on the Commission. We are proud that Mr. Justice Abdur Rahim has put forward the case of educated Indians with the ability and clearness that he has done. That he expressed the general sense of educated India is evident from the resolutions passed in support of his views by the Congress, the Muslim League, the various provincial conferences and by numerous public meetings throughout the country. I am sure the Hon'ble the Home Member will find from the records of his office that my statement is absolutely correct. I believe sufficient evidence has been placed before the Government of India to show that the minority report of Mr. Justice Rahim expressed the sense of educated India, and not the report of the majority.

“ With reference, Sir, to the statement that Indian opinion was divided on the question of simultaneous examinations, I wish to read to the Council the opinion of one widely esteemed countryman of ours and that is H. H. the Agha Khan. In supporting the demand for such examinations, he said :—

“ I am in favour of simultaneous examinations in England and India. I would give full effect to the Resolution of the House of Commons of June 1893, which will do away with any feeling of discontent that may exist at the idea that the Indian Civil Service has been kept as a preserve for Englishmen and that the children of the soil are kept out from their proper and legitimate share in controlling the administration of the country.”

“ Then, Sir, it was said that the Sikhs were not in favour of it. Three Sikh gentlemen gave evidence before the Commission, one of these had to be interpreted through an interpreter, and of the other two, one expressed himself in favour of simultaneous examinations. It is thus clear that enlightened Muhammadan opinion, which commands respect of the community, is in favour of simultaneous examinations, and that Sikh opinion is also partly if not entirely in favour of such examinations.

“ Lastly, Sir, an argument has been advanced which, I must say, every one of us Indians must regret. We know that we have many religions and castes in our country; but is there a country in the world in which there are not many religions and many communities? Is it the misfortune of India alone? I am proud that we have so many religions and so many races inhabiting this country. But I am glad to be able to say that Hindu-Muhammadan differences, Brahmin and non-Brahmin differences are not so widespread or so deep as they are said to be and that there is a general agreement among us in connection with the demand we are putting forward. It has been said that if the number of Brahmins is large in the higher services, there will be a general feeling of jealousy against them in the other section of the community. Well, Sir, I make an offer to the Government of India, though I do it without consulting my friends. If that is the only objection the Government have to urge against the holding of simultaneous examinations, I venture to say on behalf of my Brahmin friends throughout the country, that for as many years as the Government will think that the public interest demands it, Brahmin boys will keep back from competing for this examination if the Government will let the rest of my countrymen compete for it. I do not wish to raise any question of Brahmin or non-Brahmin. The late Mr. Gokhale was a Brahmin. The late Mr. Dadabhai Naoroji was a Parsi, but is there an Indian who does not hold them in reverence, who would have hesitated to fall at the feet of Mr. Dadabhai Naoroji, and who does not regard him as the greatest Indian patriot?

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“ Is there a Muhammadan in the country who did not love Mr. Gokhale as dearly as he loved any other brother ?

“ There is my friend Mr. Sastri, the honoured head of the Servants of India Society. He is a Brahmin. But what is it to him that a man is a Hindu, a Muhammadan or a Christian ? Is he not serving all his countrymen alike ? Does he not want and work that justice should be done to all ? It is in that spirit that many distinguished Brahmins have worked in the past. If any have worked in a contrary spirit, I am sorry for them. But it does not behove the Government, or anyone speaking on behalf of Government, to bring forward this argument against the Brahmins, that they alone have intellect and ability to enable them to hold their own against other competitors. It has been said that if the races inhabiting the North-West Frontier Provinces were asked to submit to Brahmins, there would be rebellion that life and property would not then be safe in that Province. With all deference I am surprised that the Hon'ble the Home Member should have allowed this argument to appear in his speech even by way of narration of other people's arguments. I do not speak of Brahmins in any spirit of vainglory. Brahmins, non-Brahmins, Muhammadans, Christians, Parsis, Europeans, all castes and communities inhabiting India are alike the subjects of His Majesty. It is our duty to cultivate and promote good feeling among us all. We are working here in that spirit and in no other spirit. But Sir, to say that these Frontier Provinces will not submit to Brahmin domination.....”

The Hon'ble Sir William Vincent :—“ I really said nothing of the kind. The Hon'ble Member will allow me to correct him.”

The Hon'ble Pandit Madan Mohan Malaviya :—“ To suggest a doubt as to how the Frontier races would look upon the domination of Brahmins.....”

The Hon'ble Sir William Vincent :—“ I referred not to Brahmins particularly but to persons from the West and South of India generally.”

The Hon'ble Pandit Madan Mohan Malaviya :—“ Language it has been said, was not made to conceal thought. I fear my Hon'ble friend, without any disrespect to him, uses language which is meant to conceal the full meaning of the suggestion. I do not mean any disrespect, but there it is. However, I will take it in the way he said it. If I am wrong in doing so, I am sure he will excuse me.

“ Not long ago, in the reign of Ranjit Singh, a Kashmiri Brahmin—General Nand Ram—was the Governor of Kabul. There have been many other Brahmin Governors, and administrators. In Mysore, in Travancore, in Gwalior, in the Holkar's territories, in Kashmir as well as in many Native States, in Rajputana, Brahmins have filled the highest posts with credit to themselves and benefit to the States. The Government have no right to say that if Brahmins are appointed they will be lacking in those qualities which are needed in executive work. But we are not pleading here either for Brahmins or non-Brahmins. What we say is put our educated young men to a fair test along with your British youth. If they succeed in that test, admit them into the service: If they do not succeed, no matter whether they be Brahmins, non-Brahmins, Musalmans, Christians, Parsis or any other class of Indians, keep them out of the service; but do not in fairness exclude them merely because they have the misfortune of being Indians, merely because they happen not to possess the unnatural advantage which has arisen owing to our weakness and your strength, of being in this country in the possession of its government. I mean no disrespect to any one, but every Englishman must recognise that it is owing merely to a fortuitous circumstance that Indians are to day under British rule. Before that rule was established in this country, Indians governed India, and even today one-third of India is governed by Indians. If it should

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please His Majesty the King-Emperor to allow Indians tomorrow to govern their country in a larger measure than heretofore, I am certain they will not be found wanting. All that I am pleading for is fair play. Let us have fair play. English gentlemen pride themselves on playing the game. I ask my British fellow subjects, and Irish fellow subjects too—I ask them to play the game. Is there one gentleman here who will deny in private that it is not fair to Indians to require them to go to London to compete for admission into the service of their own country? I cannot believe there is. I therefore ask for support from each and all for the proposition I have laid before the Council. I plead earnestly for such support, and I hope my friends will recognise that I am justified in doing so. I hope I will not be misunderstood. I am speaking with the best of intentions. I feel that it is good for my country that British Rule should continue here for a long time to come; and I hope it may never be necessary for Indians and Britishers to part company. But an essential condition of that co-operation is that Indians and Europeans should have equality of opportunity, that Indians should not feel that in their own country, in their own motherland and under their own King-Emperor, they cannot rise beyond a certain limit merely because they are Indians, whatever talents they may possess, whatever character they may possess, whatever qualifications they may possess and whatever their services to the Crown. However unspotted and unsuspected their loyalty may be, they cannot rise beyond a certain point simply because they have the misfortune of being Indians. I submit, Sir, that it is against that we are fighting, and I assure you we are fighting in the best interests of the connection between India and England.....”

The Hon'ble the Vice-President:—“I must ask the Hon'ble Pandit to bring his remarks to a conclusion. I have already allowed him to exceed the time-limit. It is nearly 2 o'clock and I think the Hon'ble Member realises that we must finish this debate today. As it is I shall only be able to give the Hon'ble the Home Member a few minutes to reply.”

The Hon'ble Pandit Madan Mohan Malaviya:—“He has replied, Sir.”

The Hon'ble the Vice-President:—“The Member in charge has the right to the last word under the Rules.”

The Hon'ble Pandit Madan Mohan Malaviya:—“Very well, Sir, I will finish in a minute. As I am pressed for time I think I cannot do better than conclude by quoting one passage from the report of Mr. Justice Abdur Rahim in which he has put our case in a nutshell. He says:—

‘The main object of the proposal is to remove the otherwise insurmountable handicap against Indian candidates which now artificially secures for British candidates a virtual monopoly of the most important and best paid civil appointments. It is based on the principle that appointments to public offices in India must be settled on the test of qualifications and not on presumptions arising from race or place of birth. If the desire to secure what is mildly called a ‘British minimum,’ but which, in the contemplation of the majority of the Commissioners, really means 80 per cent. or more of these posts, is to be given precedence over the test of qualifications, that can only be justified on *a priori* considerations of racial superiority. This according to the Indian view, should be regarded as inadmissible. Their contention is that the test of an examination such as that conducted by the Civil Service Commissioners should be supreme and the advantages which racial characteristics or training give to British candidates ought to, and will in fact, find expression in the results of the examination. The English candidates have the advantage of the language and of a more efficient system of training and education: that ought to suffice—as all Indian witnesses think it will—to secure for such of them as are of average intellectual gifts a predominance in the service. Only those British candidates whose mental powers are below the average will fail in the competition. Any arrangements which would secure men of the latter class, far from ensuring the British character of the administration, would only do serious disservice to it as well as to the prestige of the British people.’

“I have nothing to add to that, Sir. I hope my Resolution will be accepted.”

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The Hon'ble Mr. M. A. Jinnah :—“ Sir, I rise to a point of order. Has the Member in charge the right of reply after the mover has replied.”

The Hon'ble the Vice President :—“ Certainly. The Hon'ble Member has no doubt read the rules.”

The Hon'ble Sir William Vincent :—“ Sir, I have only a very few words to say in reply, and I seek really to remove one or two misapprehensions which seem to me to have crept into the debate. In the first place, it has been assumed that the Government is definitely committed to opposing this principle of simultaneous examinations, because I said for particular reasons I could not in present circumstances accept this Resolution and because I cited certain arguments against the proposal. Well, I tried to make it clear and if I failed it is due to some fault of mine—that the Government are not committed to any decision on this question.

“ The Hon'ble Mr. Jinnah charged me with only quoting arguments against the proposal. Sir, my answer is really a very simple one. What was there left for me to say on behalf of the proposal after the Hon'ble Pandit had spoken? He had exhausted all the arguments in favour of it, and in the circumstances I wanted to place the Council in possession of particular arguments against it which must also be weighed by the Government of India. There has again been a suggestion that the Commission and the Government really intend to be unjust to Indians and that they intend to make it necessary for them to go to England in order to secure entry into the Civil Service.....”

The Hon'ble Pandit Madan Mohan Malaviya :—“ May I rise to point out, Sir, that we have never suggested that the Government want to be unjust. We are fighting against the recommendations of the Commission.”

The Hon'ble Sir William Vincent :—“ If I am incorrect I withdraw the statement. I understood that that was the suggestion. There was certainly a suggestion that injustice was contemplated in regard to Indians in that they were to be forced to go to England to enter into the Civil Service. This is far from what the Commissioners, as I understand them, propose. They distinctly propose to open an avenue in India for Indians to get into the Civil Service and the only question really is whether the scheme which they propose is as suitable as a system of simultaneous examinations.

“ Then we have been told that Sikhs and Muhammadans, I think it was Mr. Sastri's argument, do not at present secure proper representation in the service and that they will therefore not lose by the proposed changes? I think also that the Hon'ble Mr. Jinnah suggested that there was no reason why Government should assume that Muhammadans and Sikhs would prefer Europeans to Brahmans in the Civil Service. Well, the answer is that the Commission do not seek to perpetuate the present state of affairs, and if there is any injustice to Indians I am sure the Government will support them in getting it removed. What the Commission seek to introduce is a system by which the number of Indians in the Service may be increased and *pro tanto* the number of Europeans decreased. But the further question will arise for consideration as to whether something should not be done to secure due representation of all classes by means of a separate examination in this country.

“ The Hon'ble Mr. Jinnah also referred to a period when the character of the whole administration would change and when it would be no longer necessary to maintain the British character of the Indian Civil Service, because they would be, as I understood, servants of the people, that is to say under the control of some form of legislative or popular assembly. Well, the answer to that is that we are at present considering the position of things as they are. If these recommendations of the Commission are accepted they will

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have to be put in force at once, and whatever the future may hold during that transition period at any rate it is—I do not wish again to put it too strongly—it is of importance that the British character of the administration should be maintained. If however during the whole course of this debate I have failed to make one point clear, namely, that the Government are in no way hostile to the idea of Indians being more freely admitted to the Indian Civil Service, that they approach that question perfectly openly and that they are not committed even on the question which is now under discussion, then I can only regret my failure to express the intentions of Government more explicitly.

The motion was put and the Council divided as follows :—

Ayes—20.

The Hon'ble Sir G. M. Chitnavis.
The Hon'ble Pandit M. M. Malaviya,
The Hon'ble Dr. Tej Bahadur Sapru.
The Hon'ble Raja Sir Rampal Singh of Korri
Sudauli.
The Hon'ble Raja of Mahmudabad.
The Hon'ble Mr. V. S. Srinivasa Sastri.
The Hon'ble Sir Dinshaw Wacha.
The Hon'ble Sir Ibrahim Rahimtoola.
The Hon'ble Rai Sitanath Ray Bahadur.
The Hon'ble Maharaja Sir M. C. Nandi of
Kassimbazar.
The Hon'ble Raja Rajendra Deo of Kanika.
The Hon'ble Mr. K. K. Chanda.
The Hon'ble Sir Fazulbhoy Currimbhoy.
The Hon'ble Rai Krishna Sahay Bahadur.
The Hon'ble Mr. Mazharul Haque.
The Hon'ble Mr. M. B. Dadabhoy.
The Hon'ble Rai Bishan Dutt Shukul.
The Hon'ble Mr. M. A. Jinnah.
The Hon'ble Rao Bahadur B. N. Sarma.
The Hon'ble Mr. K. V. R. Ayyangar.

Noes—34.

His Excellency the Commander-in-Chief.
The Hon'ble Sir William Meyer.
The Hon'ble Sir Sankaran Nair.
The Hon'ble Mr. G. R. Lowndes.
The Hon'ble Sir George Barnes.
The Hon'ble Sir William Vincent.
The Hon'ble Sir Robert Gillan.
The Hon'ble Sir Pardey Lukis.
The Hon'ble Sir Reginald Gamble.
The Hon'ble Mr. C. H. Kesteven.
The Hon'ble Sir Verney Lovett.
The Hon'ble Colonel S. L. Aplin.
The Hon'ble Mr. G. B. H. Fell.
The Hon'ble Sir William Maxwell.
The Hon'ble Mr. D. de S. Bray.
The Hon'ble Mr. F. C. Rose.
The Hon'ble Sir James DuBoulay.
The Hon'ble Mr. C. E. Low.
The Hon'ble Mr. J. G. Jennings.
The Hon'ble Mr. H. Sharp.
The Hon'ble Mr. R. A. Mant.
The Hon'ble Mr. H. F. Howard.
The Hon'ble Major-General A. H. Bingley.
The Hon'ble Mr. A. P. Muddiman.
The Hon'ble Mr. M. E. Couchman.
The Hon'ble Mr. M. N. Hogg.
The Hon'ble Sir Hugh Bray.
The Hon'ble Mr. F. J. Monahan.
The Hon'ble Sir James Walker.
The Hon'ble Mr. E. H. Walsh.
The Hon'ble Sir John Donald.
The Hon'ble Mr. W. J. Reid.
The Hon'ble Mr. C. H. Atkins.
The Hon'ble Mr. C. A. Kincaid.

The motion was therefore negatived.

The Council adjourned to Monday, the 24th September, 1917.

SIMLA ;

The 3rd October, 1917.

A. P. MUDDIMAN,

Secretary to the Government of India,

Legislative Department.

GOVERNMENT OF INDIA.
LEGISLATIVE DEPARTMENT.

PROCEEDINGS OF THE INDIAN LEGISLATIVE COUNCIL ASSEMBLED UNDER
THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT, 1915.
(5 & 6 Geo. V. Ch. 61.)

The Council met at the Council Chamber, Viceregal Lodge, Simla, on Monday,
the 24th September, 1917.

PRESENT :

THE HON'BLE MR. G. R. LOWNDES, *Vice-President, presiding*, and
52 Members, of whom 48 were Additional Members.

QUESTIONS AND ANSWERS.

The Hon'ble Mr. Malcolm N. Hogg asked:—

Sale of Council Bills.

I. "(a) Is Government aware that the recent alteration in the rate at which the Secretary of State will sell Council Bills has aroused considerable anxiety in commercial and banking circles in India and that the prevailing uncertainty as to the future exchange policy of Government is seriously hampering the finance of exports of national importance ?

(b) Will Government remove the uncertainty by making a pronouncement of their exchange policy and stating whether the recent change is a war emergency measure only, or is to be regarded as an abandonment of the policy of a fixed and stable exchange ; and, if it is a war emergency measure only, whether further changes may be expected during the continuance of the war in the event of any considerable rise or fall taking place in the price of silver ?"

The Hon'ble Sir William Meyer replied :—

" I will answer both parts of this question together. As the Government of India announced in a recent press communiqué dated the 19th September, a copy of which was supplied to my Hon'ble friend at the time, the Secretary of State has authorised the Government of India to make the following statement with regard to the conditions by which he is being, and will for the present be, guided in fixing his Council rates. These rates are being, and will continue to be, based roughly on the price at which the Secretary of State is able to buy silver. He cannot be expected to sell rupees at appreciably less than their

QUESTIONS AND ANSWERS.

[24TH SEPTEMBER, 1917.]

[*Sir William Meyer ; Captain Ajab Khan ; His Excellency the Commander-in-Chief ; Mr. Kamini Kumar Chanda ; Sir C. Sankaran Nair.*]

actual cost, but he intends to apply this principle with considerable latitude so as to avoid changes as far as possible.

It will thus be seen that the recent raising of the price of the Secretary of State's Council drawings has been brought about by abnormal increase in the price of silver, which is in its turn a product of the special circumstances of this worldwide war. The measures adopted to meet these circumstances must not be considered as amounting in any way to abandonment of the policy of a fixed and stable exchange.

The Government of India recognise that a rise in the rate of exchange is *per se* prejudicial to our export trade just as that trade is hampered by the limitations which it has been necessary to impose on the volume of the Secretary of State's Council drawings. But as has been repeatedly explained, the Government of India and the Secretary of State embark on any such action with the greatest reluctance and simply in order to prevent greater evils. In short, the abnormal circumstances of the war require, every now and then, action in restraint of trade which the Government would not impose in time of peace."

The Hon'ble Captain Ajab Khan, Sardar Bahadur asked:—

2. "Is it a fact—

(a) that retired Indian officers who hold the honorary rank of Lieutenant or Captain and are re-employed in the army get none of those privileges, *e.g.*, travelling allowance, lodging, etc., which are enjoyed by officers of similar rank in the other branches of military service? and

(b) that when retired Indian officers holding the honorary rank of Lieutenant or Captain are invited to attend Durbars and other ceremonial functions, they are not given the privileges as to conveyance and lodging which their rank entitles them to under the Army Regulations?"

His Excellency the Commander-in-Chief replied:—

"(a) Retired Indian Officers who hold the honorary rank of Lieutenant or Captain and are re-employed in the Army travel on warrant on all occasions except when warrants cannot be issued by road, when they draw travelling allowances at the rate of two annas a mile. The fact that these officers hold honorary rank does not entitle them to draw travelling allowance as for officers holding equal substantive rank, and when travelling on duty they draw allowances according to the scales laid down for Indian officers.

Neither British nor Indian officers receive lodging allowance under Indian regulations. Detention allowance is, however, granted under certain circumstances.

(b) When they attend Durbars or other ceremonial functions they are entitled to the privileges enjoyed by Indian officers. Their honorary rank does not entitle them, in the absence of any rules in Army Regulations, to the privileges enjoyed by officers of equal substantive rank."

The Hon'ble Mr. Kamini Kumar Chanda asked:—

3. "(a) Has any Circular letter been addressed to Local Governments inviting suggestions for amendment of the Indian Universities Act?"

(b) If so, will Government lay on the table a copy of the Circular letter and the replies, if any, received?"

The Hon'ble Sir C. Sankaran Nair replied:—

"(a) Yes.

(b) The Government do not now propose to lay the correspondence on the table."

Retired
Indian
Officers
holding
honorary
rank of
Lieutenant
or Captain.

The Indian
Universities
Act.

QUESTIONS AND ANSWERS.

[*Mr. Kamini Kumar Chanda ; Sir William Vincent.* [24TH SEPTEMBER, 1917.]

The Hon'ble Mr Kamini Kumar Chanda asked :—

The Irish Home Rule question.

4. "Is it a fact—

(a) that the Irish Home Rule question has been before the British Government and nation for about half a century?

(b) that it has times without number caused bloodshed and serious outrages against life and property?

(c) that only last year there was a rebellion in Ireland which had to be put down by the Military?

(d) that the British Government has taken up the question of its immediate settlement and even granted an amnesty to all political prisoners and invited representatives of all parties in Ireland to form a convention to discuss the question?"

The Hon'ble Mr. Kamini Kumar Chanda :—

"With regard to Question No. 4, I beg to say that parts of the Question as sent by me have been disallowed. I do not think that it will serve any useful purpose to put the question as it stands on the agenda. I beg leave to withdraw it."

The question was by leave withdrawn.

The Hon'ble Mr. Kamini Kumar Chanda asked :—

The Indraprastha Girls' School in Delhi.

5. "(a) Is there a girls' school in Delhi called the Indraprastha Girls' School established in 1904, and is it a fact that Miss Gmeiner was Lady Superintendent thereof from 1905, and that last year this school with an enrolment of 350 girls, was raised to the status of a High School, and that the school was receiving a grant-in-aid of Rs. 200 a month?

(b) Is it a fact that after the opening of a Branch Home Rule League at Delhi, the grant-in-aid has been withdrawn on the ground that the Lady Superintendent Miss Gmeiner had joined the League and that she must withdraw either from the school or the League?

(c) Is it a fact that at the same time the payment of the scholarship money which was then overdue was also withheld?

(d) Is it a fact that the said school is the largest girls' school in Delhi and that though all other schools were given one evening in the week to visit the Delhi Fort Gardens no day was allotted to it.

(e) Is it a fact that the Lady Superintendent and the Honorary Secretary of the School Committee gave an assurance to the Chief Commissioner that the Home Rule League is quite apart from the school and that no member of the School Committee nor any person connected with the school besides Miss Gmeiner and an Honorary worker, Miss Priest, had anything whatever to do with the Home Rule League?"

The Hon'ble Sir William Vincent replied :—

"(a) The Indraprastha Girl's School, Delhi, had at the time of its last report 325 girls on the Register. It received a grant-in-aid of Rs. 289 *per mensem*.

(b) The Head Mistress informed the Chief Commissioner that she has started and was Honorary Secretary of, a Branch of the Home Rule League. As he held it to be contrary to public policy that teachers in schools enjoying grants-in-aid from public money should be allowed to take a prominent part in a political agitation of this type, he informed the managing committee that unless Miss Gmeiner withdrew from active participation in the work of the League, it would be necessary to withdraw the grant. On the Committee declining to compel this lady to take this course, the Chief Commissioner withdrew the grant-in-aid from the School.

QUESTIONS AND ANSWERS.

[24TH SEPTEMBER, 1917.]

[*Sir William Vincent ; Mr. Kamini Kumar Chanda ; Mr. F. C. Rose ; Maharaja Sir Manindra Chandra Nandi.*]

(c) The grant-in-aid having been withdrawn the school became 'unrecognised' for the purpose of the Education Code and the payment of scholarships ceased in consequence.

(d) It has been ascertained that the Inspectress of Schools conducted parties of girls from certain schools in Delhi to see the Fort Gardens but did not conduct a party from the Indraprastha Girls' School. The matter was not one which came before the local Administration and no orders were passed on the point.

(e) The Chief Commissioner, Delhi, reports that the Honorary Secretary informally stated that the work of the League was separate from the work of the School and at the same time expressed his own disapproval of the connection of the Head Mistress with the Home Rule League. The management of the school have not addressed the Chief Commissioner on this subject."

The Hon'ble Mr. Kamini Kumar Chanda asked :—

6. "(a) Is it a fact :—

(i) that a reading room called the Home Rule Reading Room was lately opened at Delhi, and

(ii) that the management of the reading room complained of harassment at the hands of the Criminal Investigation Department, not only by crowding the room but making it a rule to follow and harass visitors so as to make them discontinue their visits ?

(b) If so, was any inquiry made about the complaint ?"

The Hon'ble Sir William Vincent replied :—

"(a) (i) The fact is as stated.

(a) (ii) and (b) The management have made no complaint either to the Chief Commissioner or to other local authorities of harassment by the Criminal Investigation Department."

The Hon'ble Mr. Kamini Kumar Chanda asked :—

7. "(a) Will Government be pleased to state if the Public Works Reorganisation Committee has submitted its report ?

(b) Is the report unanimous ?

(c) Will this Council be given an opportunity of making observations on the recommendations of the Committee before action is taken by Government thereon ?

(d) Will Government be pleased to place the report on the table ?"

The Hon'ble Mr. F. C. Rose replied :—

"The answer to part (a) of the question is in the negative.

Answers to part (b), (c) and (d) cannot be given until the report has been received."

The Hon'ble Maharaja Sir Manindra Chandra Nandi asked :—

8. "(a) Have any Bills to provide for compulsory elementary education been introduced in Legislative Councils in India ? If so, in which of the Legislative Councils have such Bills been introduced ?

(b) Have any other private Bills for the same purpose been forwarded to Government for sanction ? If so, for what Provinces and areas are they intended ?

(c) Do Government propose to introduce any Bills on their own initiative for this purpose in Provinces where no steps have yet been taken to introduce compulsory elementary education ?"

Home Rule
Reading
Room
in Delhi.

Report of
the Public
Works Reor-
ganisation
Committee.

Elementary
education.

QUESTIONS AND ANSWERS.

[*Sir C. Sankaran Nair ; Sir Gangadhar Chitnavis ; Sir William Meyer.*]

[24TH SEPTEMBER, 1917.]

The Hon'ble Sir C. Sankaran Nair replied :—

(a) A Bill to amend the Bombay District Municipal Act, 1901, with a view to empowering Municipalities under certain conditions to make elementary education compulsory, has been introduced in the Legislative Council of the Governor of Bombay.

(b) No other private Bills for this purpose have been forwarded to the Government of India for sanction. But the Government of India have officially received a copy of a Bill further to amend the City of Bombay Municipal Act, 1888, for making elementary education compulsory in the city of Bombay.

(c) The Government of India have at present no such intention."

The Hon'ble Sir Gangadhar Chitnavis asked :—

The Income Tax Act.

9. (a) Is the question of a revision of the Income Tax Act under consideration as stated on the 9th July by the Hon'ble Sir George Barnes at the Bombay Chamber of Commerce ?

(b) If so, will Government be pleased to indicate the nature and scope of the changes under contemplation ?

(c) Is it a fact that at present refund can only be claimed by application on forms which have to be signed at least in some of the Provinces by applicants before the Collector of Income Tax or a Justice of the Peace or a Magistrate ?

(d) If so, is Government aware that compliance with this rule is not practicable in the case of pardanashin ladies or small holders of securities in the interior ?

(e) Will Government be pleased to consider in connection with the general question of revision the desirability —

(i) of embodying a statutory provision for refund after inquiry of income tax deducted from interest due upon Government Promissory Notes, Port Trust Debentures and like securities upon claims preferred by the persons referred to in (d) ; or

(ii) of issuing instructions to the same effect to Local Governments and Administrations ?"

The Hon'ble Sir William Meyer replied :—

(a) Yes. As I explained to the Committee of the Bengal Chamber of Commerce last month, the Government of India hoped to introduce a Bill for the purpose towards the end of the present session of the Legislative Council, the intention being merely to introduce the Bill and then to publish it and refer it to Local Governments and Administrations and to the public for criticism. The revision of the Act has, however, proved to be a more difficult and complicated task than we expected, and owing to this cause and to the pressure of work during the present Council session, it has not been possible to complete the preparation of the Bill in time for introduction before this session closes. We propose, however, to carry out our previous intention as far as possible, and, as soon as the drafting of the Bill has been completed, to publish it. This we now expect to do during the course of next month. Ample opportunity will thus be afforded to the public for consideration of the provisions of the Bill and for putting forward suggestions. The Bill will then be formally introduced in the next Delhi session of the Legislative Council.

(b) The main object of the revision of the existing Act is to bring together all sources of an assessee's income for the purpose of determining the rate at which he shall be assessed on each part of it. Legislation for this purpose became essential with the adoption of graduated rates of tax in 1916. A detailed examination of the existing Act has shown that in order to give effect to this

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[24TH SEPTEMBER, 1917.]

[*Sir William Meyer ; Rai Sita Nath Ray Bahadur ; Sir George Barnes.*]

object, it will be necessary to recast the whole Act. Apart from this, the replies which we received from Local Governments and others to our reference on the subject have shown that numerous amendments are required in order to bring our income tax machinery as a whole up to date and to make it efficient. As the various alterations suggested are still under examination, it is not possible at present to make any definite statement as to the nature and scope of the changes contemplated, but, as I have just explained, it is our intention to publish the Bill for general information and criticism as soon as we can. I may add to prevent any misapprehension, that the new Bill deals, as has been said with the improvement of machinery and is not intended to make any alteration in the rates of income-tax leviable. That is a budgetary matter, and if and when any modification in the existing rates of taxation should be found desirable, it will form a part of a Budget programme.

(c) The rules governing applications for refunds are made by Local Governments and Administrations, but the Government of India understand that in some Provinces at least the position is as stated by the Hon'ble Member.

(d) The Government of India have received no representations that *pardhanashin* ladies or small holders of securities in the interior of the country find it impracticable to comply with any of the rules relating to refunds which have been issued by Local Governments. It would be for Local Governments to deal with such representations, and the Government of India have no doubt that in the event of any difficulties arising, these will be duly considered by Local Governments.

(e) The Government of India recognize the importance of ensuring the grant of refunds promptly and with a minimum of inconvenience to applicants who may be entitled to them. Thus in addressing Local Governments on the subject last year, they explained that they wished simplicity and the convenience of assesseses to be studied as far as possible in the procedure to be adopted for refunds, and that they would be glad to co-operate by assenting to any details of procedure which would tend to this object, should their sanction be required on any particular point. Some difficulties occurred at the outset before the procedure for dealing with refund applications was settled, but the Government of India are sure that Local Governments are doing what they can to minimize inconvenience to assesseses. We have at present under examination the manner in which refunds in respect of income-tax deducted from interest on Government promissory notes and other securities can most conveniently be dealt with in the Bill above referred to and we shall in due course consider whether any general instructions are necessary to supplement the provisions of the Bill.

The Hon'ble Rai Sita Nath Ray Bahadur asked :—

¶ 10. “(a) Have the Government of India consulted Local Governments and public bodies on—

Banking
legislation
and post-
war trade.

- (i) The proposed Banking legislation for India, and
- (ii) the post-war trade reforms ?

(b) If so, will Government be pleased to lay on the table the opinions which have so far been received ?”

The Hon'ble Sir George Barnes replied :—

“(a) The answer is in the affirmative.

(b) I lay on the table copies of the replies* received on the subject of Banking Legislation. Government do not consider it desirable in present circumstances to publish the opinions which have been received on the subject of trade after the war in as much as these opinions contain tentative suggestions which affect the subjects of foreign powers.”

QUESTION AND ANSWERS; RESOLUTION *re* PROPORTION OF
INDIAN RECRUITS IN THE INDIAN CIVIL SERVICE.

[*Rai Sita Nath Ray Bahadur*; *Sir Robert Gillan*; *Sir Hugh Bray*; *Sir William Vincent*; *The Vice-President*; *Pandit Madan Mohan Malaviya*.] [24TH SEPTEMBER, 1917.]

The Hon'ble Rai Sita Nath Ray Bahadur asked :—

Constitution of an Advisory Board for management of the Eastern Bengal Railway.

11. "Will Government be pleased to state whether they received, several years ago, a proposal from the Bengal Chamber of Commerce, for the constitution of an Advisory Board for the management of the Eastern Bengal Railway; and, if the answer be in the affirmative, will Government be pleased to lay on the table the correspondence on the subject?"

The Hon'ble Sir Robert Gillan replied :—

"The answer to the first part of the Hon'ble Member's question is in the affirmative.

The correspondence* asked for is placed upon the table."

The Hon'ble Sir Hugh Bray asked :—

Guarantees received from Mrs. Besant and her companions.

12. "Will Government be pleased to state what, if any, guarantees they received in regard to Mrs. Besant and her two companions?"

The Hon'ble Sir William Vincent replied :—

"His Excellency the Viceroy has received a telegram from Mrs. Besant conveying to him an assurance that she is ready to co-operate in obtaining a calm atmosphere during Mr. Montagu's visit.

The Government of India had also previously received assurances from influential sources which, in the opinion of Government, justified them in recommending the removal of the restrictions placed on Mrs. Besant by the Government of Madras."

The Hon'ble the Vice-President :—"Before the Council proceeds to the consideration of the resolutions on the list I think it desirable to point out to Hon'ble Members that though we shall go on with last Friday's list of resolutions on the Public Services Commission to-day, it will be necessary tomorrow, if that list is not finished, to take up the supplementary list which has been issued, and which contains certain other resolutions; we shall take them first, only the balance of the time available tomorrow being given to any of the Public Service resolutions which may be left over."

**RESOLUTION *re* PROPORTION OF INDIAN RECRUITS
IN THE INDIAN CIVIL SERVICE.**

The Hon'ble Pandit Madan Mohan Malaviya to move the following Resolution :—

"This Council recommends to the Governor General in Council that the Government of India should move the Secretary of State that, in case it be decided that a certain proportion of the Indian Civil Service officers recruited every year should be selected on the result of a competitive examination held for the purpose in India, that proportion should be not less than one half of the total number of the posts included in the cadre of the Indian Civil Service and not one-fourth as recommended by the Public Services Commission."

* Not included in these Proceedings.

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“ Sir, the resolution which I moved relating to the question of simultaneous examinations expresses, I venture to say, the sense of the bulk of the educated community of India, as has been made very clear by the resolutions passed at the Indian National Congress and the numerous conferences and by the Moslem League, and the meetings which have been held throughout the country. It is the conviction of Indians that in order to satisfy the legitimate aspirations of educated Indians this is the one means which should be adopted, the means which was recommended as most necessary for fulfilment of the pledges given to Indians by the Act of 1833, and the Proclamation of 1858, and was recommended by the committee appointed by the Secretary of State. For these many years we have urged that this should be done and we still urge that this is the right course to pursue. The reasons for it I do not wish to dilate upon at this moment because I have dwelt upon them already. But I wish to make it clear that if I am putting forward an alternative resolution, it is not to be understood that I in any way abandon the position taken up by educated Indians generally on the question of simultaneous examinations. We feel that this is the best solution of the problem. We want to obliterate distinctions of race and creed, between Europeans and Indians who are to serve His Majesty's Government and this great country. We want that Indians and Europeans who enter the Indian Civil Service should feel in every respect that they stand on a footing of equality and we feel that that equality can only be secured if they are submitted to the same intellectual test, if they enter by the same door of open competition, if they are placed in all respects on an equal footing with the members of the Civil Service. Now Sir, if unfortunately, the Government should decide that simultaneous examinations shall not be held I am certain that there will be a great deal of dissatisfaction in the country, I am certain that the solution will not be accepted as satisfactory. But if simultaneous examinations are not agreed to, and if the Government decide to fix a certain proportion of posts in the Civil Service to be competed for in India, then the second question which I wish to urge upon the consideration of Government is that the proportion of the appointments to be competed for should be such as would give some satisfaction to the educated community. The proportion which has been recommended by the Royal Commission is one-fourth, one-fourth of the superior posts. Mr. Chaubal has pointed out how that works injuriously even so far as that proportion is concerned. Mr. Justice Abdur Rahim has urged that the proportion should be one-third.

“ The Government of Madras urged, so far back as 1893, that one-third of the appointments in the Indian Civil Service might well be left to be recruited for in India. Mr. Barrow, a senior member of the Bombay Civil Service, also urged before the Commission that the number might well be one-third. That indicates, that, in the case of one of these provincial governments and in the case of one senior member at least of the Indian Civil Service, it was recommended that the number might well be fixed at one-third. As I have submitted Sir, that number will not satisfy the aspirations of Indians. The numerous protests that have been made against these recommendations should probably convince the Government of this, and if the proportion must be fixed I submit that it should be half of the total number of the posts in the Civil Service and not one-fourth as the Commission recommend.

“ I do not think, Sir, that I need advance any arguments in support of this proposition. It is a matter mainly to be considered now in what attitude, in what frame of mind, the Government will approach the solution of this question. If they approach it from pre-war conditions, if they approach it from the conditions which existed before these three years of great change had occurred, then they might as well spend their time in considering whether the recommendations of the Commission should not be accepted. If, on the other hand, they will bear in mind the announcement of the policy made by His Majesty's Government that responsible government is the aim of

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British policy in India, if they will bear in mind the announcement made by His Excellency that the employment of Indians in an ever-increasing measure in the higher services of the country is essential to the attainment of the goal of self-government which His Majesty's Government had announced then I am sure the Government will consider it their duty to revise the whole question in that light, and if they do so they will have to consider what it is that will satisfy the aspirations of Indians. Now, Sir, we are not asking merely for a few loaves and fishes of the higher services. We want that in our country, in the course of a few years—it may be a few decades—Indians should be able to occupy the same positions of trust and responsibility as the educated men of other countries occupy in their own country. For the attainment of that object we have urged an equal intellectual test. If that is not accepted, we say 'very well, fix a proportion, but half of the posts is the minimum that can reasonably satisfy us.' Our British fellow subjects who compete at present for the Indian Civil Service do so because, owing to circumstances which existed here in India, they have been doing so for a long time and the claims of Indians have not been properly admitted and acknowledged or properly given effect to. But in the future that lies before us, they will have to consider whether, if Indians are to have responsible Government, they should not be admitted in a larger and larger measure into the administration of their country.

"There are two questions which arise in this connection. These two questions were urged in the debate on the previous occasion. One was that the British character of the administration has to be maintained. On this point, Sir, I wish very respectfully to point out—and I hope none of my European friends will misunderstand me—whether it is not time for them to look at this question in a different light, whether instead of harping upon the necessity of maintaining the British character of the administration, they should not now say that the character of the administration should be Indian, as modified, influenced, corrected, if you please, improved, by association with our British fellow-subjects. The British character of the administration does not require that Britishers in large numbers should be employed in the Indian Civil Service and other services. The British character of the administration has been imprinted upon the country by the institutions which our British fellow-subjects have established in India. Those institutions are not going to be interfered with. The ideals which they have led us to appreciate, the ideals which they have established in this country, will be maintained in their full entirety, even when the number of British officers in the services is diminished, even when it is very largely diminished. The principles for which British administration stands are not confined only now to the administration of India. It is the proud boast of England that it has led other countries, with which it is not even connected in any way, to adopt many principles of British administration, British justice and British ideas of freedom and self-government. Those ideas, those institutions, will be maintained, I hope, and improved in their maintenance by their being Indianised wherever it is necessary; but the great thing to be aimed at for the full development of India and to enable her to work out her own destiny, is that the character of the administration, while it preserves all that is best in the English system of administration, should be specially, particularly, definitely Indian, and that means that all that was best in our own Indian civilisation, Hindu and Muhammadan, should now be blended and mixed, in order to improve the present British system of administration which obtains in India. That system, Sir, as it obtains in this country is not, I am sorry to say, either purely British or purely Indian. It is not purely British because it does not conform to all the principles which govern British administration in the British Isles. It departs from it in many respects into which it is not necessary for me to go on this occasion. It is not Indian. What is needed is that in future a system should be developed which should be mainly Indian, influenced and

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improved, as far as it may be, by the adoption and maintenance of the principles of British administration which have been accepted and found to be good and sound in practice. And here I may say that this has already been very much realised in practice in those Indian States where the British administration and the Indian administration have been blended together with very happy results and with results which are far more satisfactory than have yet been obtained in British India.

“ Now, Sir, the second point I would refer to is the consideration of British interests. It has again and again been urged that, as British interests have to be protected, the admission of a very large number of Indians into the services is a matter of doubtful expediency. The other day one of my friends urged that the railway, steamer and other industrial interests had to be protected. Railway interests are largely Indian. It is the people of India who have contributed 500 crores and more for building up the railways. They are owned by the Government of India. The few railways that may be owned by Companies will, I hope, before long be bought up by the Government of India. So far as steamers are concerned the interests of trade and commerce are of a temporary character. They come and go. Every week they make purchases and they make sales, and those interests we have no fear of suffering if the administration is somewhat modified. As far as industrial interests are concerned, we wish to have more of these. We wish that our British fellow-subjects who desire to come and establish concerns amongst us will come and co-operate with us in doing so, and I do not see why they should apprehend any danger. There are other countries besides India where English capital is invested. I suppose it is invested in Japan; I suppose it is invested in China also; and I do not know that my English fellow-subjects desire that they should have a hand in the Government of either China or Japan. I submit, Sir, that English interests even when they are represented by English industrial interests compare as nothing before the vast interests of the 315 millions of His Majesty's Indian subjects! The question to consider is what the interests of the great bulk of the population demand, and in considering those interests undoubtedly to bear in mind the interests of even the smaller body. I do not wish that there should be any conflict of European and Indian interests in that direction. This country is a very vast one and I think that even when we develop, as we hope to develop in the not distant future, into a country with full self-governing institutions, even then I venture to think that we shall have very great room for our European fellow-subjects who will wish to come and trade with us. Therefore, I submit, Sir, that neither the argument of British interests nor the argument of the necessity for maintaining the British character of the administration ought to stand in the way of determining the proportion of Indians which ought to be employed in the public services of their own country.

I have submitted that so far back as 1893, one Provincial Government recommended that it should be one-third, and I urge now that, if a minimum is to be fixed, it should be a half and not less. I suggest that, bearing in mind that the London door will be open still to Indians; because our whole object is that there should be no limit placed to the number of Indians who should be employed; the only limit being the limit of intellectual test, capacity and character. If we are found on a fair and equal intellectual test to be inferior to our English fellow-subjects, we shall be content to keep back. If we prove that in an equal test we are not inferior to our English fellow-subjects, we have every right to enter the service of our own country. I say without hesitation we have a preferential right, a very much preferential right to enter the services of our own country as against our English fellow-subjects. Therefore I submit that there should be no limit placed, and that an equal test should be open to all; or, if there must be a limit placed, that the limit should be only so far as recruitment in India is concerned and that it should be not less than half.

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"I hope Government, in considering this question, will bear in mind that they have to satisfy Indian aspirations in such a way that all feelings of acerbity, all feelings of harshness, in considering the position of Indians in the public services of their own country, should be obliterated. Indians should feel that they have as good, as reasonable, as fair an opportunity of rising to the higher ranks of those services as their English fellow-subjects have in the services of their own country. In order to bring that about the question has to be approached, not from the point of view of how many Indians may be admitted into the public services, but from the point of view of what are the facilities which should be given to Indians in order that they may enter it in as large numbers as possible. The appointment of Englishmen to the public services of India should in future be regarded as an abnormal thing to be maintained only for a certain time. The normal thing that should be aimed at is the appointment of Indians in as large numbers as possible.

"For these reasons I commend this Resolution to the consideration of Government."

The Hon'ble Rai Bahadur Bishan Dutt Shukul :—"Sir, the various aspects of the question now before the Council have already been so exhaustively dealt with during the previous debates and in the eloquent speech of the Hon'ble Mover to-day that in according my support to this Resolution I do not propose to enter into all those details and speculations, as to what the position of Indians in the higher services of the country should now have been, if the provision of the Act of 1833, and the Proclamation of 1858, in the matter, had been loyally carried out.

"I would rather rest the case for the recruitment in the future of Indians and Europeans in the Indian Civil Service, in equal numbers, on those very grounds, which have induced the responsible authorities now, as is apparent from Lord Islington's speech, to advocate that the Executive Councils should be composed half of Indians and half Europeans. As I said in the speech which I made in support of Hon'ble Mr. Shafi's Resolution Government will hereafter be subjected to continuous and incessant popular pressure and to my mind Government would be lacking in one of the essential elements of strength, if Indians are not, equally with the Europeans, made responsible for the administration of the country. In that view of the case, where once the departure is made in appointing men to high office, it is no use, in fact, it is even dangerous to appoint a few men only here and there in the service. As Justice Rahim has put it, 'that will solve no problem.' The proportion to be fixed should be such as would dispel the feeling of helpless isolation which is sure to take possession of their minds under present conditions, and as would enable them, in the words of Mr. Chaubal, collectively to feel, that the responsibility, for strong and wise Government of the people, rests as much on them, as on the European members in the services. Sir, there is a constant call for our co-operation made in these days. In local bodies, Legislative Councils and other spheres, that co-operation is being rendered in varying degrees. But the co-operation can never be complete unless in the Services themselves Indians occupy an equal status and enjoy equal privileges. As in the case of the Executive Councils so also in the Indian Civil Service considerations both of justice and expediency seem to me to require an equal proportion of Indians and Europeans. Sir, there is plenty of administrative talent available in this country and it is but fair that an equal chance is given to it, and that it should be unreservedly drawn upon.

"Sir, I think the time has come, especially in view of the abundant proofs of loyalty given by Indians in the present war, that questions arising from jealousy of races and the rivalry for public employment should altogether vanish. We are now on the eve of an important reconstruction of the Empire. We expect before long that there will be a large extension of the principle of representation in this country. The Resolution now before the Council is

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therefore not only modest but most opportune. It definitely lays down the exact proportion of posts in the Civil Services, which should go to Indians. It places before the Council that 'irreducible minima' nothing less than which will satisfy the legitimate aspirations of educated Indians. An adverse decision on this point is sure to lead to disappointment and create a feeling of dissatisfaction amongst the influential educated classes of this vast country. On the other hand, if this Resolution is accepted, it will not only remove a long standing grievance, but will also bring about between the Government and the people that complete sympathy and that mutual understanding of each other's motives and actions, which is absolutely essential in the best interests of the country and that of the good Government as well. For this reason, above all, I am sure this Resolution will commend itself to the acceptance of the Council.

"The Hon'ble the Home Member already assured us the other day that Government would be quite willing to concede to us a fair share in highest services of the country and that fair share, I beg to submit, Sir, is 50 per cent. as demanded by the Hon'ble Member in the Resolution he now moves."

The Hon'ble Maharaja Sir Manindra Chandra Nandi:—

"Sir, though it was unfortunate that Hon'ble Pandit Madan Mohan's Resolution on simultaneous Civil Service Examinations in India and in England was lost at the last meeting of the Council, I hope my Hon'ble colleagues will not be reluctant to accept the motion which we are just discussing. Sir, in the opening speech of His Excellency the Viceroy at this Council on the 5th instant, His Excellency was pleased to observe that one of the three ways in which we were to travel on our way to the final attainment of our goal was the greater admission of our countrymen into the higher and more responsible offices of the State in various departments. Speaking in a different language, the late Secretary of State for India, Mr. Chamberlain, said not many months ago that Indians could no longer remain content as mere hewers of wood and drawers of water. Sir, with the growth of national consciousness among my people, there has been a greater and greater demand for admission into ranks which for a long time have remained closed for our people. The Government is now getting awakened to the fact that it would no longer be wise or expedient to refuse admission to Indians of proved merit and qualifications, and almost every year some new offices and some new doors of employment are being opened out for Indians. But, Sir, it must not be forgotten that the Indian Civil Service is the highest service in the State and is the service to which a very large number of our educated countrymen naturally desire to get admitted into. Unfortunately, the conditions of the Indian Civil Service Examination have not hitherto been greatly helpful to the fulfilment of their aspirations. Sir, it is no good to deprive ambitious Indians of the opportunities of life they seek, for, ambition deferred, like hope, 'maketh the heart sick.' The consequent disappointment naturally resolves itself into a grievance of the people and a source of considerable embarrassment to the Government. I would, under the circumstances, very much wish the Hon'ble Home Member to accept the present motion of my Hon'ble friend, for it does not make an impossible demand or a demand that the Government should be reluctant to accept. The Public Services Commission recommends a sort of competitive examination to be held in India for the purpose of filling up not more than one-fourth of the total number of posts included in the cadre of the Indian Civil Service; but this recommendation even if given effect to will be far from satisfying the requirements and aspirations of the Indian people. I think Pandit Madan Mohan's proposal to increase this number from one-fourth to one-half is only a fair and reasonable demand, and I, therefore, feel no hesitation whatever in supporting this motion."

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The Hon'ble Sir Gangadhar Chitnavis:—"Sir, this resolution is a practical solution of the differences of opinion that exist in the country concerning the higher appointments that should be given to Indians. I am sure that the suggestion embodied herein will be more in conformity with the recommendations of the Public Services Commission and with the expert opinion that has been formed on the subject. In gradually following the line of action laid down in this resolution there will be not much disturbance in the machinery of Government as at present constituted. It is a machinery which, as is said somewhere is very delicately poised. I am sure that this proposal if approved and gradually given effect to will for a good long time meet the requirements of this country. The concession is not asked for as a reward for services rendered by the people in this crisis. That is a duty which the people as loyal subjects of the King Emperor have to do; but this proposition with salaries adjusted according to Indian conditions will be a relief to the finances of the country when help will be most necessary, and when the country along with an accelerated progress in matters like education, sanitation and development of communications will be required to pay very heavily for the defence of the country, both as regards per Army and Navy."

The Hon'ble Rao Bahadur B. N. Sarma:—"Sir, I have great pleasure in supporting this resolution, and my reasons are briefly as follow. For the purpose of my argument I shall assume that the strength of the Indian Civil Service officers that is found necessary at present in the several provinces will continue to be found necessary hereafter also. I shall take for my example the province of Bihar and Orissa. This province was formed in 1912. It has gone through the stress of the war; its people cannot be said to be less warlike or turbulent than the other people of India. Patna or Pataliputra was the ancient capital of India for a very long time, and therefore if the virile qualities of the people continue much the same I am sure that it cannot be said that the requirements of that province would be in any way less than the requirements of other provinces. Now this province has a population of 34 millions and we have been able, thanks to the officers there, to manage successfully the administration of that province through a trying period with 104 officers—I believe it is between 104 and 112. At that rate, taking the population of British India at 231 millions, I think the number of British officers that will be absolutely required would be about 728. We have at present 1,411 officers. Therefore taking it that the requirements of security demand as large a British element as exists at present in Bihar and Orissa, I think Indians can be safely granted half the number of posts in the existing Indian Civil Service Cadre. It is to be noted that the Commissioners recommend the increase of the Indian element therein:

"I may be permitted to point out in this connection that there are certain provinces whose districts are very small in area comparatively speaking and which seem to have too many British officers. I am not going into the past history of those provinces; at the time those provinces were formed it may be that it was felt to be necessary owing to the recent conquest of those provinces that a large British element should be introduced. But from the observations which fell the other day from His Honour the Lieutenant-Governor of the Punjab, we may take it that a province like the Punjab could at present be managed with a very much smaller percentage of European officers than are at present found therein. His Honour paid a tribute to the common-sense and sanity of the people of that province and to the perfect loyalty therein. If that be so, and if 34 millions of people in Bihar and Orissa can be managed by 104 officers, why should a population of 19 millions in the Punjab have 153....."

The Hon'ble Sir William Vincent:—"May I ask the Hon'ble Member what population he assigned to Bihar?"

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INDIAN CIVIL SERVICE.

[24TH SEPTEMBER, 1917.]

[*Rao Bahadur B. N. Sarma ; Sir William Vincent.*]

The Hon'ble Rao Bahadur B. N. Sarma :—“ 34 millions. ”

The Hon'ble Sir William Vincent :—“ Yes ; that is correct. ”

The Hon'ble Rao Bahadur B. N. Sarma :—“ Similarly with regard to the United Provinces of Agra and Oudh. The United Provinces have 47 millions or say 28 more, and they have got 237 officers there. The Hindi-speaking people occupying the United Provinces, a large proportion of the population thereof, are very nearly allied to those in the adjoining province of Bihar ; and I fail to see why the Indian element in the United Provinces cannot be safely enlarged to a very considerable extent.

“ The same observation holds good as regards Bombay. That is one aspect of the question. I know that there are differences in the revenue, and judicial work therein ; wide differences ; but I may point out, Sir, that the Indian has been found to be as good a Collector of Revenue as the European ; and as to judicial administration, it has been recognised by all that the Indian is efficient, and several witnesses have deposed that the number may be increased to as much as two-thirds. Consequently assuming that the revenue which some of other provinces realise larger than that of Bihar and Orissā, which is a permanently-settled province, I take it that so far as the security question is concerned, the British element need not be as large as it is at present in those provinces.

“ Then again the evidence shows that many of the witnesses did not think that it would be unsafe, so far as the executive services are concerned, to go so far as one-third, and the judiciary according to some could be almost wholly composed of Indians and according to others two-thirds, half and three-fourths. Turning to page 223 of the Public Services Commission Report, we have there 1,208 officers in the executive line and 242 in the judicial line. But I am afraid that the assistant collectors who form the training reserve and leave reserve have been put almost wholly under the head executive rather than under the judicial.

The number of superior judicial officers is 193, and if we take the training reserve at 95 per cent, I think the total number will come to about 376. If we give two-thirds to Indians the total will be 250 and then one-third of the executive officers will be 345. The total would come to about 600 or a little less than half the present strength of the Civil Service. There is another point that the Public Services Commission have realised and that is that some of these districts may have to be broken up and Additional District Collectors may have to be appointed. In such a case the number of Indian members can be safely increased and that would bring us to a limit of half, as has been pointed by the Hon'ble Mr. Malaviya. The reason perhaps why Bihar is content with a small number is the fact that it has been constituted recently and that its revenue is small compared with the revenue of the other provinces. From the security point of view, and that is the point I am now dealing with, I do not think that there is any difference. There is not much complaint with regard to the sufficiency of the number of officers, it has been vaguely suggested before the Public Services Commission but it has not been pressed. Turning to the cadre of the superior services we find that only Collectors are in it in Bihar and Orissa. Whereas, in Madras Sub-collectors are included therein which accounts for the differences in the strength of the cadres in the several provinces. I have another observation to make and it is this: hereafter it will be extremely difficult to induce very clever men to come from the United Kingdom having regard to the fact that after this devastating war there will be fewer brilliant men there. In these circumstances it seems to me that the Government will have to be satisfied with the best Indian talent for a long time to come and for that reason I would urge that there should be an increasing proportion of Indians in the Civil Service. May I also point out that if the strength of the executive councils be increased it follows necessarily that in the administration also the Indian element will have to be strengthened. With these words I beg to support the Resolution.”

RESOLUTION re PROPORTION OF INDIAN RECRUITS IN THE
INDIAN CIVIL SERVICE.

[*Dr. Tej Bahadur Sapru ; Mr. Kamini Kumar Chanda.*] [24TH SEPTEMBER, 1917.]

The Hon'ble Dr. Tej Bahadur Sapru :—“ Sir, I confess that I can accept this Resolution only as a second-best. The real sentiments of the educated classes are those which are embodied in the Resolution which was moved by my Hon'ble friend on the last occasion. Sir, the moment you begin to fix a minimum or proportion you must recognise the fact that you are proceeding against the oft-repeated rule that only fitness and capacity shall be the test for admission into the higher ranks of the Services in India but perhaps we must recognise that in the circumstances existing at the present moment we must be prepared to accept the second-best. Now Sir, throughout the debate which took place on that occasion reliance was placed upon the desirability of the British character of the administration continuing in India. Sir, history does not record an instance of one nation giving up its character altogether and assuming the character of another nation and if we analyse this argument we find that we cannot look forward to any time in the future history of India when Indians will have ceased to be Indians and become Britishers in character. It therefore follows that for all time to come we must be prepared to find this argument about the British character continuing to dominate the administration in India put forward. This will be if I may draw an analogy from law, the worst of perpetuities in politics. Fortunately there is an experiment which has been tried in India and which I submit should be taken into consideration. For 50 years from the year 1831 to 1881, what is now called the State of Mysore was under the British administration and in 1881, it was given back to the Maharaja of Mysore. Well, I take it that it requires some hardihood to maintain that the administration of Mysore after 1881, has suffered in virility of character or general efficiency. This only during this period that India has witnessed the spectacle of the State being ruled by such wise and far-seeing statesmen as Sir, Shahdri Iyer and Sir, Serhayya Iyer. Again we cannot forget that the administration is not so simple as it may appear ; there are British interests to be protected, mining interests to be safeguarded ; and it cannot be maintained that merely because the administration of Mysore has since 1881, been in the hands of Indians, foreign capitalists have suffered or that their interests have been sacrificed in any particular manner. We have been under British administration certainly for 100 years and we have been receiving education in our universities for about 60 years ; we have daily been observing the course of British administration and coming in contact with British administrators. If in spite of our long association with British administration and British traditions, we have not been able to alter our point of view in regard to certain matter, then I venture to think that even after 200 years the same argument will hold good, *viz.*, that we have not absorbed anything of British character. Sir, we have been accustomed to associate fair-play and justice and a scrupulousness for the fulfilment of pledges with British character, and it is to this element of British character, that I would appeal on this occasion. I would earnestly urge that British Administrators in India must rise above these petty considerations and must cease to urge in season and out of season arguments of this character which really are devoid of any merit ; they must recognise that new forces have now to be reckoned with. You cannot always count upon people accepting arguments which as the Hon'ble Sir D. Wacha pointed out were urged 30 years ago and which are now urged again. They cannot bring any conviction to those who hold different opinions. On these grounds, Sir, I strongly support the Resolution.”

The Hon'ble Mr. Kamini Kumar Chanda :—“ Sir, I have to say only a few words. I think that the matter was fully gone into in the discussion on the earlier part of the Resolution and has moreover been re-argued in the speeches of my Hon'ble colleagues. I only wish to say this, that after the declaration the other day by His Excellency the Viceroy of the goal of British Administration in India, and that it is essential to progress towards that goal that Indians in steadily increasing proportions should be admitted into the higher grades of the various services and departments, and that if we are to make any progress at all, India must have an increasing number of men

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[*Mr. Kamini Kumar Chanda ; Mr. M. B. Dadabhoy ; Mr. Malcolm N. Hogg ; Sir William Vincent.*]

versed not only in the details of every day administration but in the whole art of Government. I say that after this you cannot resist the principle of the Resolution unless you are disloyal to His Excellency. We are not surely making any extravagant demands, trying to oust the British Officers altogether and monopolise all the higher appointments, but what we do ask is this, that you should give up a portion of the monopoly which you have been enjoying for the last 150 years. I do not think, Sir, that our friends the representatives of Commerce and Industry need at all be alarmed at the prospect of half the appointments being given to Indians that the capital which they have invested in the country is in any risk, and it may be pointed out in passing that that capital has been realised many times over in the shape of high profits and dividends which they have earned. But that apart, I submit, Sir, there cannot be any reasonable belief that the Indian officers of the Civil Service will do anything to rob them of their capital and if there was the slightest chance of that, why, the British portion of the service would protest it. With these few words, I beg to support the Resolution."

The Hon'ble Mr. M. B. Dadabhoy :—" Sir, I wish to contribute only a word to this debate. In wholly associating myself with my Hon'ble colleagues, I deem it my duty to point out that the proportion of one-fourth recommended by the Public Services Commission is wholly inadequate and is not sufficient to meet the growing aspirations of the people."

The Hon'ble Mr. Malcolm N. Hogg :—" Sir, I had not intended to take part in the debate on this Resolution, because I think that the question of the exact proportion of Indians to be admitted into the Civil Service is one which should be very carefully and thoroughly discussed during the forthcoming visit of the Secretary of State to India, and I admit that it is a subject on which I have no hard and fast opinion as to what the exact proportion should be. But the Hon'ble Mover has asked why the members of the European community should regard with any misgiving the unrestricted admission of Indians into the Indian Civil Service, and why we should wish the process to be a gradual one, and I think that a similar question was asked by my Hon'ble friend Mr. Sastri the other day. Well, Sir, I do not wish to take up the time of the Council by going over the ground again which was covered by the speech of my Hon'ble friend Sir Hugh Bray and by myself last Thursday. But I do wish to give to Hon'ble Members just one reason which arises out of recent events, and in giving it I do not think that I shall say anything that should give legitimate offence to any one. We have recently heard and seen the discussion of the policy of passive resistance in the press and on the platform as a legitimate weapon of political agitation. I do not know exactly what was intended by the term but if it means anything at all, it implies deliberate resistance to and obstruction of Government in some shape or form. At the present time, Sir, the Empire is engaged in a life and death struggle, for freedom and existence and needs the whole hearted support of every one of its citizens in the prosecution of the war. I wish to say with all the earnestness at my command that this need of the Empire cannot be met and this duty of its citizens cannot be fulfilled by passive resistance to or obstruction of Government in any shape or form whatever. My community viewed with great regret and grave disapproval the discussion of a policy which they regard as wholly illegitimate and inconsistent with....."

The Hon'ble Sir William Vincent :—" May I rise to a point of order. I submit that the question of passive resistance has no connection with the question of admitting Indians into the Civil Service."

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[*The Vice-President ; Mr. Malcolm N. Hogg ;* [24TH SEPTEMBER, 1917.]
Rai Sitanath Ray Bahadur ; Rai Bahadur Krishna Sahay ; Rao Bahadur B. N. Sarma.]

The Hon'ble the Vice-President:—"I think the Hon'ble Member will recognise that the only question before the Council is whether the proportion of Indians and Europeans in the Civil Service should be half and half."

The Hon'ble Mr. Malcolm N. Hogg:—"I bow to your ruling, Sir. I was only trying to answer the question which was put by the Hon'ble Mover. I therefore have nothing more to say except that my point was that the recent discussion of this subject was one of the reasons of our misgivings."

The Hon'ble Rai Sitanath Ray Bahadur:—"Sir, instead of remaining a silent voter which may indicate my lukewarmness in a matter of such vital importance to my countrymen, I feel that it is necessary that I should give expression to my warm sympathy with the Resolution which has been moved by my Hon'ble friend. The experiment of placing districts, I would say, important districts in charge of Indian officers has proved everywhere very successful. As pointed out by Mr. J. N. Gupta, the present Officiating Commissioner of the Rajshahi Division, in his evidence before the Public Services Commission during the noisy days of the Bengal partition agitation it was found that districts in charge of Indian officers were those which were more quiet and kept well in hand and which manifested lesser signs of restlessness or discontent as compared with the districts in charge of European officers."

"At present in Bengal there are two very important Divisions which have recently been placed in charge of Indian Commissioners and which are being well administered. There is no whisper of mismanagement there; nor is there any symptom that those Divisions are falling into pieces."

"As for the judicial administration of the country by Indian judicial officers, the universal testimony is that nothing could be better and that the administration of justice and of law by Indian officers has indeed proved very successful,—it has proved an unqualified success."

"Now it has often been said that the British character of the administration would be gone if a larger number of Indian officers were employed. To that my reply is, that these Indian officers have received English training and by long association with British officers they have imbibed a good deal of that British character of which now-a-days we hear so much. They are, therefore, quite fitted to conduct the administration of Districts and Divisions admirably. Under these circumstances as the first Resolution has been negatived, I give my humble support to this alternative Resolution."

The Hon'ble Rai Bahadur Krishna Sahay:—"Sir, I was almost going to rise to a point of order when my friend Mr. Sarma in the course of his remarks on this Resolution insinuated that the province of Bihar and Orissa could be 'turbulent'."

The Hon'ble Rao Bahadur B. N. Sarma:—"I said also that the people of Bihar and Orissa were as loyal as any other people."

The Hon'ble Rai Bahadur Krishna Sahay:—"I am glad to have this disclaimer. Sir, I do not pretend to know much about the activities of Madras, but from what I do know of them I can assure my Hon'ble friend that there is no chance, not the ghost of a chance, of Bihar and Orissa ever trying to imitate his province in those activities. Now as to the Resolution which is before the Council, I give my hearty support to it on behalf of the province which I have the honour to represent in this Council."

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[*Mr. Mazharul Haque ; Sir John Donald.*]

The Hon'ble Mr. Mazharul Haque :—“ Sir, I am afraid I cannot support my friend the Hon'ble Panditjee in this Resolution. When he moved last Friday that the Civil Service examination should be held simultaneously in England and in India, I gave him my hearty support and I do not wish that the principle underlying that Resolution should be frittered away by the limitations which are contained in today's Resolution, and on this ground only I am going to vote against the present Resolution. Sir, what is the fear in the minds of my friends the members of the Civil Service which makes them oppose this Resolution? What is at the bottom of this nervousness? I believe they would admit that it is an injustice, a long-standing injustice under which the people of this country have been suffering. The fact is that the Members of the Civil Service are afraid that if the examination be held both in England and in India they will not be able to hold their own with the Indians and compete with them in the Civil Service examination. Has the British Government come to this pass, that they are going to administer this country by a class of people who cannot compete with Indians intellectually? If the British nation has come to this pass, then I say, Sir, it has come to a very bad pass indeed. We Indians want no favour, we demand merely an act of justice and nothing else. We say let every one compete with us and those who succeed let them administer the country. We will not have inefficient and incapables in our Government. Sir, it has been said repeatedly, that the people of this country are not unanimous in their views and opinions. Hindus are fighting Muhammadans and Muhammadans are fighting Hindus. I confess that there was a time in the history of India when the two communities did not pull on well together, but now that time has passed, and I believe there is hardly a Muhammadan, not even my friend the Hon'ble Mr. Shafi, who would say that Hindus would not like to be governed by Muhammadans or that Muhammadans would not like to be governed by Hindus. The people of this country are absolutely united and they do not want that the services of this country should have any incapables or inefficient in their midst.

“ Sir, it is rather strange for me to get up and oppose my Hon'ble friend the Panditjee, but I am afraid that the country will not approve of his Resolution and I cannot find it in my conscience to perpetuate inequality between Indians and Europeans as this Resolution intends to.”

The Hon'ble Sir John Donald :—“ Sir, may I bring to the notice of the Council one important point which does not appear to have been considered at all? It might have come up before the Public Services Commission, but on taking up the Report I discovered that the Commission decided to have nothing to do with the Political Department to which I belong, so I did not read it with avidity, and indeed it would be waste of time to read it, if the criticisms of certain Hon'ble Members are correct. The point is this. In the part of India from which I come the people firmly believe and honestly believe that the Government of India, as at present constituted, is carried on by means of the 'Iqbal-i-Sirkar.' There is something spiritual about this idea, and the people of the North-West Frontier Province think that this 'Iqbal' has been bestowed by an invisible power higher than any man. As long as this 'Iqbal-i-Sirkar' is in the ascendant, so long will life and property be safe in India. Should the changes now advocated be followed by the disappearance of the 'Iqbal-i-Sirkar' it is impossible to conceive what might happen in this country, and for this reason alone innovations in the public services in India should be introduced with the utmost care. It has been decided that the British character of the administration must be maintained and I presume that by this is meant the employment of Britishers to a reasonable extent in all the services. If this is really so, then there is no need for alarm. With regard to the safety of property, it has been suggested that in my Province it would be as well for some people to convert heavy goods into something portable to make them safe. I will here refer to a personal incident which bears on the manner in which the North-West Frontier Province is governed at present and for this reason I hope it may

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[*Sir John Donald; Mr. Srinivasa Sastri; Khan Bahadur Mian Muhammad Shafi.*] [21TH SEPTEMBER, 1917.]

pass. Only in May last my gaiters and boots were taken by some robbers—and they were portable enough! Within three days of the robbery some of my Muhammadan fellow subjects seized 12 camels belonging to the tribe to which the robbers belonged, with the result that I got some measure of redress, which I would not otherwise have got. Such action though summary, was quite legal and in accordance with the provisions of a tiny book by means of which the Frontier is ruled at present. It is called the Frontier Crimes Regulation, and in it will be found a good system of co-operation between the rulers and the ruled for the maintenance of order in my simple Province in which many members of the Indian Civil Service as at present organised have done a lot for its prosperity. It has also been said that because there were Brahmin Kings of Kabul, there should be now or in a short time Brahmin members of the Indian Civil Service to rule over the North-West Frontier Province. Up to 1009 there were Buddhists in Ghandhara, the modern Peshawar, but that is ancient history. It has also been mentioned that Ranjit Singh had an Agent in Kandahar, but I do not think this is correct. All I know is that in certain parts of the North-West Frontier Province Hindus have still to wear a distinctive head dress at the bidding of their Muhammadan compatriots, and only in recent times Hindus were only permitted to ride donkeys, but this invidious practice was put an end to on the advent of the British Raj through the intervention of the Indian Civil Service.

“I hope, Sir, patience and toleration will always be the attributes of this assembly”

The Hon'ble Mr. Srinivasa Sastri:—“Sir, I wish to make one observation in reply to the criticism which the Hon'ble Mr. Mazharul Haque passed on the resolution we are considering. I sympathise with his point of view, but there really is no abatement on the part of the Hon'ble Pandit of the demand made for simultaneous examinations. It is true we lost the Resolution in this Council, but it by no means follows that the Government of India and the authorities in England will fail on that account to give due consideration to the arguments that have been put forward. That Resolution is before them, we are not abandoning it, but at the same time, considering the strength of the feeling on the other side, considering how strongly the question of simultaneous examinations will be opposed, it is necessary on our part to consider any alternative proposal that the Commission or the Government of India may put forward.

“I do not think there is anything wrong in doing so. It is not part of wisdom to go on crying ‘simultaneous examinations, simultaneous examinations’ even when that question is, to take the worst that may happen, put aside altogether. Supposing simultaneous examinations became out of the question when the whole matter comes up for consideration before the highest authorities, should we not have something to say with regard to the alternative that has been proposed? The Commission have proposed a proportion of 25 per cent. Ought we not to say clearly what we feel on the subject of that proposal? And it is because of that I conceive that the Hon'ble Pandit Madan Mohan Malaviya has thought it proper to bring forward this Resolution.

“Having said so much, I also think, Sir, that there is something on the merits of this question to commend it to the favourable consideration of members on both sides. If we are not to have the moral and theoretical equality implied in the simultaneous examinations, there ought to be at least a numerical equality between Europeans and Indians, and that is what this Resolution asks for. We do not want to be put behind in our own country. That is all that we ask for in this Resolution.”

The Hon'ble Khan Bahadur Mian Muhammad Shafi:—“Sir, when I came into the Council Chamber this morning, I intended to give a silent vote in favour of this Resolution, but, in view of what has fallen from

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the lips of my friend the Hon'ble Mr. Mazharul Haque, I think it is necessary to say a few words. My friend the Hon'ble Mr. Sastri has in his usually sober manner made it perfectly clear why it has been necessary for my friend the Hon'ble Pandit Madan Mohan Malaviya to put forward an alternative proposal. It is unnecessary for me to add anything to what he has said except this, that perhaps the Hon'ble Mr. Sastri might have considered that the speech delivered by my friend the Hon'ble Mr. Mazharul Haque was intended for this Council. I, for one, think that he was addressing really not the Council but a certain section of the public outside.

- "With these few words I support the Resolution."

The Hon'ble Sir Dinshaw Wacha:—"Sir, so far as I understand the present Resolution it is this, that half the number of the members of the future Civil Service should be Indians. The objection urged against it is the maintenance of British character, that is to say, that the Indian administration should have as its chief characteristic British character. Well, Sir, I fully and very frankly admit that the British character of the Indian administration must be maintained. British character has done a great deal of good to India during the last 125 years. I believe, that for the good of India the stamp of British character on the administration should be maintained. I believe that, so far as that feature goes, even my Indian friends will not dispute the proposition. It is understood, of course, that the British character should be there. The question then is, why there should be any preponderance? As I, Sir, said in my speech last time, the Charter Act of 1833, only prescribes that in the services of India men of 'proved merit and ability' alone should of course be requisitioned, irrespective of creed and race; and in subsequent Acts up to now, so far as I am aware, there has been no such condition made that there should be a preponderance of the British, as far as the Civil Service is concerned. In order to understand clearly the whole question, we must go back to the genesis of this covenanted Civil Service. Those who have studied the history of the East India Company will easily understand that the covenanted service came more and more into existence with the territorial sovereignty of that Company. The company was a trading company at first. Then it became a territorial sovereign and its territorial sovereignty demanded, of course, a certain amount of administrative ability. That administrative ability in those days was not to be found in India. The administration had to be carried on in English and a knowledge of English was non-existent in India at the time. As they advanced, Indians have, of course, risen to high offices on account of the English education they have received. Universities have been established and so forth. But the genesis is this, that because the East India Company from the days of its sovereignty was obliged to import covenanted servants, or clerks as they were then called, the tradition of predominance has gone forth, and from that time that tradition has remained as many other traditions have remained. But a time came, particularly after the transfer of the East India Company to the Crown, when there was a change. From that time forward a sort of rivalry began, very dim at first. But it became very transparent and acute later on as the competitive Civil Service examination was established in 1855, and Indians began to compete. Then, of course, with the advance of Indian education on one side and the numerical strength of the Civil Service on the other side, there ensued that rivalry, a rivalry of supremacy, as to whether it was the British service which should preponderate or whether it was the Indian service which should preponderate; and all the friction that has occurred and which continues to prevail is owing to this rivalry for offices on the one side and on the other. Every time this question has been discussed the Government of India have brought forward this expediency of maintaining British character on the administration. But, admitting as I say, that the British character of the administration should be maintained, where is the necessity to have this limit that only 25 per cent of the appointments should

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go to Indians and no more ? I think, Sir, that the cause of justice and the cause of fair play, both demand that this limit should not exist. If I, personally, were asked, I should say have no limit whatever. As Indians advance more and more in administrative capacity and ability, and in strength of character, I think, that the character of the British administration itself should be so amalgamated with that of the Indian character, that, necessarily, the future Government of India must consider that the Indian administration should be Indianised as far as possible, and, therefore, the number of Europeans in the Civil Service should, as far as may be practicable, be limited to a very small number. 'Thus far and no further,' should be the limits. We have not yet come to that finality, and, I am afraid, that finality will not be reached for another quarter or even half a century. In the meantime, of course, the administration must be carried on, but simultaneously Indian aspirations, now rising, should be reasonably satisfied. It is the duty of the Government to see that those aspirations are so satisfied. The question is how may they be satisfied ? All this unrest which is going on in the country has its root cause in many things. One of these, one of the most important, is this question of preponderance of the British in the Civil Service. It is but fair that as Indians advance in administrative ability, in strength of character and in other desirable ways the Government of India should see that the administration is more and more Indianised, slowly and steadily. That being my opinion, I consider, Sir, that the proportion of half and half is a very good one to be given, though, as I say, the time must come, must inevitably come, when even this half and half proportion must be increased, and the present figures will have to be reversed, that is, the Indian Civil Servants should consist of 75 per cent. and the British Civil Servants of 25 per cent. That will be the final stage. I am not a prophet, but living among my own countrymen and knowing their spirit of loyalty and appreciation of British administration, I have no doubt that that will eventually be the outcome. But for the present, Sir, I consider the Hon'ble Pandit's Resolution is a very good one, and that the half and half proportion it recommends should be established."

The Hon'ble Sir William Vincent :—“ I think I may say, Sir, that this Resolution illustrates very cogently the difficulties with which the Government of India have been confronted in dealing with these various resolutions on the report of the Public Services Commission. Historically the position is something as follows.

“After the enactment of the Government of India Act of 1870, it was decided that a number of Indians commonly known as Statutory Civilians should be nominated to the service up to a maximum of one-fifth of the cadre. That system of appointment was found unsatisfactory and has now been discontinued. In lieu thereof we have a certain number of listed posts, that is, posts ordinarily occupied by members of the Civil Service but which are filled by men promoted from the Provincial Service. The Commission now recommend—I think I am right in saying—some reduction in the number of listed posts. On the other hand, they recommend that a minimum of 25 per cent. of the superior posts should be allotted to Indians who should be given direct appointments in India. I think my Hon'ble friend, Mr. Sastri, said the other day that this figure was the maximum. If I am wrong will he correct me ? It is not so. It is the minimum proposed by the Commission. This would mean that altogether 189 superior posts and 102 inferior posts would be allotted to Indians appointed in India. And here too I should like to correct an error which I think the Hon'ble Mr. Sarma made the other day when he suggested—if I understood him correctly of course—that the Commission had recommended that Indians should be appointed to 189 posts in the service in all.

The Hon'ble Rao Bahadur B. N. Sarma :—“ Superior posts.”

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The Hon'ble Sir William Vincent :—“ I think the Hon'ble Member at that time did not specify superior posts; but anyhow I am merely putting before Council what the facts are. Mr. Justice Rahim was in favour of simultaneous examinations, but as an alternative he suggested that one-third of the cadre should be recruited in India. Sir Theodore Morison and Mr. Chaubal recommended that 25 per cent. of the service should be Indian. Mr. Chaubal at the same time suggested that 30 per cent. of the superior posts should in this way be reserved so as to secure a general rate of 25 per cent. all round. He pointed out—and it is a valid argument—that the proportion recommended by the Commission really only meant 21 per cent. of the total cadre and not—as people who examine the matter superficially might think—25 per cent.

The Hon'ble Sir Dinshaw Wacha :—“ Sir, may I remind the Hon'ble Member of one thing, that in the minority report of the Commission half and half was suggested ? ”

The Hon'ble Sir William Vincent :—“ I think I am correct in what I am saying, namely, that Mr. Justice Rahim recommended one-third. If I am incorrect I can only express my regret, but I have checked the statement recently. Various Indian witnesses suggested either 50 per cent. of the posts or 33 per cent.

“ Now with all these various suggestions before us, supported by arguments of more or less weight, I think that it is a little harsh to ask the Government of India to make on this subject any definite statement until they have consulted Local Governments and considered the very different requirements of different provinces. I am grateful to the Hon'ble Mr. Sarma for the compliment which he paid the province of Bihar and Orissa. I am afraid, however, that I suspected that there might be something—shall I say?—some unpleasant motive for it. At any rate I acknowledge gratefully the pleasant part of it. The actual position in Bihar is this: there are approximately 35½ million residents and about 140 civilians in the province. I am speaking here from recollection. There are about 1,200 or 1,400 civilians in the whole country for 315 million people. So the proportion is pretty well the same in Bihar as in the whole of the rest of India. The Council must also remember that Bihar is a very thickly populated country, so that its population is concentrated in a small area, and that in estimating the number of officers which is required for administering a province the question of area is of considerable importance. This is so for instance I believe in the Central Provinces. I think my Hon'ble friends from these Provinces will bear me out in this matter. Again, the Hon'ble Mr. Sarma compared my Province with the United Provinces. But it must be remembered—and this is a very important consideration—that in the United Provinces they have a temporary settlement except I believe in the Benares Division, whereas in Bihar and Orissa there is a permanent settlement. In any case the arguments which my Hon'ble friend adduces would appear to me to be more cogent on the question of reducing the general number of Civilians than in support of any alteration in the proportion of Indians and Europeans.

“ Now in dealing with the question to what extent appointments in the Indian Civil Service should be filled by recruitment in India, I think that the Council will admit there are certain points which will have to be considered. First of all, as I have said and I repeat, is the important question of retaining the British character of the administration. I do not say that this should necessarily be the determining factor, but it is a point which cannot be lost sight of if this country is to remain an integral part of the British Empire. Further the Government must consider British interests in this country. I do not say that they would necessarily be endangered by a change such as is contemplated. I do not want to suggest that. But I say the question of what

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change should be effected must be considered in relation to these and other important interests and the very grave responsibilities of the Government of India. I have been told that English capital in Japan and other countries does not need to be so protected. I dare say it does not. But those who have invested British capital in this country have invested on a very different understanding from that on which they invest it in foreign countries, namely on the understanding that the administration would continue British in character, I do not say necessarily in personnel. I think there is a great deal to be said for the argument that Indians who have been educated for some years in England might wholly or partially preserve that character—the British character of the administration—at any rate more effectively than Indians who are educated in this country. I do not know that this necessarily follows, but I think there is some force in this argument. Their outlook is widened and they do acquire a knowledge of facts and conditions outside this country.

“A minor point but of importance that would have to be considered in this connection is the number of listed posts which would have to be or which would be awarded to the subordinate services; and I think that the Council will recognise that officers who have rendered excellent service in the subordinate ranks are entitled to consideration. But I do not understand whether my Hon'ble friend the Pandit wishes to exclude them from his recommendations. I should like to be sure on that point. If they are included in this minimum of 50 per cent. then this argument is of no weight at all.....”

The Hon'ble Pandit Madan Mohan Malaviya:—“No, I want half the entire Cadre to be reserved for Indians.”

The Hon'ble Sir William Vincent:—“Including those listed posts or excluding them?”

The Hon'ble Pandit Madan Mohan Malaviya:—“Whatever is the total number of posts reserved for the Indian Civil Service when the new constitution comes in, I want half of that number reserved for Indians who will be recruited in this country.”

The Hon'ble Sir William Vincent:—“I again ask the Hon'ble Member, does he include the listed posts or does he exclude them?”

The Hon'ble Pandit Madan Mohan Malaviya:—“What I want is that whatever be the total number of posts which will be confined to the Indian Civil Service, I want half of that number to be reserved for Indians who will be admitted in this country.”

The Hon'ble Sir William Vincent:—“I must say that that is not an answer to my question.”

The Hon'ble Pandit Madan Mohan Malaviya:—“I exclude them at present; what I say is that whatever number may be determined upon eventually for the Indian Civil Service, I want half of that number reserved for Indians.”

The Hon'ble Sir William Vincent:—“I wish I had understood my Hon'ble friend more clearly; but if the listed posts are included in the 50 per cent which he seeks.....”

The Hon'ble Pandit Madan Mohan Malaviya:—“They are excluded at present.”

The Hon'ble Sir William Vincent:—“If they are excluded, the Council must remember that a large number of posts may have to be reserved for these officers of the Provincial Service, and that *pro tanto* the number of Englishmen in the service will be diminished below even 50 per cent. And this

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is a question that will also have to be examined. I have pointed out that the requirements of different provinces will have to be considered. These are the reasons for our not accepting this resolution at the present stage. I do not know if it is necessary for me to assure the Council, as I have done frequently before, that the Government of India has an open mind on this question, and they will only decide it after consulting all the authorities interested. They have every desire to increase the number of Indians in the service with a view particularly to associating them in the government of the country and affording them opportunities of training and administration which they at present, at any rate, in some branches of the service, lack; and I think the recent announcement of the Secretary of State, which was, as Mr. Montagu said, in complete accordance with the views of the Government of India, indicates this clearly. The Government of India cannot however accept any resolution binding them to any definite decision on this point at present. I think however that the Council may rest assured that the Government of India are approaching this question in a very reasonable and really sympathetic spirit.

"I have now got before me the actual quotation from Mr. Rahim's report, which was the minority report to which my Hon'ble friend, Sir Dinshaw Wacha referred."

The Hon'ble Sir Dinshaw Wacha :—"No. It was the Welby Commission Report; that was 20 years ago."

The Hon'ble Sir William Vincent :—"I beg your pardon; I understood you to mean this report."

The Hon'ble Mr. M. A. Jinnah :—"It seems to me, Sir, useless to discuss these resolutions in view of the attitude of the Government which is now very clear, *viz.*, that they are awaiting the opinion of Local Governments and have not yet come to any decision. Therefore, it seems to me really that the time of the Council need not be taken up further. The other resolutions may be regarded as our expressed opinion on this side of the Council, unless the Hon'ble Members who are the Movers of the Resolutions think otherwise and wish to discuss them.

"With regard to this Resolution, the Hon'ble Mr. Haque said that as he voted for the first Resolution for simultaneous examination he could not logically support this Resolution. I certainly agree with him; strictly logically he is right; but supposing it is not possible for us to persuade the Government to accept the Resolution of simultaneous examinations....."

The Hon'ble Sir William Vincent :—"Until we have consulted the Local Governments."

The Hon'ble Mr. M. A. Jinnah :—"Then in that case it is but right that this Council should consider the alternative and express its opinion whether the alternative should be accepted or not. Well, the only objections that have been raised against this alternative are the same objections, *viz.*, that if 50 per cent of Indians get into the Indian Civil Service it would imperil the British character of the administration. Well, Sir, I want to know what is meant by the 'British character of the administration.' Is the meaning of this phrase, European element? Is the meaning of this phrase, colour? Or is the meaning of this phrase, those great qualities which have distinguished the European administrators of this country? If the phrase 'British character of the administration' means those great qualities, *viz.*, uprightness, honesty, integrity, high sense of duty,—and I have no hesitation in acknowledging that many members of the Civil Service have displayed them in this country—I can understand it. If an Indian also has those qualities, and if such Indians are the preponderating element in the Civil Service, does that mean British

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character of administration or not? Or must it mean that we must have so many of a particular race, or colour. If latter is the meaning, Sir, I strongly object to such a rule or standard. No race, no question of religion or creed has to be considered in recruiting, our highest service. Efficiency is the only test and those qualities which I have mentioned above.

“I come next to the argument of the commercial classes which my Hon'ble friend Mr. Hogg represents. I have got very great respect for Mr. Hogg, Sir, and I know that he holds very liberal views. But I was really surprised that he should have brought in the question of passive resistance as an instance of how the commercial community might suffer. With very great respect for him, I submit it is not only irrelevant but, if it had any relevancy of talk at all, one might retort and say that some of the Anglo Indians at the present moment notably 'Madras Mail' are preaching and are guilty of insubordination. But those questions really must not be mixed up with this question before us today. How is the commercial interest going to suffer? If you have men who are competent and properly qualified in the service, how is the commercial interest going to suffer because they happen to be Indians. After all, it is nothing but the service we are recruiting, and why should there be any danger to the commercial community? What is going to happen to the commercial interests, I have not yet heard of. We know perfectly well that British capital is invested and employed in many parts of the world including India. For example, you have a large amount of British capital in South Africa where there is an overwhelming majority of Boers; and as a matter of fact we know that soon after the war broke out there was a great deal of disturbance there.”

“Sir, as regards British capital, if this argument is to stand good what is and what will be the result? British capital on the one side, but what is it after all as against the enormous interests and stake of the people of this country, and of the sons of this country? What is this British capital that is trotted out over and over again? Are the interests of the people of India not to be considered? If you are going to apply this test of British capital in this country to maintain preponderating element of Europeans in the service, why, till doomsday you will never get over it. For when will the British capital disappear from India—God forbid I do not wish it to disappear. I trust that more may come in. But if that argument is to stand good for having preponderating element of Europeans then I say there will never be a change. I ask Sir, is that logical? I would answer and say that this argument is fallacious. All that we want is that the services may be recruited properly and efficiently. It is for this reason that Europeans are employed as foreign skill; but once you get the sons of the country who are capable and competent there is no justification for maintaining that there should be a certain number of Europeans. Therefore, Sir, I have no alternative but to support this Resolution. I must say that I am opposed to any proportion being fixed in favour of Indians or Europeans, Sir, we must have justice. I do not fully agree with any system where a proportion is laid down of any class, but if there is no other way, if there is no other course open, then I would vote for and support this Resolution as an alternative Resolution.

The Hon'ble Pandit Madan Mohan Malaviya :—“Sir, I think my friend Mr. Jinnah must be satisfied after he made his speech that the time of the Council has not been uselessly taken up, the contribution he has made strengthens the Resolution before the Council. We feel it our duty to lay our views before the Council because we know that reports have been called for from Local Governments and that the matter is being considered. Therefore we desire to place the complete case, so far as it lies in our power, before the Government. I must say, Sir, that I am thankful to the Hon'ble the Home Member for the concluding words of his speech where he said that the recommendations we were making will be considered in a reasonable and sympathetic spirit. I have no doubt that Government will give that consideration to the views we have placed before it. I wish that Government, and

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particularly the Hon'ble the Home Member, would approach the question in the spirit of those last words and would endeavour to find as many reasons to support our views as they do to oppose them. I am sure that with his great judicial acumen, his ability and long experience of the affairs of this country, he and his able colleague the Hon'ble Sir James DuBoulay are in the best position to lend their strong support to the cause of the educated community; we are satisfied with the decision we have heard today that they have promised to look at the matter in a very sympathetic and reasonable spirit. I beg to ask the Council to accept his assurance once for all on behalf of us Indians that we put forward this scheme in no spirit of hostility to Europeans or the Civil Service; we want to approach this question as would be done by private gentlemen who wished to dispose of it as friends and fellow-subjects. I shall be content to leave the matter in their hands; we have claimed no favoured treatment, we do not ask that our inefficient should be admitted as against the efficient of our fellow-subjects of Great Britain. what we ask for is equal tests, *e.g.*, equal opportunities, for the same standard to be exacted from all and that those who have proved fit in that test should be admitted as surely as has been promised by Acts of Parliament and by the plighted word of the Sovereign of the United Kingdom. As regards the Resolution, so far as Government is concerned, I did not expect that they would be able to make a definite pronouncement as to whether they will accept the recommendation—we are content with the assurance of the Hon'ble the Home Member that the matter will receive sympathetic consideration. But I have one or two observations to make in regard to the speeches of the Hon'ble Mr. Hogg and the Hon'ble Sir John Donald. The Hon'ble Mr. Hogg need have no apprehensions that there will be any untoward consequences arising from a large number of Indians in the Civil Service. I do not want to take up the question of passive resistance as it was objected to as irrelevant, but I am not quite sure that it was irrelevant, I think that our friends should express clearly what fears are in their minds so that we may be able possibly to help to remove them. I have very strong authority, I need not go into it at present, for stating that passive resistance is a thoroughly loyal and constitutional method of drawing attention to grievances. But my friend should know that passive resistance was not preached in this country during the time of the war, by the great bulk of our fellow-men, it was preached with reference to one unfortunate event which happily has now been solved. For the rest I would ask that....."

The Hon'ble Mr. Malcolm N. Hogg :—" May I rise to a point of order. If I was irrelevant in referring to this subject I think the Hon'ble Member should be in the same position."

The Hon'ble The Vice-President :—" The Hon'ble Pandit will no doubt recognise the justice of this intervention."

The Hon'ble Pandit Madan Mohan Malaviya :—" Quite so, and I shall be content to leave it there. I bow to your ruling, which I always do. I hope the needs of the war have been met not by preaching passive resistance but by active, loyal assistance to Government, by contributions in money and men during the three years so as to ensure that victory shall crown the efforts of our allies. For the rest, I should like to say a word with regard to what fell from the Hon'ble Sir John Donald. He belongs to the Political Department and naturally has something to say about the North-West Frontier Province. He says that people in his Province

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believe that it is by means of *Iqbal* that the British Government is carrying on the administration. That is very true; the *Iqbal* of the Government is a great asset, a great political asset in the administration of this country, and my friend has a right to say that so long as the *Iqbal* rests there need be no fear; but that *Iqbal* rests not on British battalions but on British rights and the people of this country feel that so long as the principles of justice and righteousness are the guiding principles of the administration the *Iqbal* of Great Britain will continue but the *Iqbal* may change and it may be that instead of the principles of justice racial pride and racial prejudice may be substituted. On this question nothing is more important than that the principles of justice should be the guiding principles in determining what policy should be adopted rather than racial considerations. My friend has spoken of the security of property in the North-West Frontier. I am sorry that he has referred to it because though he may take a different view, still we who know something as to what has happened in the North-West Frontier from communications made to us, are not at all sure that property is so secure and safe as my friend would try to make out. I recently received a few communications from the residents of the North-West Frontier Provinces which led me to ask a number of questions which of course in the exigencies of public interest were not allowed to be put in the Council, but that gave me very good evidence that life and property were not so secure in the North-West Frontier as my friend tried to make out. Now, Sir, there have been Mahsud raids and other raids, and the Hindu Sabha of the Punjab sent a memorial drawing the attention of Government to the very great risk to life and property there. We listened to some other remarks regarding the security of life and property, so I thought I would mention it.

"Then, Sir, my friend referred to the satisfaction of the people with the decision contained in the tiny little book called the 'Frontier Crimes Regulations.' That satisfaction is not shared by Indians, as I can testify from the personal knowledge that I have from respectable Muhammadan residents in the North-West Frontier. I wish those Regulations would be revised, I hope they will be revised before long.

"My friend then spoke of the difficulties that would arise if a Brahmin were to rule over the North-West Frontier Province. Well, he does and he will remember if I tell him that General Nandram ruled over Afghanistan at one time, and he asked Prince Maharaj Singh a favour to introduce his coin and there is a couplet in this connection. I might remind my friend, that General Nandram had his coin introduced there. Even to-day I am certain that if Brahmins who are fit by their education, their integrity and character are entrusted with the charge of the Frontier Province, they will not be found inefficient or wanting, and I am sure that Hindus and Muhammadans will be able to pull on as amicably as the British Officers and Muhammadans or Hindus. I am strengthened in that view because though my friend referred to the privilege which is allowed to certain Hindus to ride on donkeys, he forgot that in Afghanistan itself Hindus hold high offices under His Majesty the Amir. He also forgot that under Akbar Hindus held very high offices, Raja Toder Mull and others were Governors of provinces. He also forgot that in the Dominions of His Highness the Nizam, very high offices have been held by Hindus for generations. Those are facts which might remind my friend of the unfairness of the comparison which he instituted.

"Now, I will ask my friend one thing. Is he so sure that that partiality, religious partiality or prejudice, is confined to Hindus and Muhammadans alone? Has he forgotten that it was not very long ago in England there were

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so many disabilities under which the Roman Catholic laboured, that the highest and the holiest of the Roman Catholics were debarred from holding offices which they had a right to enjoy, and is my friend so sure that even at this moment that the Roman Catholics and Protestants have entirely bridged their religious gulf. I remember a case where a high scholar, a Protestant, would not invite a medical man, a Doctor, because he was a Roman Catholic. If this is the case in the twentieth century among....."

The Hon'ble the Vice-President :—" I must point out that the Hon'ble Pandit's time is very nearly up and I shall not be able to give him any indulgence, as I consider that he is digressing a long way from the Resolution which is before the Council."

The Hon'ble Pandit Madan Mohan Malaviya :—" I shall finish, Sir, before my time is up. But I will refer to this because my friend Sir John Donald....."

The Hon'ble Sir John Donald :—" All I meant was that it was because of the advent of the British Government the distinctions between Hindus and Muhammadans were done away with."

The Hon'ble Pandit Madan Mohan Malaviya :—" That again is a statement which is more comprehensive than facts can justify, however, I do not wish to go again into the question of the distinctions between Hindus and Muhammadans. Sometimes Hindus ruled over Muhammadans and sometimes Muhammadans ruled over Hindus, and I claim that there was a great deal more happiness under those administrations than some of my friends are willing to admit. We are now neither under Hindu rule nor Muhammadan rule, nor under the European rule,—I hope we are under British administration and I hope that that will be made a reality, by a proper, reasonable, fair and an increasingly larger admixture of Indians in the services of India. That is my point. I will not dwell any longer on the character of the two administrations, British and Indian, which have been so fully dealt with. I shall be content if the Government will give the matter a reasonable and sympathetic consideration. With these remarks I leave the Resolution in the hands of the Council."

The motion was put and the Council divided as follows:—

| AYES 21. | NOES 31. |
|---|--------------------------------|
| The Hon'ble Sir G. M. Chitnavis. | The Hon'ble Sir William Meyer. |
| „ Pandit M. M. Malaviya. | „ Sir Sankaran Nair. |
| „ Dr. Tej Bahadur Sapru. | „ Mr. G. R. Lowndes. |
| „ Raja of Mahmudabad. | „ Sir George Barnes. |
| „ Mr. Srinivasa Sastri. | „ Sir William Vincent. |
| „ Sir Dinshaw Wacha. | „ Sir Robert Gillan. |
| „ Rai Sita Nath Ray Bahadur. | „ Sir Pardey Lukis. |
| „ Maharaja Sir M. C. Nandi of Kassimbazar. | „ Sir Reginald Gamble. |
| | „ Mr. C. H. Kesteven. |

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INDIAN CIVIL SERVICE. RESOLUTION *re* AGE FOR THE
INDIAN CIVIL SERVICE EXAMINATION.

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| AYES. | NOES. |
|--|--------------------------------|
| The Hon'ble Raja Rajendra Deo of Kanika. | The Hon'ble Sir Verney Lovett. |
| „ Khan Zulfikar Ali Khan. | „ Col. S. L. Aplin. |
| „ Mr. K. K. Chanda. | „ Mr. G. B. H. Fell. |
| „ Sardar Bahadur Sardar Sundar Singh. | „ Mr. D. de S. Bray. |
| „ Khan Bahadur Mian Muhammad Shafi. | „ Mr. F. C. Rose. |
| „ Sir Fazulbhoy Currimbhoy. | „ Sir James DuBoulay. |
| „ Sardar Bahadur Captain Ajab Khan. | „ Mr. C. E. Low. |
| „ Rai Krishna Sahay Bahadur. | „ Mr. H. Sharp. |
| „ Mr. M. B. Dadabhoy. | „ Mr. R. A. Mant. |
| „ Rai Bishan Dutt Shukul Bahadur. | „ Mr. H. F. Howard. |
| „ Mr. M. A. Jinnah. | „ Major-General A. H. Bingley. |
| „ Rao Bahadur B. N. Sarma. | „ Mr. A. P. Muddiman. |
| „ Mr. K. V. R. Ayyangar. | „ Mr. M. E. Couchman. |
| | „ Mr. M. N. Hogg. |
| | „ Sir Hugh Bray. |
| | „ Mr. F. J. Monahan. |
| | „ Sir James Walker. |
| | „ Mr. E. H. Walsh. |
| | „ Sir John Donald. |
| | „ Mr. W. J. Reid. |
| | „ Mr. C. H. Atkins. |
| | „ Mr. C. A. Kincaid. |

The motion was therefore negatived.

RESOLUTION *re* AGE FOR THE INDIAN CIVIL
SERVICE EXAMINATION.

The Hon'ble Mr. Srinivasa Sastri to move the following
Resolution :—

'This Council recommends to the Governor General in Council that the Government of India do represent to the Secretary of State that the age limits for the Indian Civil Service examination should not be reduced as recommended by the Public Services Commission.'

RESOLUTION *re* AGE FOR THE INDIAN CIVIL SERVICE
EXAMINATION.

[24TH SEPTEMBER, 1917.]

[*Mr. Srinivasa Sastri.*]

“ Sir, I beg to move that this Council recommends to the Governor-General in Council that the Government of India do represent to the Secretary of State that the age limits for the Indian Civil Service examination should not be reduced as recommended by the Public Services Commission. In the history of this question there have been many changes of age for entrance to the Indian Civil Service examination. I will not, Sir, go back into the history except to remind the Council of the great principle enunciated by the 1854 Committee, under Lord Macaulay, to the effect that what we want in this examination is to catch the finished product of the best English education. From that principle we have departed now and again, but not always to the greatest advantage. The chief change to which I must refer necessarily in this discussion is the change that was introduced for the first time in the year 1878, when the age fell to 17 to 19. Afterwards, in the year 1892, as the result of considerable discussion it was once more raised to 21 to 23. Then in 1906 it was once more raised by a year and it stands now at 22 to 24. The evidence that has been given in favour of the reduction of age in comparison with the evidence against it is, I should think, both numerically and otherwise, weak. This question was discussed as I said before, in 1878, when the age stood at 17 to 19. In the discussion that preceded that change many Europeans and Indians were examined, and I am concerned here only to point out that Lord Northbrook, summarising the evidence, said this:—

‘ Out of 101 officers of all ranks, 5 either do not refer to the subject of age, or give replies of doubtful import. Of the remaining 96, only 27 recommend a reduction of the present higher limit, 36 would retain the present limits, and 33 would raise the maximum age, most of them adopting Professor Jowett’s suggestion that it should be raised to 22.’

“ This was in 1875. Now during the inquiries that this Commission instituted the question was prominently asked of the witnesses likely to give useful evidence. The result may be summarised as follows:— Out of 82 European witnesses who gave evidence regarding the Indian Civil Service, 20 were silent on the subject, 5 gave doubtful answers, and 37 were definitely against the Commission’s proposal, that is in regard to the reduction of age. Only 20 were in favour of reducing the age limit to 17 to 19 or 18 to 20. In England out of 29 witnesses examined, no less than 19 expressed themselves against it. Of these, with the exception of one witness, no one suggested a lower age than 20 to 22. The representatives of all the Universities, except the London University, were opposed to the age limits proposed by the Commission. Oxford and Cambridge were willing to accept the lower age limits if the Government considered them necessary from an administrative point of view, but their own opinion was decidedly against it. Recently we read in the papers that the University of St. Andrews had memorialised the Secretary of State against the reduction of age and more recently still, within the last few days, we read of a Head-masters’ conference in London which likewise protested against the reduction of age. In the face of this strong evidence, the Commission have recommended this reduction. The grounds on which they rest their case are briefly these. In the first place they say a man at 20 is more likely to be pliable and to be bent to the needs of Indian administration than a man might be at the age of 24 or 25. Now that is perhaps true to some extent. I will not dispute the principle of that proposition but it seems to me that that is a problematical opinion and it is too much to rest a case for the reduction of an age limit against which there is so much authoritative evidence on it alone.

“ Let us, therefore, examine the other points, urged. One strong point is this, that a man of 24 or 25 is more likely to get married than one at 20 or 21. Now, Sir, that is a somewhat ticklish subject to deal with. Marriage brings its joys to all, I expect—I am thankful I have been blessed in that respect, but the Commission evidently thinks that it is bound to consider the financial embarrassments into which a young man is led on marrying

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in India. Those embarrassments, I suspect, Sir, with all due respect to the other sex, follow where a man marries in the first year or in the second or third year of his office. So that, unless the Commission wishes these men to remain bachelors for a great part of their lives, it does not seem to me to be very wise to make a change like this because of the difficulties that a man gets into when he marries.

“ Really, the strongest argument the Commission have put forward is this, that one year’s probation in England is insufficient. They wish to have a probation of three years. Now, during this period of three years’ probation, they expect that a very large number of candidates will proceed to the degree of a University; they also expect that they will be well trained in the use of different languages for which they may find use and that they may also learn some subject like Indian Law or Indian History with advantage. Now, let us examine this question of University degrees. I wish on this subject not to say anything of my own, but to quote merely from the opinion of Sir Charles Aitchison, which was recorded in the year 1884. At that time this very question was urged and he was considering whether, on account of the reduced age, boys had gone up to the University and taken degrees. He said

‘The age, it appears, has been lowered, that the men may be sent to a University, and because (so it is said) a University education cannot be ensured for the candidates by any other course. Whether or not it is desirable that all the candidates should receive a University education is a point on which opinions may well differ; but in the argument as stated there is a confusion of ideas. University education is one thing; University residence is another. The benefit of University education is its breadth. The boys of 17 or 18 or 19 now recruited do not get the benefit of a University education because they reside at Oxford or Cambridge for two years while prosecuting their special studies. There is not magic enough even in these venerable abodes of western learning to evolve culture out of Indian Law Books and the Urdu Alphabet. If the young man has not been generally educated before he passes the open competition, he never will be. Obviously the general education which it is the function of the University to bestow should come first. The limit of age has been lowered in order that the general and special education may be mixed up together. The University education which is sought is not only not attained, but made impossible; for all are too young to have gone through it. All that is attained is University residence for youths who have been compelled to break off their general education at the time when its effect on the mind is of most consequence.’

“ The situation now, Sir, if the age limit were lowered, as the Commission recommend, would be identical with the situation of which the result was described by Sir Charles Aitchison in these words. If, then, this University degree question is put aside, what we have got left is that in the three years probation our young men will have time to get up a knowledge of the Indian languages. Now, I submit, Sir, with all due respect, that languages should be learnt on the spot where they are spoken, so that when these young men are, merely to come out in the course of a year or two, it is not necessary, I think to spend much time so long a time as three years at all events, in preparing them to learn languages where they could never acquire them to any good purpose. It is well known that English people are not endowed with much linguistic capacity, and it is very doubtful whether mere residence in England and study under European masters is likely to give them that real living acquaintance with the vernaculars of the land which they can acquire on the spot. For that purpose, then, a probation or a period of training in India would be far more useful than probation in England.

“ Then, Sir, I have considered the question only from the point of view of the English candidates so far. If the evidence is not strong enough in the case of English candidates that the lowered age and the three years’ probation which they will spend in England are not likely to be so advantageous, and if the Civil Service as a whole is not likely to gain in efficiency on that account, the argument from the side of the Indian candidates comes in to reinforce my contention. From the Indian side it is urged, and I think with experience behind

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it, that this lowered age limit is likely to cut off altogether such chances as we have of obtaining any entrance from the English door. At the time that this was tried the result was that we obtained during the years 1878—1892 only 2·5 per cent of the successful candidates. Since the age limit was raised, we came to the usual percentage of 5·6.

“ Now, the Commission have further complicated the situation by adding a requirement that besides this age limit, each of the candidates should produce a certificate of having attended a recognised high school in England for at least three years preceding the examination. Now this is urged, I think, for the reason that they do not want students to come up to the examinations crammed by coaching establishments. They want them to have received such high school education as the first class institutions in England are able to afford. But what would be the effect on Indian candidates? They will have to go there at the age of 14 or 15, even earlier, at 13 or 14, if they are to be for three years in a school before being allowed to sit for the examination. Now that is a sheer impossibility. Of course the Commission recommend that the Civil Service Commissioners should have power to exempt Indian candidates, if they see fit, from this requirement; but all the same that the Commission should not have thought sufficient of the requirements of Indian candidates is, in my opinion, a consideration that should weigh with this Council in settling this matter. I am not one of those who think that everything should be settled from the Indian point of view. There have been many critics in India who have attributed to the Commission a desire, a motive, to cut off the English door from Indian candidates. Now, Sir, I do not repeat it. It is a dangerous, a hazardous game to attribute motives. Nobody can penetrate beneath the surface of a man's action. But certainly in law there is a proposition that anything that is known to result from a course of action is intended by him who embarks upon it. The Commission themselves realise that the effect will be to minimise the chances of Indian candidates; they recognise it because they state their proposition in that clear way. At the same time they recommend it. We cannot, therefore, shut our eyes to the fact that the Commission intend this result to follow. I do not say that they intend to secure that result above everything else. They have other results to secure, but this is one of the things, and I conceive, Sir, that it is our duty to consider, both on the one side and on the other, whether it is just in a matter of this kind, where Indian opinion is so sensitive and liable to be upset, whether it is wise to neglect the Indian point of view altogether; whether it would not have been better, considering that the advantages of the reduction of age are not overwhelmingly strong, and considering that the thing is about even on the one side and on the other, whether Indian opinion might not have been allowed to prevail in this matter. I think that is a point of view that will commend itself to the members of the Civil Service and also to the Government of India. I therefore commend this Resolution, without saying more, to the Council in the full hope that it will receive from the representatives of Government sympathetic consideration.”

The Hon'ble Sir William Vincent :—“ Sir, I have explained the position of Government in regard to these Resolutions so frequently that I am unwilling to do it again. But I should like at the same time to emphasise one point that is, that I do think the discussions will serve a useful purpose in that they enable Members of this Council to put before the Government of India—and indirectly even before the authorities in the United Kingdom—arguments and opinions of great value. The Government will now have before it the considered opinion of a large number of Members of this Council, and though I am unable to accept the Resolution I hope that the Hon'ble Mover will understand the reason for my not doing so at the present stage. I would emphasise particularly in connection with this Resolution that this action of Government is in no way to be taken as indicative of any definite views on the subject.

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“ Further I may say that the Government of India do recognise that the Commission's recommendation regarding the age limit for the London examination is one of peculiar interest to Indians as it must seriously affect the numbers in which they can compete and succeed at that examination; and while we are not prepared lightly to set aside the deliberate recommendation of the Commission, yet the Government of India are also alive to the fact that there is a large and influential body of opinion opposed to these recommendations. The fact is that disadvantages as well as advantages attach to both the high and the low age limit. Briefly, the arguments which influenced the Commission's recommendation were as follows: Recruitment should take place either at the school-leaving age or at the University graduation age, not at any intermediate stage. The present period of probation—1 year—is insufficient and should be extended. On the other hand, it is not advisable to bring out recruits to India older than they are at present. From some points of view their age, in the opinion of the Commission, might be somewhat reduced. On these arguments they arrived at the conclusion that the only way of attaining the object in view, or the best way of attaining it, was by reverting to the school-leaving age. Now there is considerable force in these arguments and it cannot be denied that there are disadvantages attaching to a high recruiting age. But the Government of India are aware that both Indian Members dissented from these propositions, and as has been stated by the Hon'ble the Mover, it is doubtful whether the weight of the evidence taking it not numerically but according to its intrinsic value was really not against the view which the Commission adopted. The number of opinions both in India and in England against the school-leaving age limit is indeed remarkable. It has been strongly urged too that present day conditions and the difficulties of modern administration demand that members of the Indian Civil Service should at the beginning of their Service possess better character, judgment, steadiness of purpose, self control and that assured knowledge of men and affairs which are more likely to be derived from a complete and matured education in the liberal arts and sciences. As has been pointed out by the Hon'ble Member, it is doubtful whether this education could be secured by training in special subjects after competition; and it may be argued that the possession of these qualities is more important than the undoubted fact that younger men are more adaptable, more receptive and more ready to learn the language, and conditions of the East.

“ Again, the Government are satisfied that great weight must be attached to the contention that the higher limits are more suitable to Indian conditions and cannot ignore the advantage of having a common age limit for all entrants alike. The difficulties that would beset Indian candidates who have to go home at the early age proposed by the Commission are indeed apparent, and they have been pointed out to you with greater ability than I could hope to do, by the Hon'ble Mover.

“ Lastly, I may observe that representations against the Commission's scheme have been received, as I think the Hon'ble Mover said, from various authorities including the Universities of Edinburgh, Aberdeen and St. Andrews, and the Hebdomadal Council of the Oxford University. Such representations are entitled to great weight. I do not desire to take up further time with an exhaustive catalogue of the endless pros and cons of this controversy. I trust I have said enough, however, to make it quite clear that while we are not unaware of the advantages which might be secured by adopting the recommendation of the Commission, we are fully conscious of the disadvantages attaching to that system and of the advantages which might be secured by an examination at a later age, and we will attach due weight to all these arguments.

“ Again, I should like, before I sit down, to repeat my statement on one point. The Government recognise very readily that this is a question on

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which Indian interest is naturally very keen and deserving of particular attention, and I can assure my Hon'ble friend and his supporters that we shall not lose sight of their interest in our deliberations on this question."

The Hon'ble Rao Bahadur B. N. Sarma :—" Having regard to the extremely sympathetic reply of the Hon'ble the Home Member, I should be doing wrong if I detained the Council ; but the very hopes that he has inspired in us, that the recommendation of the Commission will not be followed and the keen interest evinced in the matter by the Indian public are reasons for trying to strengthen the hands of the Government of India against the recommendation of so weighty a body as the Public Service Commissioners.

"The Public Service Commissioners largely proceed upon the views of some of the Local Governments and of administrators in high office, and the only observation I may be permitted to make in this connection is that the gentlemen who were responsible for the Government at that time were largely if not all gentlemen who had been trained under the old system when recruitment was between 17 and 19. To use the words of Mr. Davidson, Master of Balliol College, Oxford:

'In 15 or 20 years time the men at the top of the tree in India will be naturally those appointed under the system of 1894, and if that is almost inevitable all is not going on smoothly in the service they will be apt in their turn to attribute the defects to the renewal, if it should be now renewed, and the selection at school-boy age.'

"Then, Sir, another argument which I may be permitted to urge in this connection is that there would be an alteration of policy every 20 years which is highly to be deprecated.

"The third argument which I would urge upon the attention of this Council is the fact that if the limit of 17-19 be accepted, that would correspond to the examination for the second class clerkships in the United Kingdom, and there would be a great danger of the service being largely recruited from the class which in England would compete for the second class clerkships. This is a point which has been pointedly drawn attention to in the evidence of Sir John Struthers. It has also been pointed out—and this has not been alluded to pointedly in the Commission's report—that if the age limits were reduced it would be impossible to expect a large number of highly educated men to compete for the Civil Service. I am not now talking of Indian interests; I am talking of purely British interests and the type of men we are likely to get. It is absolutely necessary that the present limit should not be reduced. My Hon'ble friend, Mr. Sastri has already alluded to the difficult question of marriage. May I also point out, Sir, that hereafter the policy of the British nation would and must be to encourage early marriage as was done in America years ago and consequently the observation of the Commissioners has absolutely no force whatsoever at the present moment. I may also point out that when a young man has secured a permanent footing and stays in England for three years match-making would be more active than when the apprenticeship period is only one year.

"I may also point out, with regard to the suggestion of some Members, that the gentlemen who have been coming out of late have not been as sympathetic as the older men, the younger men, with whom the Oxford Professor spoke repudiated with some indignation the suggestion that they have less interest in the country and less care for the Indians than their predecessors. There is also great force in the observation that the chief defect of the Indian Civil Service, as observed by outsiders, chiefly among the senior men, was their inability to see defects in the system, and to bring them out at a still younger age, while their minds were still more liable to be moulded into grooves would only accentuate this.

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“With regard to the type of men we have been getting, the evidence that was taken in London was almost unanimous that the best type that could be secured in England was being secured under the present system, and if there were brilliant men under the old system, still the average of the present system is considerably higher than formerly. This is what Dr. Warren says:—

‘My impression is that the rank and file were not so good under the old system. There were more failures. I should certainly say that under the present system India was getting from Oxford, and I believe it is the same with Cambridge, a very able, industrious, moral, vigorous lot of men.’

And the other professors also are equally emphatic. Professor Lodge says:—

‘The majority of the men between 78 and 91 were on the whole less able and less thoroughly trained than the people who have been elected under the present system. At a lower age a young man is not qualified to judge of what his future career should be.’

Then Mr. Stanley Leathes says:—

‘To lower the age for entry is a leap in the dark to a large extent. At 22 or 23 the man is more formed and the results of the open competition are more certain at the later age than at the earlier age.’

“There is another great difficulty that has been pointed out and that is that very special incentives would have to be devised in order to prevent the young men who have secured a place from being idle; and as has been pointed out by one of the Members of the Commission, Sir Murray Hammick in the past the experience was that it was very difficult to devise such expedients. Then from the point of view of physical fitness the medical evidence was that it would be wrong to send these young men before 22; and if 17 to 19 be the age, certainly there would be a chance of a large number coming out at the age of 20 or 20½, and the medical opinion as I have said is distinctly against any man coming out to this country at that age. As I have already pointed out, the administration has become more complex and it is absolutely necessary to get the best university men, more necessary than in the old days. May I say, Sir, that the recommendation of the Commission follows to a certain extent the old ideals? The mercantile community both in England and in India thought that if they put their young men into the Universities they would be absolutely unfit for their careers. At present, I believe, the policy is that it is absolutely necessary to have a University education, and I think it is wrong to lower the age, because difficulties were found in some instances of the inadaptability of the young men to learn the drudgery of the routine. There are Indians to take up that portion of the work; and I do not think therefore that is a serious difficulty in the way. As was put by one of the professors, it is a leap in the dark and it might be that you may draw blanks or prizes under the system that is proposed, much in the same way as many Hindu fathers draw blanks or prizes in selecting bridegrooms from school boys because of the fear that if they waited long enough they would not be able to procure eligible husbands for their daughters. I know of many instances in which these marriages have ended unhappily. There was another idea at the back of the minds of the Commissioners, that they should spread the net as wide as possible in order to catch the best young men from England at as early an age as possible before the Home service becomes an attraction to them. But I fear that the results would be nearly as good as in the case I have illustrated already. I hope, Sir, that the Government of India will therefore positively decline to act upon the recommendation which has been made.

The Hon'ble Mr. M. B. Dadabhoy:—“Sir, I desire to express my full sympathy with the Resolution just moved by my Hon'ble friend, Mr. Sastri. My friend has marshalled his facts and stated all his arguments with such sobriety and moderation, and has given so many cogent reasons in support of his Resolution that it is hardly necessary to say anything further on the subject. Particularly after the very sympathetic and considerate manner in which the

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Hon'ble Home Member has dealt with the question any prolonged debate on this subject becomes wholly superfluous. Reading between the lines of the reply given by the Hon'ble the Home Member it would be perfectly apparent to every one that the Government of India is conscious of the hardship involved in the recommendation of the Public Services Commission. All the facts have been now laid before Government and we hope and pray that the Government of India will seriously consider the question of the great hardship involved in this matter and will not give effect to the recommendation of the Public Services Commission. With these few words I warmly support the Resolution."

The Hon'ble Mr. Srinivasa Sastri :—" I beg to withdraw the Resolution "

The Resolution was by leave withdrawn.

The Council adjourned to Tuesday, the 25th September, 1917.

SIMLA ;

The 4th October, 1917. }

A. P. MUDDIMAN,
Secretary to the Government of India,
Legislative Department

GOVERNMENT OF INDIA.

LEGISLATIVE DEPARTMENT.

PROCEEDINGS OF THE INDIAN LEGISLATIVE COUNCIL ASSEMBLED UNDER
THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT, 1915.
(5 & 6 Geo. V. Ch. 61.)

The Council met at the Council Chamber, Viceregal Lodge, Simla, on Tuesday,
the 25th September, 1917.

PRESENT :

The HON'BLE MR. G. R. LOWNDES, *Vice-President, presiding*, and 52
Members, of whom 47 were Additional Members.

**RESOLUTION *re* TERMINATION OF CONTRACT
WITH EAST INDIAN RAILWAY.**

The Hon'ble Sir Ibrahim Rahimtoola :—“ Sir, I beg to move
the following Resolution :—

‘That this Council recommends to the Governor General in Council to give the required
notice to the Managing Company of the East Indian Railway in accordance with the terms
of the existing contract.’

“The Resolution as originally sent in March last was intended to raise a
discussion of State *versus* Company management. Under the terms of the
contracts now subsisting with the various Managing Companies it is provided
that notice of termination of contracts has to be given at the end of the period
mentioned in the contracts. The first contract with the East Indian Railway
falls due in 1919 and under the terms of that contract notice has to be given
two years before, that is, during 1917. As I have said it was my intention
to raise the question of taking over the management of the Railway, the
urgency of the matter was that notice had to be given in 1917. I therefore
gave notice in two parts, the first requiring that notice should be given to the
Railway Company as required by the terms of the contract and the second recom-
mending that the management should be taken over by the State. I have
had a talk on the matter with the Hon'ble Member in charge and I have
agreed to have a separate Resolution in the Delhi session as Government have
ample time to decide the question of giving notice ; as the contract does not
terminate until 1919, there will be plenty of time to discuss the matter in the
Delhi session, and I have therefore confined my Resolution to that part only
which is really urgent and relates to the giving of notice. I trust Government
will accept it and give the necessary notice so that the question may be
considered whether there should be a renewal of the contract on different terms

RESOLUTION *re* TERMINATION OF CONTRACT WITH EAST-INDIAN RAILWAY; RESOLUTION *re* THE APPOINTMENT OF A MIXED COMMITTEE TO EXAMINE THE WORKING OF THE INDIAN RAILWAYS ACT.

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with the existing Company, or whether a new Company is to be brought in, or whether the East Indian Railway Company is to be brought in under separate Management. There will be ample time for the consideration of these questions in the Delhi session and I therefore trust Government will accept the Resolution I have moved."

The Hon'ble Sir George Barnes:—"Sir, I am glad to say that we are able to accept this Resolution. The Secretary of State a short time ago proposed to us that in any case notice should be given to the East Indian Railway Company, and the Government of India agreed with him that, whatever the future of the East Indian Railway may be, it is quite clear that notice ought to be given and notice will be given accordingly during the current year. As I have said, I am glad to be able to accept the Resolution."

The Resolution was adopted.

RESOLUTION *re* THE APPOINTMENT OF A MIXED COMMITTEE TO EXAMINE THE WORKING OF THE INDIAN RAILWAYS ACT.

The Hon'ble Mr. M. A. Jinnah:—"Sir, the Resolution which I beg to move runs as follows:—

'This Council recommends to the Governor-General in Council that a mixed committee be appointed to examine the working of the Indian Railways Act and to make their recommendations at an early date.'

"Now, the Council is perhaps aware that when the Indian Railways Act of 1890, was passed we had two previous English Acts, one was the Act of 1888 and another of 1873. On examining the Indian Railways Act of 1890, I find that instead of following the model of the later English law, namely, the Act of 1888 the earlier Act of 1873 has been followed. That is an anomaly, which I have no doubt will be explained by the Hon'ble Member in charge. But it is quite possible that the reasons were that some of the guaranteed Railways, the Bombay Baroda and Central India and the Great Indian Peninsula Railways were in different circumstances when the Government framed the Act of 1890. But, Sir, I submit that the time has come for overhauling that Act and particularly the provisions which will place the administration of Indian Railways on a sounder footing. Personally, I would like to see provision somewhat on the lines of the English Act regarding a permanent Commissioner to hear complaints embodied in the Act. Perhaps, the Council is aware that Mr. Robertson was appointed some time ago to inquire into Railway administration and that after a very careful inquiry he made an important report in 1903. In that Report he pointed out that the Railway Commission which is provided for in the Act of 1890, has never been taken advantage of for

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obvious reason and that under section 26 of the Indian Railways Act a Commission can only be appointed when asked for by the Governor-General in Council and what is more, it is so expensive, so costly, and probably the party asking for a Commission may have to pay the costs. Section 26 of our present Act reads thus :—

‘For the purposes of this Chapter, the Governor-General in Council shall, as occasion may, in his opinion, require, appoint a Commission styled a railway commission (in this Act referred to as the Commissioners) and consisting of one Law Commissioner and two Lay Commissioners.’

Then it provides for the costs.

‘The costs of and incidental to any proceedings before the Commissioners or the High Court under this Chapter shall be in the discretion of the Commissioners or the High Court as the case may be

‘The point that I wish to bring to the notice of the Council—I do not wish to go into the details of the constitution of the Commission as provided for in this Act because it is quite unnecessary to go into those details—is that you here have a commission appointed if any body asks for it, it is not a permanent commission, under the statute, it is not a commission, as I shall point out to the Council, such as we have under the English Act. And, further, the part relating to the costs, is rather an important matter to consider. Now, Mr. Robertson, who as I told the Council before, had gone into this question at great length and this is what he said in his report :—

‘Under the provisions of the present Indian Railways Act, the calling into existence of the Railway Commission to hear complaints against the Railways is considered so costly an undertaking that the commission has never once been created.’

“In his report he also recommended that to afford the public and the Railways the greatest advantages of which the commission is capable, it should be required to hold its courts not only at a few chief centres but where exceptional circumstances arise at the place nearest and most convenient to the complaint, having regard to the general convenience of all others interested. Now the English Act of 1888 provides quite a different machinery, and that is contained in section 2 of the English Railways Act which constitutes the commission. Section 2 runs as follows :—

‘On the expiration of the provisions of the regulation of Railways Act, 1873, with respect to the commissioners therein mentioned there shall be established a New Commission styled the Railway and Canal Commission (in this Act referred to as the Commissioners) and consisting of two appointed and three ex-officio Commissioners, such Commission shall be a court of record.....’

“Section 5 empowers the Commission to hold sittings in any part of the United Kingdom, and in such place or places as may be most convenient for the determination of the proceeding before them.

“Therefore, Sir, what I urge is this, that instead of having a provision such as is contained in our sub-section 26, we ought to have a permanent Commission which will be available to any complainant, and what is more, they can sit in any part of the country where the complaints can be heard and investigated. Mr. Robertson in his report made his recommendation and urged regarding this matter the following point which I shall give in his own words. Paragraph 61 of his report says.—

‘The Commissioners in addition to their duties on the Board, should be employed in association with a Law Member when a question of Law arises as Commissioners for the purposes of Chapter V of the Indian Railways Act (IX of 1890) which regularises Railway Commissioners and Traffic facilities *the present Act being revised on the lines of the English Railway and Canal Traffic Act of 1888* so as to permit of the Railway Commission always being in session.’

“Another thing that I wish to bring to the notice of the Council is this. At present the control of the Government of India as I understand is *nil* over

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the Railways. We know that cases are not unknown where the Railway Board have been able to get round the Secretary of State for India in certain matters over the heads of the Government of India. As far as I understand, Sir, the Railway Board is not constituted or established so as to give any control over it to Government under the statute, and the Agent or Traffic Manager of a Railway Company is not in any way subject to the control of the Government of India. I know that there is a Member in the Secretary of State's Council who is called the Railway Director, and through him, no doubt, the Secretary of State is very often approached and influenced; but I have not been able to find out any statutory power which vests in the Government of India any authority to interfere with the Railway Board or the Agent or the Traffic Manager of any Railway Company. I submit, Sir, that we ought to take more powers, and the Government of India ought to have more control over the Railways than it has at present.

"The next point that I wish to bring to the notice of the Council is this: The complaints which I would divide into various heads might be heard by this Commission which I propose should be created by the statute. The complaints would be first of all from commercial and trading firms with regard to rates and with regard to preference which might be given, and in that the commercial community of this country is very much interested. With regard to this complaint it is not unknown that sometimes preference is given and therefore it would be much more satisfactory if any such complaints were made to the Commission which would be an independent tribunal and it would hear both sides, namely, the Railway Company or those representing the company and the complainant.

"Then the next item which might be considered is this: passengers' complaints. With regard to passengers' complaints we know that it is a very well known fact in India that there is a great deal of overcrowding, which is visible to any casual traveller at any station when travelling, and that is a matter which requires very careful attention and it ought to be put right. Then there are many other matters such as ventilation, lighting, sanitation, and particularly the refreshment rooms. These are only a few suggestions which I want to put before the Council to show why a committee should be appointed, and I do not say that every one of these questions will have to be embodied in the Act. These are some of the suggestions that I put before the Council in order to support my resolution that it is time that a committee should be appointed, to consider all these questions and make such recommendations as the committee may think proper with a view to modify the present Act of 1890. Then also the question of public safety may be considered. We know, Sir, that accidents happen and in the case of an accident at present, as far as I have been able to make out, you have merely the railway officials and somebody representing the Government or the Police. Those are the two bodies who have any voice in the matter of inquiring into any railway accident. There again it is desirable in the case of any serious accident to have some non-official representative at the inquiry. There might be a *panch*, or there might be one or two citizens who should be associated with the Railway authorities, and they should have a voice in the inquiry in the case of any serious accident. At present, the inquiry is made by the Railway authorities and nobody else practically.

"Then the next question that is also of great importance is in regard to the railway employees. Now I am not dealing with the bigger employees, nor am I dealing with the clerks and railway officials, but the largest number employed by the Railways belong to the humbler class, namely, the labourers, and so far as those employees are concerned we know there have been strikes, and particularly a

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recent strike in Bombay, *viz.*, the Great Indian Peninsula Railway strike. I am quite sure, Sir, that if there was any machinery such as Conciliatory Boards or a Commission which could have inquired into this matter, the strike would not have lasted as long as it did, and it was certainly a tremendous loss to the Railway which is after all a State Railway, and a loss to those poor strikers. Perhaps the Hon'ble Member knows that outside or private intervention was objected to but eventually His Excellency the Governor of Bombay had to intervene and it was really that intervention which put an end to that strike. Therefore I say it is absolutely essential that there should be some machinery by which these strikes can be dealt with, and a body which would hold the scales even between the Railway Company and the labourers should be constituted to deal with the matter. In the past I believe some such procedure was adopted. I think there were strikes in 1906 and 1907, and particularly I may mention the strike which took place on the Eastern Bengal State Railway when the drivers and foremen caused a temporary dislocation, and also on the East Indian Railway when the European and Eurasian drivers of Howrah struck, and that really was a very serious strike, and it was only terminated by the appointment by the Government of a special Board of conciliation based on the lines of the Boards recently introduced into England to consider the representations of these men, and the Conciliation Board dealt with the question of higher pay, of mileage allowance and extra pay for working overtime and on holidays and so on. That was done in the case of the strike in Howrah on the East Indian Railway line. But there is no provision in the statute for it in India; that was only done to meet that particular case. We know perfectly well that as we go on, although we do not wish to have these troubles and nobody wants these troubles less than I do, we know that the labour question must grow in importance. In England, where labour is so well organised and so powerful you have, notwithstanding that, provisions for dealing with these labour questions satisfactorily, and therefore I say it is essential that in this country we should have some definite provisions and machinery by which these questions can be dealt with. I would draw the attention of the Council to Section 31 of the English Act which lays down the provision with regard to complaints to the Board of Trade about unreasonable charges by Railway Companies. I do not wish to trouble the Council by reading the section which also lays down the machinery to deal with complaints about unreasonable charges by Railway Companies. It says:—

'The Board of Trade, if they think there is reasonable ground of complaint, may call upon the railway company for an explanation and endeavour to settle any differences between the complainant and the railway company.'

"You also find that, what is more, the Board of Trade—

'Shall from time to time submit to Parliament reports of the complaints made to them under the provisions of this section, and the results of the proceedings taken in relation to such complaints, together with such observations thereon as the Board of Trade think fit.'

"Therefore I would submit that in all these matters, not only these complaints and these grievances, if any, put forward should be investigated by a proper body constituted under the statute, but the reports of the proceedings should be submitted to the Imperial Legislative Council.

"Well, Sir, these are some of the points which I submit are such as require very careful consideration and hence I submit, Sir, that our Act needs modification and revision. I would therefore ask the Council to accept this Resolution.

"Then, as to the constitution of any Committee that might be appointed, to consider these various points, I submit that it should be a small Committee. After all, on most of these points we have the model and the experience of England, and there would not be much difficulty in following that model and experience, save and except in such matters of detail where the circumstances

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and the conditions of this country are different. Therefore, I would submit, Sir, that a very small committee should be appointed consisting of one member who should represent the commercial class, one member who should represent the travelling public, while the rest of the members of the committee might consist of representatives of the Government and the Railway Companies. But the committee should be as small as possible. Then that committee, if they wanted any information, would take such evidence as they might require or call for such information as they might require on these various questions. The reason I advocate a small committee is that it would be able to proceed without delay to inquire into the matter and make recommendations."

The Hon'ble Sir George Barnes:—"Sir, if my Hon'ble friend has in mind the appointment of a Committee forthwith to overhaul the Railways Act of 1890, and to consider what amendments may be desirable I am afraid that it is not possible to meet his views, but if he likes to bring forward his Resolution again after the conclusion of peace, I can promise him that it will be considered very carefully and very sympathetically.

"With a great deal of what has fallen from the Hon'ble Member, I entirely agree, but I do not think that the present time is the right time for action. As my Hon'ble friend well knows, the greater part of the Railways Act is of a highly technical nature, and it would not be practicable to attempt a revision without the skilled assistance of technical experts both on the committee and as witnesses. Now at the present time all our railway experts, all our technical railway experts have got more to do than they can possibly get through. Many of them have joined the Indian Army Reserve of Officers, and a still larger number are being employed on railway service overseas. It is no secret that during the past year we have built 500 miles of railway in Mesopotamia, and all this length of line is manned by officials from the Indian railway systems. East Africa too has drawn for its railway personnel upon India. Thus on the one hand Indian railways have been depleted of many of their skilled men, and on the other the Indian railways are carrying a heavier traffic than they have ever carried before. In these circumstances it would not be wise or right to detach men from the urgent war work in which they are engaged, to discuss possible amendments to the Railways Act. I do not wish the Hon'ble Member to understand that I do not think that the revision of the Railways Act is not one of the pieces of work which we ought to keep in view. The Act has been in existence for a long time, and like all other Acts requires to be kept up to date, but it is a good Act and on the whole has worked well, and I do not think that it can be said that there are no urgent grievances to remedy or wrongs to set right. If any such exist for which legislation is necessary then I must point out that the remedy is legislation directed to the specific grievances or wrongs, and not a roving inquiry into all the details of a technical Act.

"If I may use a simile, we are at present unfortunately in the position of a household which is being attacked by a band of ruffians intent on murder, and my Hon'ble friend Mr. Jinnah is in the position of a member of the household who while the attack is proceeding wishes to discuss whether the sofas and chairs in the house would not be the better for a set of fresh covers. While the war is with us, though it is far removed from us in distance, our whole energies must be devoted to the war, for the result matters quite as much to India as to England. The railways are of such essential importance for the prosecution of the war that I feel, and I think my Hon'ble friend when he thinks it over will agree with me, that no step should be taken which would weaken our railways at this juncture.

"There are certain matters that my Hon'ble friend referred to relating to the Railways Act. I do not propose to deal with those in detail. I would

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like, however, to say one word with regard to the last subject to which he referred, namely, the subject of strikes. I think he is under the impression that some machinery for dealing with strikes is contained in our English Railway Act of 1888. This is not the case. There is no machinery for dealing with strikes to be found in our Railway Act. Strikes do not occur only on railways: they occur with all forms of labour, whether the labour is employed on a railway, in a mill or in Government service; and we all know there is a strike going on at the present moment among the postmen at Bombay. I think that the machinery which my Hon'ble friend must have had in his mind is that contained in the Conciliation Act of 1896. That Act as a matter of fact is being considered by the Government of India at the present time with a view to its provisions being applied to India. This Conciliation Act of 1896, gave the Board of Trade power to inquire into the causes of a labour dispute and to appoint a conciliator. I think I had better read a few words from the second section of the Act, for the whole essence of the Act is in the second section:—

'Where a difference exists or is apprehended between an employer or any class of employers and workmen, or between different classes of workmen, the Board of Trade, if they think fit, may exercise all or any of the following powers, namely, (a) to enquire into the causes and circumstances of the difference, (b) to take such steps as may seem expedient for the purpose of enabling the parties to the difference to meet together under the presidency of a chairman mutually agreed upon or nominated by the Board of Trade, (c) to appoint a conciliator if asked so to do by either party, or (d) on the application of both parties, to appoint an arbitrator.'

"I think very likely that is the sort of machinery which my Hon'ble friend had in mind; and if this Act were adopted in India it would meet his views on that point. I hope that what I have said will satisfy my Hon'ble friend. I think he will realise that it is really impossible to embark on this inquiry at the present time; but I can promise him that when the times are easier his Resolution shall have the most sympathetic consideration."

The Hon'ble Mr. M. A. Jinnah;—"Sir, I am very much obliged to the Hon'ble Member in charge for giving me an assurance that after the war this question will be considered sympathetically. But I must confess, Sir, that I have not been able to appreciate what difficulty there is at the present moment in appointing a small committee which will consider the question which I have put before Council and make recommendations for the modification of the Act. The Hon'ble Member may take it from me and I assure him that nobody is more anxious, than myself, that the operations of the war shall be carried on with all the energy and all the power we possess uninterfered with by any proposal of any kind which might in the very least degree minimise our efforts. But I must frankly say, Sir, that I am not satisfied that I am asking for a change of sofa-covers during an attack on the house by an enemy as the Hon'ble Member puts it. I know there is an enemy at the door, but I do not think there is any real analogy between what I am seeking to do and what the Hon'ble Member said. My proposal which I think the Hon'ble Member has really received very sympathetically is a very simple one. I have not been able to understand how it can interfere with the war. The Hon'ble Member said that a large number of railway employees are required now for other purposes. Well, we do not want the employees. All I say is this; a small committee should be appointed and should go on with this work and consider these various matters and by the time the war is over we shall be ready to consider what modification should be introduced in this Act. I may point out to Council that what I am suggesting was recommended by Mr. Robertson as far back as 1903, and I should like to know, if I may ask—the war commenced only in 1914,—why has the Government not moved since 1903?

"Therefore, there is nothing very new so far as this particular point is concerned. As the Hon'ble Member pointed out himself, there is a Conciliation

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Act in England of 1896, to deal with the complaints of employees. Now, why should that not also be done in India as soon as possible? Therefore, I cannot say that I am satisfied with the reasons given by the Hon'ble Member in charge for not having the committee at once. But I suppose, Sir, that if I press this resolution I shall be defeated because the decision has already been given; and I do not therefore think any useful purpose will be served by my asking for a division. I really regret that the Hon'ble Member has not accepted this resolution."

The Hon'ble the Vice-President :—"I understand the Hon'ble Member wishes me to put the resolution to vote."

The Hon'ble Mr. M. A. Jinnah :—"No, Sir, I beg to withdraw the resolution."

The resolution was by leave withdrawn.

RESOLUTION *re* THE CONSTITUTION OF THE
CENTRAL RECRUITING BOARD.

The Hon'ble Mr. M. A. Jinnah :—"Sir, I beg to move that—

'This Council recommends to the Governor-General in Council that the constitution of the Central Recruiting Board be modified so as to secure at least two Indian representatives of British India on the Board.'

"The Resolution is a very simple one and here my object is what the Hon'ble Member in charge of the Commerce Department said, *viz.*, that we should concentrate all our attention and efforts on the war. The resolution is a very simple one. The Council is aware that sometime ago a Central Recruiting Board was established as also provincial boards in various provinces with a non-official element in the latter. But the Central Recruiting Board has got no non-official element or British Indian representatives; and I submit, Sir, that if you wish, as we all wish, to utilise the man-power of India, you should have on this board at least two British Indian representatives. I say British Indian representatives, because we have already got on the board two Ruling Princes. Therefore, in contradistinction to them, I use the phrase British Indian representatives. Now, the object of the Central Recruiting Board as it is notified is as follows :—The consideration of our requirements in military personnel of every description, combatant and non-combatant, and how these requirements can best be met; consideration of how the quotas required can be best distributed among the several provinces, co-ordination of recruitment so as to ensure that the demands of the military services shall conflict as little as possible with essential industrial and economical requirements; close scrutiny of the progress of recruitment and consideration of schemes for meeting necessary or potential demands for recruitment in regard to which the present system may seem inadequate; and lastly, to ensure in short that the prosecution of the war is not hampered by any avoidable deficiency in man-power. Well, now, Sir, until I hear the Government, I cannot understand why there is not a single Indian representative on this Central Recruiting Board. I personally have not been able to find out the reason. You have admittedly a non-official element in the provincial recruiting boards; you have two Ruling Princes on the Central Recruiting Board. Why is not an Indian associated with this Central Recruiting Board? Will he not be of help to you? Do you not wish to utilise the man-power of India, and will it not be of use to you if you have at least two Indian representatives on the board? It is said, I do not say that this is correct, but it is said that India has not made her best efforts. On the other hand, when we want to utilise the man-power of India Government do not associate Indian representatives on a board of this kind.

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"Sir, it will give the matter a great impetus and it will help the objects we have in view.

"Therefore I hope that this Resolution will be accepted."

The Hon'ble Sir William Meyer:—"Sir, as President of the Central Recruiting Board I rise to explain why the Government cannot accept the Resolution now before us. I hope to be able to convince my friend the Mover that in so doing I am not disregarding non-official co-operation.

"The Central Recruiting Board is, as its name implies, a central and co-ordinating body. It has to estimate, on information derived from the military authorities, the total number of recruits required for all purposes connected with the Army, in and out of India, according to existing demands and those further demands which may presently come upon us. Having thus considered what the scale of recruitment in the various branches, combatant and non-combatant, should be during the next few months, the Board has to distribute this among the various Provinces with reference to their circumstances and potentialities, assigning to each province a quota which it is asked to obtain. The principal Local Governments have, for this object, established Provincial Recruiting or War Committees, and these bodies, in accordance with the express desire of the Government of India include non-official Indian representatives such as influential land-owners, large employers of labour and political leaders. The Government of India have also enjoined on Local Governments the desirability of the co-operation of non-officials in the actual recruiting work in the districts. It was explained that they might get great assistance from their non-official coadjutors.

"The object of the Central Board is devolution, providing as far as possible that each Local Government with the assistance of its Recruiting Board which, as I have said, contains a strong non-official element, should arrange for the obtaining of recruits in the manner best suited to local circumstances and calculated, as observed in a quotation my Hon'ble friend read out, not to interfere with the progress of essential industries. For such purposes the co-operation of a non-official element is clearly most advantageous in the provinces and in the districts. But the position is quite different in the Central Board itself which is really a small official body. That Board accordingly consists primarily of direct representatives of the Government of India, civil and military; and His Honour the Lieutenant-Governor of the Punjab, as representing the most important Province in connection with recruitment.

"Then we have some Indian Princes who attend when matters relating to their States are under consideration. I have had it put to me in private conversation that it is felt that these Indian Princes ought not to interfere with the affairs of British India. The illustrious Princes who sit on our Board would be the first to acknowledge that this is so; they have no desire to do that. But it is an important point and I wish the Council to appreciate it that our recruitment operations are not confined to British India. We are asking the principal Native States also to supply quotas month by month for the various branches of the army and non-combatant services. It is most desirable therefore that we should have on our Board Princes who can speak with authority on behalf of the Native States—Princes who, like H. H. the Maharaja of Sindia and H. H. the Maharaja of Bikanir, have rendered great personal services to the Empire; so that the presence of these Princes on the Board is really analogous to that of H. H. the Lieutenant-Governor of the Punjab. They are representatives of Governments which are co-operating with us in recruiting work.

"But non-official Indians from the Provinces stand on a quite different footing. I have already explained how much we appreciate their co-operation in the Provincial Recruitment Boards and in the actual recruiting work in the districts. They would be out of place however in what is really an official central

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body; their assistance is fittingly rendered at another stage of the operations. I think therefore that the Hon'ble Member will see that my non-acceptance of his Resolution does not involve the least want of confidence in non-official co-operation. What we desire is that that co-operation should be rendered where it can be most effective. For these reasons I am unable to accept the Resolution."

The Hon'ble Pandit Madan Mohan Malaviya:—"Sir, I must say that the reasons which the Hon'ble the President of the Central Recruiting Board has advanced will not satisfy Indian sentiment generally. We do not want to offer any obstruction in the great discussions that lie before the Central Board; the Resolution was moved with the desire for an opportunity being given to Indians to render such humble services as they might be able to give in connection with the work. No one amongst us has objected, none can object, to the presence of ruling Princes on the Board; we are glad to think that they have availed themselves of the opportunity of rendering invaluable services in the cause of the Empire in every way. The object of the Resolution was to give the representatives of British India, if there was any matter connected with the war in which their services could be enlisted an opportunity of rendering such assistance as they could give in prosecuting the war to a successful conclusion. In matters like this the Central Board have to deal with sentiment, feeling counts for a good deal; those who are working in the Provinces and in the Districts have to work on the feelings of their fellow-men to induce them to make sacrifices for their King and country; that feeling would be strongly stimulated if the representatives of British India were taken into confidence in considering what the aims of recruitment were. If the presence of such representatives on the Board in any way raised difficulties or they were out of sympathy in the task before the Board no one would wish them there. But I think it would be recognised, that if there were two representatives of British India selected by Government or recommended by this Council on the Board, they might be able to render some service, humble though it may be, in the task that lies before the Board. It seems to me that the Government might yet reconsider the matter and if there is no difficulty in the way of accepting the suggestion, may accept it; it would help to strengthen the feeling with which members in the provinces and districts are working to enlist people for the service of the King."

The Hon'ble Mr. M. A. Jinnah:—"Sir, I must confess I am not convinced by what the Hon'ble Member said on behalf of Government. I must say that I can not discover any real reason for not accepting the Resolution. What is the answer? His answer is that you have got a non-official element on the Provincial Recruiting Boards.

"The Central Recruiting Board is purely an official body and therefore in that body there is no room for a non-official. But, Sir, what is the object of this Central Recruiting Board? The object of it is, I have no doubt as stated in the Government Notification. I shall read the Government Notification:—

"These Provincial Boards will help to keep the Central Board in touch with every aspect of the question and it is hoped that by getting this prominence of civilian opinion the necessary military requirements may be realised without disturbance to essential national interests."

"It will be seen that the functions of the Central Board are precisely similar to those which, as the war goes on, every nation has found it necessary to entrust to a special authority."

"Further, I want to know, Sir, in England is not the non-official element associated with the Central Board? Is that purely an official body that works for the purpose of recruiting?"

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The Hon'ble Sir William Meyer :—“ In England the Central body is purely official.”

The Hon'ble Mr. M. A. Jinnah :—“ Well, if that is so, my answer will be this, you must remember that the official authority there is differently constituted from the official authority in this country.”

The Hon'ble Pandit Madan Mohan Malaviya :—“ They are the elected representatives of the people.”

The Hon'ble Mr. M. A. Jinnah :—“ Yes, they are the chosen representatives of the people, they are elected by the people, and therefore it is a very different thing altogether. Now, the Hon'ble Member I think, by trying to excuse himself has accused himself. The Hon'ble Member said that it is not due to want of confidence that Government do not wish to associate the non-official element. I say that it will be understood generally that it is due to want of confidence in the people of India that the Government do not want to associate the non-official element. That will be the interpretation. Therefore, Sir, I am not at all satisfied with this answer and I feel very keenly about it. I say that the Indians ought to be represented on the Central Board and therefore I ask that this Resolution should be pressed.”

The motion was put and the Council divided as follows :—

AYES 18.

Hon'ble Mr. Srinivasa Sastri.
 „ Sir Dinshaw Wacha.
 „ Sir Ibrahim Rahimtoola.
 „ Rai Sitanath Ray Bahadur.
 „ Maharaja of Kassimbazar.
 „ Khan Zulikar Ali Khan.
 „ Mr. K. K. Chanda.
 „ Khan Bahadur Mian Muhammad Shafi.
 „ Sir Fazulbhoj Currimbhoy.
 „ Sardar Bahadur Captain Ajab Khan.
 „ Mr. Mazharul Haque.

NOES 33.

Hon'ble Mr. M. E. Couchman.
 „ Mr. M. N. Hogg.
 „ Sir H. Bray.
 „ Mr. F. J. Monahan.
 „ Sir James Walker.
 „ Raja Rajendra Deo of Kanika.
 „ Mr. E. H. Walsh.
 „ Sir John Donald.
 „ Mr. W. J. Reid.
 „ Mr. C. H. Atkins.
 „ Mr. C. A. Kincaid.
 His Excellency the Commander-in-Chief.
 Hon'ble Sir W. Meyer.
 „ Sir Sankaran Nair.
 „ Mr. G. R. Lowndes.
 „ Sir G. Barnes.
 „ Sir W. Vincent.
 „ Sir Robert Gillan.
 „ Sir Pardey Lukis.

RESOLUTION *re* CONSTITUTION OF THE CENTRAL RECRUITING BOARD; RESOLUTION *re* WITHHOLDING APPROVAL TO LEGISLATIVE MEASURES REGARDING LOCAL SELF-GOVERNMENT AND PRIMARY EDUCATION.

[25TH SEPTEMBER, 1917.] [Mr. M. A. Jinnah; Rao Bahadur B. N. Sarma.]

| AYES. | NOES. |
|-----------------------------|--------------------------------|
| Hon'ble Mr. M. B. Dadabhoy. | Hon'ble Sir Reginald Gamble. |
| " Mr. M. A. Jinnah. | " Mr. C. H. Kesteven. |
| " Rao Bahadur B. N. Sarma. | " Sir Verney Lovett. |
| " Mr. K. V. R. Ayyangar. | " Colonel S. L. Aplin. |
| " Sir G. M. Chitnavis. | " Mr. G. B. H. Fell. |
| " Pandit M. M. Malaviya. | " Mr. D. de S. Bray. |
| " Dr. Tej Bahadur Sapru. | " Mr. F. C. Rose. |
| | " Sir James DuBoulay. |
| | " Mr. C. E. Low. |
| | " Mr. H. Sharp. |
| | " Mr. R. A. Mant. |
| | " Mr. H. F. Howard. |
| | " Major-General A. H. Bingley. |
| | " Mr. A. P. Muddiman. |

The motion was therefore negatived.

RESOLUTION *re* WITHHOLDING APPROVAL TO LEGISLATIVE MEASURES REGARDING LOCAL SELF-GOVERNMENT AND PRIMARY EDUCATION.

The Hon'ble Rao Bahadur B. N. Sarma:—"Sir, I beg to move the following resolution:—

'This Council recommends to the Governor General in Council that pending the settlement of a detailed scheme of post-war reforms the administrative approval of the Government of India to legislative measures relating to local self-government and primary education be withheld, and where sanction has been already given to recommend to local Governments the desirability of suspending further action with regard to such measures.'

"I think this is a Resolution which ought to be welcome to the Government of India and to Local Governments because I think that if this Resolution be accepted, the administrations will be relieved of some work and will be able to give greater attention to war measures. But apart from that, I think that on grounds of broad policy there is much to be said in favour of this Resolution. I am not asking this in regard to any emergent measures relating to local self-government or primary education or any measures that do not deal substantially with the policy concerning the constitution of local bodies, to local finance and taxation, and the question of compulsory primary education on a large scale. I think there is good reason for stating that, in view of the co-relation and mutual dependence of the various measures which form parts of the scheme of reforms which we expect to be announced, for introduction after the war, it would be wise that the Local Governments do not attempt partial remedies and introduce reforms which must necessarily be reviewed when the larger policy dictates the action to be taken by the Government. I am not dealing now with private measures; I am dealing with Government measures. Let us take the question of primary education; whether it is to be financed from

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[*Rai Bahadur B. N. Sarma; Sir Sankaran Nair.*] [25TH SEPTEMBER, 1917.]

Imperial taxation or whether it is to be financed from Provincial taxation, or partly from local and Provincial taxation, whether it is to be an all-India measure making it necessary that there should be some relation in the method and manner of progress in the various Provinces. These are questions of vital importance which must be settled as soon as the war is over, and I am encouraged in my hope that this question will be tackled in the manner it deserves from the sympathetic pronouncement of His Excellency the Viceroy in the speech that he has delivered at the beginning of this session.

Speaking of primary education His Lordship said that the Government had under contemplation various measures of far-reaching importance which could not be announced at the present moment inasmuch as they had relation to other measures of a substantial character relating to education in general. It is, therefore, necessary, Sir, before Provincial Governments are allowed to legislate in these matters that we should know where we stand, because if primary education is to be undertaken in all the Provinces from Imperial taxation, it necessarily follows that Provincial finance would be curtailed to some extent. Local finances would not be so largely available for that purpose; and it is no use permitting taxation by local bodies for this purpose. Questions of Imperial and Provincial finance are also largely dependent on what measures of reform are in contemplation at the present moment or are to be materially achieved at the end of the war. The question of Imperial and Provincial finance would have to be considered deeply when the constitution of the Legislative bodies and the relation between the Executive and local Legislative Councils is taken up for consideration. Well in view of these large measures in contemplation, I think, Sir, it is necessary that measures dealing with such essential objects should for the present be kept in abeyance.

One of the principal reasons why local self-government is in opinion of many notable to make rapid advance is that the local bodies have not had ample resources at their disposal and I know that several Local Governments as well as the public have been devising various measures for their improvement. If that be so, Sir, then I think it would be desirable that this question should be deferred until the end of the war. The same thing may be said with regard to the composition and constitution of the local bodies and electorates. The question as to whether these local bodies should be almost wholly elected or partly elected and partly nominated, and if wholly elected whether communal representation is to be given, are questions of far reaching importance which must be considered both with relation to the Imperial and local Legislatures and local bodies. Then the question is how low down we shall have to go in the matter of electorates, and in the case of taluq boards and district boards. These are all questions which have reference to the composition of the local Legislative Councils also. And then the question would also arise as to whether we should have to constitute a local Government Board to deal with such matters similar to the body existing in England if the Legislatures be given more powers than they are at present given with regard to local self-government. Whatever may be the future relations between the Legislature and the executive, people feel that with regard to local self-government the Legislature ought to be and will be given greater powers than it possesses at the present moment. If that hope be realised, then Sir, I think these measures would require modification. It is with that object that I have given notice of this Resolution and I hope it will commend itself to the Council.

The Hon'ble Sir Sankaran Nair :—“ Sir, the Government cannot accept this Resolution. My friend wants the Council to recommend to the Governor-General that the administrative approval of the Government of India may be refused to the introduction of any measure, of any Bill into the local Legislative Councils. These Bills in the local Legislative Councils are the result of long and careful consideration by the local Government and they are sent up here for administrative sanction. Unless it appears that there are sufficient grounds for us to refuse administrative sanction to the introduction

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of any such Bill, we can scarcely do so. We do not know now what reforms are likely to be introduced and we are scarcely in a position to say at present that the Bills proposed to be introduced would be so very repugnant to the reforms which may be subsequently carried out that we would be justified in telling the local Government that they would be acting wisely if they did not introduce the Bill.

"It is possible but scarcely probable that a Bill might come up which is so utterly repugnant to the spirit of the reforms which we think are likely to be introduced after the war that we might be justified in refusing sanction. On the other hand, if the Bill were introduced in the local Council it would be open to any member of the local Council to move that its consideration be deferred. If it is not of an urgent nature, then the Council might do so or if in the opinion of the Council it is a retrograde measure or one of a controversial character it would be open to the Council again to defer consideration of the matter.

"So that it does not appear to me, Sir, that the matter is one for the Imperial Government to consider at this stage.

"Then again I doubt whether my Hon'ble friend has realised the scope of this Resolution and the consequences which would follow if this Resolution were passed. We have recently given sanction to a private Member of the Bombay Legislative Council to introduce a measure referring to primary education which would allow local boards to introduce compulsory education if they can do so....."

The Hon'ble Rao Bahadur B. N. Sarma:—"I have excluded private Bills from the purview of my Resolution."

The Hon'ble Sir Sankaran Nair:—"Then you have to modify the Resolution. His Excellency the Viceroy has already announced to the Council that the measures which are being considered by the Government of India for the extension of Primary Education will not be announced at present.

"The only other Bills are Bills which might be introduced by Local Governments. We have none such before us now. It is possible that some may come up hereafter, but if they do and when they do we can consider, as I have already said, whether we should advise the Local Government to put them off in view of the reforms which are to be introduced after the war. On these grounds I oppose this Resolution."

The Hon'ble Mr. Srinivasa Sastri:—"Is it not the case that the Madras Government have under consideration at the present moment two fairly considerable Bills relating to the Municipalities Act and the Corporation Act?"

The Hon'ble Sir Sankaran Nair:—"I understand the Madras Government have these Bills under consideration."

The Hon'ble Rao Bahadur B. N. Sarma:—"Sir, the Hon'ble Member in charge has assured us that if any measures which are repugnant to the sense of the reforms which are to be introduced after the war, are submitted for administrative approval, approval is not likely to be given. And having regard also to the observation that it is open to the Legislative Councils to ask for an adjournment of the consideration of such measures, and to the opposition to the Resolution, I do not think any good purpose will be served by my pressing it. I therefore beg to withdraw the Resolution."

The Resolution was by leave withdrawn.

RESOLUTION *re* INDIAN SECTION OF INDIAN DEFENCE FORCE.RESOLUTION *re* INDIAN SECTION OF THE I. D. F.[*Rao Bahadur B. N. Sarma.*]

[25TH SEPTEMBER, 1917.]

The Hon'ble Rao Bahadur B. N. Sarma :—“ Sir, I beg to move my next Resolution which runs as follows :—

‘ This Council recommends to the Governor General in Council that steps be taken with a view to extend the period for the entertainment of applications for recruitment for the Indian section of the Indian Defence Force.’

“ I do not think, Sir, that this is a controversial resolution or that it requires any very elaborate reasoning in support of it to commend it to the Council. I hope that the Government will be pleased to deal with the matter sympathetically, and that the Council will be able to give it its accord and support. It expresses, Sir, the keen desire which we all feel to make the Indian section of the Indian Defence Force the success that it was intended to be. We share the regret expressed by His Excellency the Viceroy in his opening speech that the experiment has not been more successful, and it is with a view to making the experiment completely successful, to give Indians an opportunity for applying in large numbers, and thus make the future Territorial Army a reality, that this Resolution has been proposed by me.

“ It is unnecessary for me to go into the various reasons which have dissuaded Indians from coming forward for recruitment. The press has discussed them fully. The matter is a controversial one and I do not propose to deal with it at length. But it must be said, Sir, that wherever we went on our recruiting campaign we were met by this question—especially from the Indian student population : ‘ First see that the commissioned ranks are thrown open to us ; otherwise how can you ask us in any fairness to enlist in the Indian section of the Indian Defence Force ? ’ Happily, now that the Government's policy has been announced in the matter and the commissioned ranks are thrown open to Indians, and this galling restriction has been removed, there is a better understanding between the Government and the people, and I am sure that the obstacles we have had to face hitherto have now been removed. Another thing that has stood in the way has been the misunderstanding between the Government and a section of the people during recent months, to which I need hardly refer here. The atmosphere has since become clearer. There is perfect harmony between the Government and the people at the present moment, and I am sure we may expect greater co-operation among all sections with the Government in the matter of making this experiment a complete success.

“ Then, Sir, I may be permitted to state that before the statutory restriction which is the only bar at present existing is removed, the question of rations also may be considered by His Excellency the Commander-in Chief sympathetically. I put an interpellation the other day which has been misunderstood. I never asked for any special treatment, and I shall never ask for any special treatment, as between different portions of the Force which stand upon the same level of equality. But having regard to the different habits of the people to whom I referred, I said that the question as to what rations they should be given might be considered. Not that I wanted more for them ; but that the quality of the rations might be slightly different from the rations which are supplied to the Indian Army. But that is a minor matter of detail, although it is a question of pressing importance in some quarters. I hope this question will be satisfactorily settled. Of course the nature of the food that South Indians take is different from that of the Mahrattas just as the food that Mahrattas take is somewhat different from the food of people in Upper India or from the food that Europeans and Eurasians take. Some differences do exist and if only those differences be kept in view I am sure the difficulty can be easily removed.

“ Now, Sir, that most of the hindrances to recruitment have been removed, I hope the Government will be pleased either to extend the time by an Ordinance, or by a modification of the present enactment, to give Indians the satisfaction of co-operating with the Government in this respect. ”

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[*His Excellency the Commander-in-Chief.*]

His Excellency the Commander-in-Chief:—“In their communiqué, dated the 31st March 1917, the Government of India fixed 6,000 as the maximum strength of the Indian portion of the Indian Defence Force. This number was fixed with reference to our general military requirements, and the numbers which we could train, arm, equip and find accommodation for. As the Hon'ble member is aware, the response to our offer of service was at first rather disappointing. In May the number of applications for enrolment were under 400, but probably as the result of certain concessions which were made in order to encourage the formation of University Corps, there was a great increase in the number of applications during the months of July and August, so that the final figures are now about 5,613, that is to say not very far short of the 6,000 which we originally asked for.

“We will not know how many of these candidates are fit for service until the results of the medical examinations have been reported to Army Headquarters. But even allowing for a large percentage of rejections, we anticipate that we shall have more enrolled candidates at our disposal than we can train during the next few months.

“The Government of India have accordingly decided not to extend the statutory period during which applications for enrolment can be received. To do so would entail legislative action for which there is neither time nor justification at present.

“When the recruits of the first batch have completed their 90 days' training, we shall be in a position to judge of their military value and shall have gained some practical experience as to the best way of dealing with the various problems which will arise in connection with the administration of the Indian portion of the Defence Force. If, as the result of such experience, it is considered desirable to increase its strength, the Government of India will no doubt consider the question of amending clause 12 (1) of the Act.

“I am in sympathy with those Indians who cannot join the Regular Army but who are desirous of receiving a military training, and so long as it is realised that this training must be a real one, designed to produce well disciplined and efficient soldiers, the Hon'ble Member may rest assured that no obstacles will be placed in their way. But, as I have said on several previous occasions, there must be no sliding back to the pre-war standards of discipline and training of the old Volunteer Force, or any attempt to substitute part-time work for the period of continuous training which has been prescribed as the minimum requisite for the instruction of the Indian Defence Force recruit.

“I must explain, however, that our resources in the way of instructors, arms, and equipment are not inexhaustible, and that we have to employ them so that they may be utilised to the best advantage. Our first care must be to provide for the prompt and efficient training and equipment of the regular soldiers required for service overseas, that is to say of the men who do the fighting. The expansion of the Indian Defence Force, which can only be utilized for service in India, must, therefore, be regarded as a matter of secondary importance, and the extent of such expansion must necessarily be determined with reference to the general military situation and our military resources and requirements.

“I am, for the reasons I have indicated, unable to accept the Hon'ble Member's resolution at present, but the question of the extension or removal of the time limit will be re-examined next year, when we will decide as to the desirability or otherwise of taking action on the lines which he suggests.

“The Hon'ble Member will, I hope, accept my assurance that I am in full sympathy with this military training movement in which he is interested; and as far as I can find trained instructors, equipment and so-forth, he may

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RESOLUTION *re* SALARIES AND ANNUITIES IN THE INDIAN
CIVIL SERVICE.

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rest assured that any suggestion he may put forward will have my sympathetic consideration and that I shall make every endeavour to realise his wishes. In respect of the matter to which he referred before, when dealing with the ration question, I am glad to see that our points of view are not so different as I thought at first. I regarded him as having recommended preferential treatment for different classes. I understand now that his point of view is a different one, and he may rest assured that while we must see that no preference is extended to any class, we will arrange to provide each class with such ration as may be most suitable.

The Hon'ble Rao Bahadur B. N. Sarma:—"Sir, in view of the sympathetic assurance given by His Excellency the Commander-in-Chief that the question will be re-examined next year, I beg leave to withdraw the resolution."

The resolution was by leave withdrawn.

RESOLUTION *re* SALARIES AND ANNUITIES IN THE
INDIAN CIVIL SERVICE.

The Hon'ble Mr. Srinivasa Sastri:—"Sir, I beg to move that—

'This Council recommends to the Governor-General in Council that the Government of India do represent to the Secretary of State for India that no changes should be made in accordance with any of the recommendations of the Public Services Commission in the scale of salaries, or in the rules relating to the annuities fixed for members of the Indian Civil Service which would throw any additional burden on the revenues of India.'

"I am essaying a rather hard task, and I would ask the Council to remember what I said the other day, that I appreciate fully and sincerely the great benefit that India derives from the work of these various services. My objection, as those who have read all these Resolutions that stand in my name will have discovered, is not solely to any increase in the emoluments of the Indian Civil Service; it extends to such increases in the emoluments of other highly paid services as well; so that in moving this Resolution I would beg the Council to take it that I am also referring indirectly to the Resolutions that stand in my name with regard to the other services. There is not sufficient time during this session to go through all those Resolutions *mutatis, mutandis*. Therefore, what I say in respect of this resolution may be applied to other Resolutions as well of a similar nature.

"I will first refer to certain figures which will show the present scale of salaries that obtain with regard to the Indian Civil Service, and take the opportunity also of stating by way of comparison the salaries that obtain in other places. Our Civil Service starts with a salary of £340 a year. In 8 years on an average they rise to £800 a year and by seniority alone they may rise to £2,000 a year. Beyond that there are the prize posts to which are affixed salaries from £2,200 a year to £6,667 a year more or less. Besides these....."

The Hon'ble the Vice-President:—"I think the Hon'ble Member means Rs. 6,667 a month."

The Hon'ble Sir James DuBoulay:—"The Hon'ble Member has not perhaps noticed the rate of exchange."

The Hon'ble Mr. Srinivasa Sastri:—"I was thinking of the salary of a Lieutenant Governor.

"Besides, the members of the Services are in the enjoyment of a Family Pension Fund; the State makes some contribution, but the bulk is contributed.

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by the Members themselves. It is worthwhile to place in juxtaposition the salaries drawn by the men who pass the same examination, *viz.*, the Civil Service examination in England; they begin on £200 a year, in 15 years they rise to £500, after 30 years they get £1,000, and after that they get prize posts of £2,000 a year; after 35 years' service they can retire on £500 a year. It is not, however, proper to compare the Home Service with the Indian Civil Service because there are considerations with respect to service in the East which do not apply to service at Home and therefore certain allowances must be made for the great difference in the lives of those who enter the two Services. If we take the services of those who pass the same examination and enter the Straits Settlements and the Federated Malay States, we find a great discrepancy; we find that they start as against the £240, of the Indian Civil Service, on £250 a year, in 15 years they rise to £800, while the Indian Civil Service rise to that in 8 years, and they can rise after 30 years to £1,500, the highest post for a member of the Service in the Far East is £2,500. Let me take the case of Ceylon, there the starting salary is £300, in 12 years, the men rise to £800; after 20 or 25 years, the precise figure is not available; they reach about £1,400, the maximum salary for a member of the Ceylon Civil Service is £2,000 a year. These figures will show that the Indian Civil Service is paid a good deal more liberally than the corresponding service in the Federated Malay States or Ceylon, countries which approximate more or less to the conditions of India and so the comparison I think I cannot be said to be unfair. The attractions of the Indian Civil Service, considering the salaries alone, are great. In addition to the salaries, as Mr. Justice Rahim pointed out, we have to consider the advantages which this Service enjoys, these are mentioned under several heads: allowances in addition to salary:—frequency of leave and amount of leave allowances, passage and outfit money, period of probation during which they receive extra rates, the higher rate of salary while employed in training work, leave for certain examinations for fitting themselves for future work, contributions by the State to Family and other Provident Funds, free medical attendance, favourable rates of exchange, exchange compensation allowance, age at which the pension is paid, the amount of pension. In all these respects you will find that the Civil Service enjoys advantages denied to other Services. I would likewise mention the list of allowances to which the Members of the Indian Civil Service are entitled. I do not imply by any means that these allowances are drawn at the same time or all the time:—acting allowance; personal allowance; special allowance; settlement allowance; charge allowance; deputation allowance; horse allowance; conveyance allowance; house rent allowance; travelling allowance; tentage allowance; Burma allowance; Presidency allowance; Frontier allowance; Sindh allowance; Baluchistan allowance; outpost allowance; Pushtu allowance. The leave to which they are entitled is also of various kinds, some of these can be combined and others cannot be combined:—Privilege leave; furlough; special leave; extraordinary leave without allowance; leave on medical certificate; study leave; subsidiary leave; I believe there is another leave called examination leave.

“A word I now must say with regard to the annuities in the case of this service; the arrangements are somewhat peculiar. During the whole period of their service members are obliged to contribute 4 per cent of their salaries to their pension or annuity, it is calculated that this amount averages £250 or one-fourth of the annuity. It has been stated that when this contribution of 4 per cent first began it was calculated that the Government would have to contribute only £500 and that the rest would be made up by the 4 per cent contribution but owing to the fall in exchange and other causes the value of the 4 per cent contribution has diminished by a half, so that the Government which began by contributing £500 towards the annuity is now contributing £750.

The proposal of the Public Services Commission with regard to salaries is that a time-scale should be introduced with a certain number of selection posts at the top. The result of this change would mean an additional burden to the tax-payer of India of 11 lakhs per year. With regard to pensions, the proposal

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is that this 4 per cent contribution should be abolished and that the whole of the £1,000 should in future be contributed by Government. This, it is estimated, will involve the State in an additional cost of 9 lakhs per year. That this is by no means necessary nor just is allowed by two members of the Commission, Mr. Fisher and Mr. Ramsay MacDonald from whose opinions I would venture to quote. They are of course distinctly of opinion that it is unfair to ask a member of the service to contribute this 4 per cent during the whole period of his work in India. They say that as he is free to retire if he pleases at the end of the 25th year of his service, this 4 per cent contribution should be made only up to that period that is for 25 years. I will only read that portion of the Report:—

‘ Though the concession, namely, the abolition of the 4 per cent contribution would be greatly welcomed by the officers affected and is not in itself exorbitant, the proposal to free the members of the Indian Civil Service from contributions to pension are generally regarded as satisfactory by young men who are considering an Indian career, and it must be remembered that if effect was given to the recommendations of this reform, Indian Civil Servants will in future enter the service earlier, retire from the service earlier and draw the pensions for a longer period. We are not therefore in favour of a general remission of the 4 per cent contribution. At the same time the requirements of the contribution from officers who have already earned their full pension seems to us open to objection on grounds of equity, and we would accordingly recommend that contributions to pensions should be determined after the conclusion of the 25th year of service.’

“ These additional concessions would be justified if there were clear proof forthcoming that the quality of the recruits that we are getting now-a-days is inferior to the quality of the recruits of former times. There is no such proof. Some evidence was tendered one way and some evidence was tendered the other way. Two or three educationists who were examined were not satisfied that there was a decided falling off in the quality of the recruit or even in the number of those who competed in the examinations. I would venture to quote in this connection an opinion which in a different context the Commission themselves have given expression to:

‘ But apart from this ’—“ this is what the Commission says—

‘ But apart from this, we are fortified in our conclusion to leave well alone by the feeling which is borne out by evidence given both in England and in India that, taken as a whole, the personnel now recruited has not in any way deteriorated and that India has been obtaining men who are keeping up the high level and the best traditions of the service.’

“ It therefore must take a very great deal of argument indeed to justify the great increase that the Commission have recommended in the emoluments of this service. But if it were otherwise, there are considerations on the other side to which I will presently draw the Council's attention. It is well known, Sir, that India is a poor country, the average income of an Indian inhabitant being stated at anything between Rs. 25 and Rs. 30 per year. Taking the maximum estimate an Indian on the average earns Rs. 2-8-0 a month, which means that many millions of this country do not get even so much. The taxpaying capacity, therefore, of this country is very small and it has been, I think, often admitted even by those in authority that the administration of India is now conducted on a level which the resources of the country do not justify. It is a top-heavy administration, and if it is proposed to add to the cost of administration, the reasons must be overwhelming indeed.

“ But besides the poverty of the people generally, there is the question whether there is any room for additional taxation. If the proposals of the Commission are accepted, the State would be involved in an additional expenditure, on their own estimate, of about 42½ lakhs. This, however, leaves out of account various items which Sir Mahadev Bhasker Chaubal has reckoned up. On his estimate the Commission's recommendations taken on the whole would involve the State in an additional expense of about 88½ lakhs a year. Even his reckoning leaves one or two things out of account, which are indefinite in

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their nature, but which on a loose estimate added to the whole, would bring us near to the formidable figure of a crore per year. Out of this amount the Civil Service accounts for 20 lakhs,—11 under the head of salaries and 9 under the head of pensions. Sir, this year and last year—taking the two years, we have had imposed on India additional taxation amounting to about 12 crores per year. If we are to incur the additional expenditure recommended by the Commission, it is scarcely possible to do so without laying more burdens on the taxpayer. What is the new source? Is it to be salt? We have just increased the salt tax although we were hoping that it would be reduced and reduced until it was abolished altogether. That is not to be apparent. Can land bear more? Even high authorities have admitted that it is impossible to put more burdens on the land and yet the Hon'ble the Finance Member, in introducing his budget last time was obliged to say that if the war burdens continued to grow as they did, it might be necessary even to have recourse to additional taxation on land. No one, I daresay, whether in official or non-official circles, contemplates such a contingency with equanimity, but that might happen.

“ Besides, Sir, the Civil Service is looked upon as the premier service in this country, and what the Civil Service does other services desire to follow. If the Civil Service claims these additional advantages, we must go through the whole course and offer the other services also the concessions for which they have looked forward and which, more or less, the Commission seem to have allowed. Then how can we forget that time after time in the Imperial and in the Provincial Legislative Councils various proposals, sound and weighty, for the amelioration of the condition of the people under the heads of Education and Sanitation, Medical Relief, etc., have come up but have always had to be repulsed, not on the ground that they were not necessary, but on the ground that the State could not provide the requisite funds? Are those things to be postponed to the amelioration of the condition of a service which admittedly has not deteriorated in quality.

“ Then, Sir, if any services are to benefit at all by any money that the State can spare, they are the services to which the Commission have not referred, the low-paid services in this country, the clerks, the constables, the poor school masters and people of that kind at the bottom of each service, who draw very much less than a living wage and whose claims have always been admitted by Government, but merely put off on the ground that the cost of increasing their salaries would be tremendous. In the case of a clerk whose salary goes down below 50 rupees, every additional rupee would mean that he and his children were less scantily clad; it would mean that he and his children lived in less insanitary surroundings; it would mean that he was able to provide for his children less insufficient education. It cannot be said that an addition to the emoluments of the well-paid services will bring such solid advantages. It may increase their ability to save, it may increase their ability to indulge in luxuries, it will not enable them to live more active or useful lives, if only we consider the necessities of the case. I have always thought that the members of our Legislative Councils, especially the members of this Council, where the finances of the country are administered, have many difficult, delicate and disagreeable duties. None of them seems to me to be more difficult, more delicate or more disagreeable, than this one that I am discharging, namely, to protest against any proposals the effect of which is to increase the burdens on the tax-payer. The labourer is worthy of his hire, I realise fully. I do not say that we do not get sufficient value for what money we spend on the services, but I am considering the stern limitations to the resources of the country and I am of the deliberate conviction that it is impossible, considering what large sums have to be spent on objects directly concerning the welfare of the people, that it is impossible to add to the burdens of the State in the directions suggested by the Commission. Sir, it is not in my power nor in the power of my non-official colleagues to regulate the way in which the moneys of the State are expended. Luckily, now it is possible

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to consider the Government of India, so far as its personnel is concerned, as distinct from the Indian Civil Service and I look upon it more or less as the serpent in the garden of the Hesperides guarding the tree with the golden apples. Will the serpent go into an afternoon siesta when the well-paid services approach to pluck the fruits of the trees, or will it hiss and dart out its tongue and emit flames of fire? I much wish that it was possible to believe that the Government of India would look upon the low-paid services whose condition has often been admitted to be a perfect scandal, I much wish that the Government of India would recognise that they had a prior claim on whatever money the Government could spare. I am fully persuaded, Sir, that if this claim was considered to be superior to all other claims, as by all canons of justice it must be, then the resources of the State will be fully taxed in meeting it. Every rupee that you can find will be used up for this purpose for one whole generation, and we can spare no money whatever for such extravagances as the Commission has proposed."

The Hon'ble Pandit Madan Mohan Malaviya:—"Sir, my friend has presented the case against the recommendations of the majority of the Public Services Commission for an increase of salaries in such excellent form that it is hardly necessary to say anything to emphasize the necessity of this Resolution being accepted by the Government, but the interests involved are very great and the result of the acceptance of the recommendation of the majority will mean a very serious injury to the interests of India. It is therefore necessary that we should endeavour to induce the Government to realise the full force of these recommendations and the need for not accepting them. My friend has already shown that the salaries in India range very high. I wish to point out that, not only are the salaries in India very much higher than the salaries which obtain in the United Kingdom, than those which obtain in Ceylon, than those which are given to those who join the far Eastern Consular Service, they are also much higher than those given in Japan and the United States. In discussing this question of salaries we do not wish to complicate the matter by any discussion as to whether those who come out to India are worth the amount that is being paid to them, whether their services are worth the amount or whether they are not even more valuable. I assume that the services of the members of the Civil Service who come out to India might well be considered to be of even greater value than what they obtain here. But the question that will remain to be considered will be whether India can afford to pay that. There are two points of view which are of importance in this connection. Those services are being obtained in other countries at a smaller price, and the question is whether India can afford to pay the price she is paying. It has been shown that in the United Kingdom the salaries are about half of what the salaries in the Indian Civil Service are. So also in other countries. And very eminent authorities who were examined by the Commission have shown that the attractions of the Civil Service have not diminished. The representatives of Oxford and Cambridge have shown that the Indian Civil Service continues to attract as good men as it ever used to attract. Mr. Stanley Reed also supported the same view. Professor Lodge of the Edinburgh University stated that India was getting a very high average of the University graduates of the present day. If for the salaries which are at present being given India is able to get a very high average of the graduates of the English Universities of the present day, there is no need certainly for an increase of salary, and if you compare the salaries for the English youths who go out to serve in Ceylon and the far Eastern Consular Services, then certainly it seems that what is being paid is much higher than the market price.

"Secondly, Sir, as my friend has pointed out, the effect of the proposed additions to the Civil Service, will mean an addition of 20 lakhs a year, but that is not the whole amount. If the premier Service, which is what the Civil Service is, receives the additions proposed, we may take it that the other

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Services will also get the additions proposed and it will mean a total addition of 88½ lakhs a year. In view of the crying needs of this country for popular education, for sanitation, for medical relief, and in view of the need for greater improvement in the general administration and for promoting industrial development in order to increase the average income of the people, is it right that such a large increase should be proposed in the salaries which are being given at present by the Government of India?

“ How do those salaries compare with the salaries in other countries? How do they compare with the capacity of the people to bear the burden which they are bearing at present? In Japan, it has been pointed out, the Prime Minister gets 12,000 yen per annum, a yen being a rupee and one anna. The President of the United States gets 75,000 dollars per annum, a dollar being equal to Rs. 3-2-0. But, as Lala Lajpat Rai has pointed out, the economic value of the rupee is about equal to the American dollar. The Viceroy of India gets Rs. 2,85,000 per annum. Take again Cabinet Ministers. Cabinet Ministers in Japan get 8,000 yen per annum, while those of the United States get 12,000 dollars a year. The Members of the Viceroy's Executive Council get Rs. 80,000 a year. Taking other Departments of the United States, the President of the General Navy Board gets 5,000; the Solicitor General 10,000 dollars; the Assistant Solicitor General 9,000 dollars. In Japan, the President of the Railway Board gets 11,500 yens a year, while the President of the Privy Council gets 6,000. Officials in the higher Civil Service gets from.....to 2,400 yens. In India, the President of the Railway Board gets Rs. 60,000 per annum; the Secretary to the Government of India in the Finance Department Rs. 45,000 per annum, the Secretary to the Government in the Army Department Rs. 42,000 per annum, and the Secretary to the Government of India in the Commerce and Industry Department Rs. 48,000.

“ Now, Sir, as I submitted, there are two points of view from which the matter can be approached. Do English University youths who join the services in other parts of the British Empire get as much as they get in India. If they do not and if they are willing to go and serve in those parts on much smaller salaries, why should such high salaries be paid to them here? In the second place, I submit that if it should be found—which is against the evidence recorded by the Commission that English youths do not care to come out to India on the salaries that are offered to them, that will not be a circumstance entirely to be regretted, because if the number of English youths who come out to India to join the Civil Service should somewhat diminish, all that would be necessary would be to widen the field of recruitment in India. India stands on a very different footing now to what it did 50 years ago. With all the education that our youths obtain by going out of the country they are well able to fill up some at least of the positions which our friends, the Indian Civil Servants, have filled so long. Therefore in suggesting that these salaries should not be increased, the Government should understand that we look at the question not merely from the point of view of efficiency but also from the point of view of what the people can bear. We have clear evidence that efficiency will not suffer, that we shall not get less efficient youths than we are getting at present. We have also clear evidence in the statement which my Hon'ble friend has made before the Council that in view of the great poverty of the people and in view of the activities of various Departments in the country, the addition of 88½ lakhs a year would be a most unjustifiable one. It would not be right, it would not be just, it would not even be politic. We have had during the last two years a great deal of taxation added, and with the 150 crores contributed by the people towards the war for 24 years to come the taxation must be maintained very high in order to pay 9 crores a year so as to make up that contribution. For 24 years with this high taxation maintained, what chance is there of raising any

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additional revenue to meet the very urgent needs of popular education, sanitation, medical relief and general advancement throughout the country. The Civil Service no doubt has rendered great services to India and it is rendering, and I hope and trust it will render even greater services during the next few years that lie before us; but that Service, I hope, will realise that if it cannot consent to a reduction of the salaries which it has been drawing for the last few decades, it certainly ought to content itself with what it is getting at present. I realise that it is really responsible for the Government of India, as the Hon'ble the Home Member said the other day in his speeches; and being the Government of India it has to recognise more fully than I fear their claim to increase in salaries would seem to indicate,—I say it should realise and I hope it will realise the responsibility which lies upon it so to administer the finances, the taxes that are raised in this country, that they will promote the well-being of the people in a larger measure than they have yet done. We have no quarrel with any member of the Indian Civil Service for the salary he may be drawing. Certain conditions were offered for service in this country; they accepted those conditions and came out. There is no desire on our part to interfere with the conditions so far as those who have already entered the Service are concerned. At present the only question we are discussing is that these conditions should not be made unnecessarily more favourable than they are at present; that in view of the great requirements of the country and in view of the poverty of the people, those conditions should be allowed to stand; and that there should be a steady endeavour made to reduce the expenditure by substituting and increasing the number of Indians qualified to take up appointments in the Indian Civil Service.

“For these reasons, I hope, Sir, that the Government will give their most serious consideration to the question which the Resolution places before them. In the years to come what we are anxious above all things is that there should be cordial good feeling between educated Indians and the members of the Civil Service, to the extent that they will recognise the justice, the reasonableness of our claims in asking that the salaries of the Service should not be increased, they will give proof of the fact that they really sympathise with the aspirations and requirements of the country; and to the extent that they do so they will earn the gratitude of the people. I hope, Sir, the Resolution will commend itself to the Government and will meet with their acceptance.”

The Hon'ble Sir Dinshaw Wacha:—“Sir, it is often said that India is a land of anomalies, and among the greatest of those anomalies are the economic and financial anomalies. The services which the Indian Civil Service have rendered in the past are no doubt very great. It has been acknowledged so, not to-day, not yesterday, but for the last 40 or 50 years. It has been also said that the Service is the most liberally paid in the whole world. My friend, the Hon'ble Pandit Malaviya, has just made a comparison of the salaries of high officials of State in different countries, especially in Japan. My friend, the Hon'ble Mr. Sastri, pointed out how the different services are paid in Ceylon and the Federated Malay States. All this shows that even taking into consideration the fact of expatriation which is always trotted out in this connection,—taking everything into consideration,—the Indian Civil Service, and all the other cognate services connected with it, are very highly paid. Not only are they highly paid; but were the course of the charges of the Civil Departments of the administration for the last 25 years traced and analysed—and anybody can refer to the officially recorded figures for himself—it would be seen that these charges are continually increasing one way or another. Appointments have been multiplied, technical and others specially. Technical appointments were greatly multiplied during Lord Curzon's time for the sake of what is called efficiency. That is one of the directions in which the charges have gone up higher and higher. I have been hammering at all these increased civil charges for years past; I have written brochures on the subject; I have forwarded copies of them to the Government of India. I have pointed out therein

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that while the revenue is increasing at a slow pace the expenditure is increasing at a higher pace, particularly in the civil administration. Take even the last ten years. You will find from the latest parliamentary return that while the rates of revenue are rising at a lower percentage, that of expenditure is rising at a higher percentage. I have not, of course, the actual figures before me here and, therefore, I won't commit myself; but I assure this Council that if they analyse those figures they will find that these charges are excessive already, and that they are more than the revenue can afford. That is the case; and there can be no question that an impartial commission—(not a commission of the kind of the Public Services Commission we have had which was never an impartial one in my opinion, because it was an inspired commission; vested interests like those of the Civil Service were greatly protected, and not only protected but sought to be increased as we actually find from the Majority Report)—I say if an impartial commission were appointed, composed of men from outside India, men who have, perhaps, had larger experience of administration and the cost of administration of different countries of the world they would find that we can reasonably reduce the expenditure on the Civil Services. Remember, Sir, that this scale of salaries of the Civil Service was fixed years ago, somewhere about three-quarters of a century ago—I think it was in the time of Lord Cornwallis or Lord Bentinck; and at that time the great reason assigned for such large salaries of the covenanted servants, was the expatriation. At that time there was no Suez Canal; there were very few steam navigation companies; besides, there were many other difficulties and inconveniences. Civilians were separated from their homes and families and frequent furloughs were not possible. Taking those conditions into consideration the salaries were fixed at a high rate. Consider, Sir, what has happened now. 75 years have passed since the fixing of the rates. The Suez Canal has been in operation for the last 47 years. Navigation companies by hundreds have been started here, there and everywhere. Any Civilian can go to-day within a fortnight to his home and return within three months, as many Civilians and Judges of the High Court are actually doing every year, while drawing their full salary to which they are entitled on account of the privilege leave. That being so, and many other social amenities, which were very hard to obtain in the days of Lord Cornwallis and Lord Bentinck, being available now, Civilians in Madras or Bombay or Calcutta or any other Province can at any time they like be in the midst of their homes. Yet, in spite of all these most favourable conditions, they continue to get the old rate of salaries and different kinds of allowances, which Mr. Sastri related in his speech. But it is of no use, crying wolf, for this is an old antiquated story of high civilian salaries and other charges of civil administration. We are helpless in the matter. We are helpless even to-day, notwithstanding our reformed Council. I doubt, whether this proposition will be carried, but even if it were carried I do not know whether the Government of India will give effect to it. There will be scores of reasons assigned to decline it. We all understand that these are old stories; and that there is nothing new in them. But times have changed, and I do hope, that the Government will take a very considered and reasonable view of matters, particularly having regard to the fact to which my friend, Mr. Sastri, referred, namely, the comparatively poor ability of Indian tax-payers. What is that ability? Compare it with the ability of almost all other civilised countries in the world, and we shall find it most deplorable. It is a cypher, a zero, compared with the wealth of countries like France, England, United States, Austria, and even Turkey I should say. That being the case, it should be always a consideration for the Government of India, if they are governed by statesmanship, that the ability of the tax-payers should be their first care in reference to the question of the salaries of Civilians.

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“For my part I consider that old times have changed, and the time is come when the salaries should be revised with reference to the market rate prevailing all over the world. The market rate may be high or low; but fix the salaries at the market rate. Further, I would say there should be no agreements and no covenants. These covenants are most burdensome; they bring in their train costly furlough allowances, pensions, and a lot of other charges, I say all these must be abolished. Civilian gentlemen, members of the government, of course, sit down for five years and pass Resolutions after Resolutions that posts of this or that character shall carry consolidated salaries of so much or so much. But they have no such consolidation for themselves. The governing principle seems to be that those that have much shall be given more and those that have less shall be deprived of whatever the little they have. This is what they are doing now, particularly so far as the masses of the poorer servants are concerned. I consider, Sir, therefore, that a revised rate of consolidated salaries should take the place of the existing salaries and allowances on the basis of the market rate whether the supply comes from England, or Wales, or from Australia, or Canada or South Africa or even from Japan I do not care. India wants efficient but less costly service from any place in the world. But we need not go to any place in the world at all; India itself has abilities enough to work on salaries lower than those prevailing at present. The next thing is that each post must be assigned its proper adequate market salary. I do not know whether Members of the Government of India who are now drawing Rs. 6,000 per month or Rs. 5,000, really deserve that salary? Suppose we advertise for a Home Member of the Government or for a Finance Member, cannot we get one for a less sum than Rs. 6,000? I submit, Sir, that I can get you from America a good financier or administrator for Rs. 3,500 or 4000. I am talking frankly on this subject. The Civil Service has its traditions, and those traditions are, that they must be bequeathed from generation to generation. There is nothing new that from time to time these traditions are trotted out. It has gone on for the last 75 years. These Civilian interests have become vested; and whenever vested interests are attacked, the reply is ‘This is impossible, and that is impossible; you cannot do this and you cannot do that; the war is with us and we must not discuss this, that and the other.’ They are all mere plausible pretexts to say *non-possumus*. I am sorry to have to say all this, but speak we must frankly and express our honest convictions on the subject. If we are to express the feelings and sentiments of the Indian people generally, then, I do say that the Indian Civil Service ought to be abolished, and that a new Service in its place should be created; and you can get a new Service from any part of the world, if not from India alone, and that on lower salaries. That reconstructed service will solve largely the question of economic employment, and at the same time save to the State a larger amount of revenue for purposes, as Pandit Malaviya said, of education, sanitation, and a hundred other utilities for which we are famishing. For these reasons, Sir, I think the time has come when the Government of India should take into consideration this particular Resolution of my friend, Mr. Sastri. It is a very good resolution. If it is impartially considered, I think that the Government of India ought to pay no heed to the recommendation made by the Public Services Commission, that about a crore of rupees at this juncture should be added to the burdens of the tax-payers. With these remarks, Sir, I take my seat.”

The Hon'ble Sir James Du Boulay: —“Sir, I think this Council will recognise that there are rather a large number of Resolutions on the subject of the recommendations of the Public Services Commission and that the burden upon the Hon'ble the Home Member was somewhat serious; and he accordingly asked me to take some of these Resolutions on his behalf. I think that this particular resolution is not quite on the same high level as some of those with which we have been dealing hitherto. The question of pay is not on a very high level nor an inspiring subject for discussion.”

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"The Hon'ble Pandit the other day referred to me as the colleague of the Hon'ble the Home Member; I do not wish the Council to think that I am trying to take his place, I am acting under his orders in this matter. I feel that the subject we are discussing is a very invidious one for a member of the Indian Civil Service to have to talk about at all. I think Hon'ble Members will agree with me about that. Those who assist the courts to secure justice for the country might feel it a little bit invidious to have to talk about the fees that they are paid, those gentlemen who devote the whole of their lives to the interests of their country by seeing that agriculturists are supplied with money in order to carry on the business of cultivation might feel it a little bit invidious to have to discuss the amount of the profits they get and therefore I hope the Council will bear with me in the rather embarrassing position in which I find myself. The difficulties I have found the greater in the present case because I have to reply to one, the mover of this Resolution, who perhaps more than anybody else is above such considerations, a man who is inspired by the lofty ideals of the Servants of India Society.

"Speaking briefly I should like to say that the Government have already explained their attitude towards these questions several times and the attitude of the Government in the present case is very much the same as it was in the other cases, that is to say, they wish to hear what Hon'ble Members have to say, they are not at the present moment prepared to come to any conclusion, and they will not come to any conclusion until they have had an opportunity of hearing the views of Members of this Council and of consulting Local Governments. I think the Hon'ble the Home Member was attacked the other day on the ground that in respect of one Resolution that was before the Council he only gave the arguments on one side; I think that that is the almost necessary result of the position of Government. In this particular matter we have heard the arguments on the one side, and for that reason I do not propose to refer again to the considerations which have been urged by the Hon'ble Mover, by Pandit Madan Mohan Malaviya and by Sir Dinshaw Wacha, but I will deal with certain considerations which may be mentioned on the converse side of the question.

"The majority of the Commission, as regards the salaries of officers holding superior posts made their recommendations first with the intention of securing an approximate equality of prospects as between one province and another, secondly, of abolishing the system by which the pay of certain appointments fluctuates according to the rates of pay drawn by officers next junior in the regular line to the officers holding them; thirdly, they wished to merge special appointments carrying special rates of pay in the appropriate general class of the cadre. They also recommended that the graded system, which they found the subject of widespread complaint and on general grounds unsuitable, should be replaced for the future by an incremental system of salaries divided into two compartments. As a minor point they proposed to merge exchange compensation allowances into pay. As regards the salaries of junior officers, they proposed the same incremental rate of pay as has been applied to members of the Indian Civil Service deputed to the Political Department.

"Their reasons were that the next below rule which applied to certain appointments was based on the anticipation that the fluctuations incidental to such a system would not result in rates of salary lower than those appropriated for superior posts, but owing to the blocks in promotion which had occurred this expectation has not always been fulfilled, with the result that officers holding important appointments have in certain instances come to be remunerated on the basis of a scale fixed as suitable for Assistant Collectors. Similarly

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in the case of salaries of junior officers, the reasonable expectation of officiating in superior posts after the completion of 8 years' service has in practice been falsified owing to blocks in promotion, and the majority of the Commissioner's remark that grave dissatisfaction on this score undoubtedly exists throughout the service.

"Sir Mahadev Chaubal was anxious that the minor proposals involving small increases of pay in superior posts should be carefully scrutinised but was willing, after hearing the evidence, to agree to an improvement in the pay of the lower grades of the service in view of the general rise in prices. He did not go so far as the majority but he admitted that there was a case for a certain rise of pay in the junior ranks. Mr. Abdur Rahim dissented from the majority but he had very little to say about the pay of superior appointments, he dealt with junior officers and urged that, if as suggested, the pay of those in the Political cadre was fixed on a calculation of what members of the Indian Civil Service drew in the provinces, there need not be any extra cost at all in this direction. He overlooked the point that the pay of the Political cadre was based upon a reasonable expectation, it was actually calculated on the figures of five representative provinces as showing what was a reasonable expectation, and the fact that the present proposals of the majority indicate that the existing pay is much less than it would be if the Political Department incremental rates were given to the Indian Civil Service shows, I submit, that they are getting less than they are entitled to expect. I think Sir Mahadev Chaubal fell into a similar error. He said that the Political Department demanded an increase of pay equal to that of the Indian Civil Service. I think the fact that the political rates were calculated on the then provincial average shows that the Civil Service are not now getting what used to be considered a reasonable rate.

"Then I think it is of little use to argue as does Mr. Abdur Rahim that because the personnel now recruited has not in any way deteriorated and because India has hitherto succeeded in obtaining men who keep up the high level of the best traditions of the service there can be no grievance to remedy or at any rate there is no necessity to listen to any grievances.

"As I have pointed out, the majority of the Commission found that owing to blocks in promotion the reasonable expectations of the services were not being fulfilled, and Mr. Abdur Rahim would perpetuate the present disability and maintain rates of pay lower than what was held to be a reasonable expectation at the time that the Political Department was dealt with. Whatever has been the case in the past, it seems to me to be irrefutable that if a service as a whole considers that its reasonable expectations have not been fulfilled, discontent must arise, and it is unavoidable that such discontent must have its effect in reducing the quality of the candidates competing for the service in the future. The Commission definitely found that there were signs of that result already occurring and that young men were showing a tendency to turn their attention to the Home Civil Service rather than to the Indian Civil Service; and I think they pointed out further that there were other careers which were attracting men away in various directions at Home and that therefore fewer of them were trying to get into the Indian Civil Service. The majority of the Commission definitely said that they were satisfied that nothing less than the terms which they proposed would re-establish the attractiveness of the Indian Civil Service.

"I do not think I have very much more to say but I will refer to some of the remarks that fell from the Hon'ble Mover. When he raised this question he seemed to me to put his case rather too high. For instance, he referred to the Provident Fund as one of the advantages which the Civil Service enjoyed, but I think I am right in saying that the Civil Service pays for its own Provident Fund, there is no tax upon the Government, no tax upon the people.

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“Then the Hon'ble Mover urged that the salaries of appointments in the Home Civil Service were less attractive than those out here. I think there are a great number of men who are not prepared to come out to this country on any terms and they would prefer to take a very much lower reward and stay at Home. I do not think therefore that the pay of the Home Civil Service is a reasonable comparison. At first sight the comparison with Ceylon is very much more to the point. But I submit that the comparison is not complete unless you take into consideration the standard of the two services. I do think that this is a matter which ought to be taken into consideration when you are deciding how the pay of Ceylon compares with the pay in India. It is not a question which I am prepared to discuss. I really cannot say whether you get the same class of men there or not but I think that that is a very important consideration.....”

The Hon'ble Pandit Madan Mohan Malaviya:—“They sit for the same examination.”

The Hon'ble Sir James DuBoulay:—“That may be true, but it is the less highly placed men who get into that service, that is the point. I do not wish to maintain that that service is of a lower standard, but I will suggest that it is a question that should be considered if any comparison is made. There may be some members of the Colonial service here and I do not want to wound their feelings.”

“A point that I did not quite understand is a reference made by the Hon'ble Member to some figure of £6,666 which he stated.....”

The Hon'ble Mr. Srinivasa Sastri:—“I was referring to the salary of the Lieutenant-Governor, I understand the post is not reserved for the Indian Civil Service, but it is a post to which an Indian Civilian may aspire.”

The Hon'ble Sir James DuBoulay:—“I beg the Hon'ble Member's pardon. I thought he was referring to the salaries of Members of Council which come to only 6,666 rupees per mensem not pounds per annum.

“Then there was a reference to a figure 11 lakhs for the improvement of the conditions of the service. I want to draw attention to page 40 of the Report where you will find that the figure of about 8 lakhs is put down for the Civil Service superior appointments. This includes over 1½ lakhs on account of converting the appointments hitherto held by members of the Provincial Service on a lower scale of pay into appointments to be held by members of the Bar on full pay. I think it is rather hard that this should be reckoned up against the Indian Civil Service. It also includes one lakh on account of improving the pay of certain 41 appointments to be held by members of the Provincial Civil Service. That is no improvement in the pay of the Civil Service as at present constituted. Then again on page 179 you will find a reference to some items which go to make up the 8 lakhs in detail, and among them I will just draw attention to the fact that Rs. 38,711 is for the grant of the equivalent of exchange compensation allowance to statutory Natives of India. Here again I do not think it is quite fair to reckon this as an increase in the emoluments of the Indian Civil Service as at present constituted.

“Then again the Hon'ble Mover very effectively quoted a long list of allowances which he said the Civil Service at present enjoys, but I submit we do not all get those allowances, but one or other of them may be given in exceptional cases. Another important point is that they are not allowances confined to the Indian Civil Service, the service with which we are dealing, but they apply to all the services in India, whether the Indian Civil Service, the

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Provincial Services, the Public Works and other Departments. In fact all the various services.

“The Hon’ble Member further suggested that it was wrong that the highest paid service, the Indian Civil Service, should receive any attention in a matter of this kind when the inferior services are very much worse paid, and he referred not only to the junior services but also to such services as the subordinate Police and others of a like nature and pointed out that these were the services which required the first attention. As I said, I am not dealing with these questions in any final manner, but what I do wish to point out is that most of the other services have received attention in the course of the last twenty years. The Hon’ble Mr. Rose tells me that the Public Works Department received some improvement in their pay 12 or 13 years ago, and the Hon’ble Mover must be aware that the pay of the superior police appointments has also been very much improved. Similarly I think that other Departments have come under review from time to time. So far as the subordinate services go, I feel very great sympathy with what fell from the Hon’ble Mr. Sastri, but I do wish it to be clearly known to this Council that the amount of improvement that has from time to time been effected in the pay of the various subordinate police services is very great and it has indeed been the subject of considerable complaint in many provinces that too much money was being devoted to the pay and prospects of the police. We had a case only the other day in which the lowest rate of pay was increased from Rs. 9 to Rs. 12,—I think it was in the Central Provinces,—the lowest ranks of the police there thus got an increase of about 25 per cent of their pay straight away. And this sort of improvement in pay has been going on very frequently and constantly, in various parts of the country.

“Then, I think, there is a certain weight to be attached to the remarks which my Hon’ble friend Sir Dinshaw Wacha made about the pay of the Civil Service being fixed in the dark ages. It is the case that prices have risen considerably and what was fixed as right and proper in the dark ages cannot hold good at the present day. He also referred to a large increase in the number of technical appointments, but that is hardly relevant to the discussion of the question which is now before us.

“I admit that I was rather afraid when Sir Dinshaw began to talk about the cancellation of the covenants of the Service that he had something up his sleeve and sure enough out it came, he wants to abolish the whole Service.”

The Hon’ble Sir Dinshaw Wacha:—“I say it emphatically, abolish it.”

The Hon’ble Sir James DuBoulay:—“But I do think he ought to be a little bit careful before he imports a lot of foreigners.

“I have not said anything, Sir, about pensions, and I just want to refer to a point which has been brought out by the Hon’ble Mover and to say that we pay roughly one quarter of the amount of the pension ourselves and what is left is only the same pension roughly as that of a military officer who does not rise above the rank of Colonel, and perhaps that is not by comparison so very excessive. I do not propose to detain the Council any longer but just wish to emphasise once more that in the remarks I have made, I have only wanted to put the other side of the question and to repeat that Government do not propose to make up their mind about this matter till they have heard what is said in this Council, and they will listen very sympathetically to anything that may be said, but at present they are not prepared to accept the Resolution, and if it is put to the vote, they must resist it.”

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The Hon'ble Mr. Srinivasa Sastri :—“ Sir, there is hardly much for me to say. As regards the reasonable expectations of the Service, I can only say that these expectations are not in my opinion so reasonable that they should be gratified at the expense of a poor country. If they are in the covenant, one has no alternative; we are as keen for the maintenance of national honour as anybody; if there is a covenant to say that every officer, in the service shall in the eighth year of service be in the enjoyment of the emoluments of a superior post, we have no option but to put him in that post, but if there is no covenant, however plausible the expectation may seem, it is not reasonable.

“ As to the removal of grievances and disabilities, I should like to make one observation. Grievances and disabilities are easily created. If the Government of India are willing to listen to grievances from a certain quarter, you may be sure the grievances will be produced in abundance. You may double the salaries and emoluments of the service and still in the course of ten years there will be some disabilities, some inequalities to level, and the Government of India will be called upon to take more money from the taxpayer. Within the last two years, Sir, the Indian Civil Service were allowed several lakhs of compensation for nothing but for promotion deferred.

“ There is only one other thing I wish to say. I was speaking of the Family Pension Fund, I did not know that the Civil Service enjoys a provident fund besides. I was speaking of the Family Pension Fund, to which I said the State makes a certain contribution. If the State does not make any contribution, I withdraw that statement. But whether there is any contribution or not, the Commission proposes that the whole management of the Fund should hereafter be a burden on the State which would amount to £40,000.

The Hon'ble Sir James DuBoulay :—“ Is not the Hon'ble Member referring to the General Provident Fund which is for other services than the Civil Service” ?

The Hon'ble Mr. Srinivasa Sastri :—“ No, Sir, I was not referring to the General Provident Fund.”

The Hon'ble Sir James DuBoulay :—“ I think I am right in saying that the State does not contribute to the fund of the Indian Civil Service.”

The Hon'ble Mr. Srinivasa Sastri :—“ Sir, I ask you to put the resolution.”

The motion was put and the Council divided as follows :—

Ayes—17.

The Hon'ble Mr. Srinivasa Sastri.
 ” Sir Dinshaw Wacha.
 ” Sir Ibrahim Rahimtoola.
 ” Rai Sitanath Ray Bahadur.
 ” Maharaja Sir M. C. Nandi of Kassimbazar.
 ” Raja Rajendra Deo of Kanika.
 ” Mr. K. K. Chanda.
 ” Khan Bahadur Mian Md. Shafi.
 ” Sir Fazulbhoj Currimbhoj.
 ” Rai Krishna Sahay Bahadur.
 ” Mr. M. B. Dadabhoy.
 ” Mr. M. A. Jinnah.

Noes—30.

The Hon'ble Mr. M. E. Couchman.
 ” Mr. M. N. Hogg.
 ” Sir Hugh Bray.
 ” Mr. F. J. Monahan.
 ” Sir James Walker.
 ” Mr. E. H. Walsh.
 ” Sir John Donald.
 ” Mr. W. J. Reid.
 ” Mr. C. H. Atkins.
 ” Sir William Meyer.
 ” Sir Sankaran Nair.
 ” Mr. G. R. Lowndes.
 ” Sir George Barnes.

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[25TH SEPTEMBER, 1917.]

| Ayes. | Noes. |
|--------------------------------------|---------------------------------|
| The Hon'ble Rao Bahadur B. N. Sarma. | The Hon'ble Sir Willam Vincent. |
| „ Mr. K. V. R. Ayyangar. | „ Sir Robert Gillan. |
| „ Sir G. M. Chitnavis. | „ Sir Pardey Lukis. |
| „ Pandit M. M. Malaviya. | „ Sir Reginald Gamble. |
| „ Dr. Tej Bahadur Sapru. | „ Mr. C. H. Kesteven. |
| | „ Sir Varney Lovett. |
| | „ Col. S.-L. Alpin. |
| | „ Mr. G. B. H. Fell. |
| | „ Mr. D. de S. Bray. |
| | „ Mr. F. C. Rose. |
| | „ Sir James DuBoulay. |
| | „ Mr. C. E. Low. |
| | „ Mr. H. Sharp. |
| | „ Mr. R. A. Mant. |
| | „ Mr. H. F. Howard. |
| | „ Major-General A. H. Bingley. |
| | „ Mr. A. P. Muddiman. |

The motion was therefore negatived.

The Council adjourned to Wednesday, the 26th September, 1917.

SIMLA;

The 4th October, 1917.

A. P. MUDDIMAN,

Secretary to the Government of India,

Legislative Department.



The Gazette of India.

PUBLISHED BY AUTHORITY.

SIMLA, SATURDAY, OCTOBER 13, 1917.

Separate paging is given to this Part in order that it may be filed as a separate compilation.

PART VI.

Proceedings of the Indian Legislative Council.

GOVERNMENT OF INDIA.

LEGISLATIVE DEPARTMENT.

PROCEEDINGS OF THE INDIAN LEGISLATIVE COUNCIL ASSEMBLED UNDER
THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT, 1915
(5 & 6 Geo. V., Ch. 81).

The Council met at the Council Chamber, Viceregal Lodge, Simla, on Wednesday,
the 26th September, 1917.

PRESENT:

HIS EXCELLENCY BARON CHELMSFORD, P.C., G.M.S.I., G.M.I.E., G.C.M.G.,
Viceroy and Governor General, *presiding*, and 55 Members, of whom 48 were
Additional Members.

QUESTIONS AND ANSWERS.

The Hon'ble Maharaja Sir Manindra Chandra Nandi
asked :—

1. "(a) Will Government be pleased to make a statement showing Province, Government grants to Municipalities by Province for the last five years the amounts of Government grants to and the proportion of such grants to the total income of Municipalities?"

(b) Is any portion of the Government grants in any Province debited to Imperial revenues? If so, what proportion of the total Government grant does this portion represent?"

The Hon'ble Sir C. Sankaran Nair replied :—

"(a) A statement* is laid on the table.

(b) No portion of the Government grants shown in the municipal accounts is in the major Provinces debited directly to Imperial revenues. Grants made by the Government of India are made to Local Governments and to Administrations who may hand them on in part to municipalities. The Government of India have no information to enable them to answer the second part of this question. Information might be elicited by questions in the provincial Legislative Councils."

*Vide Appendix A.

QUESTIONS AND ANSWERS.

[*Sir Manindra Chandra Nandi*; *Sir C. Sankaran Nair*; *Dr. Tej Bahadur Sapru*.]

[28TH SEPTEMBER, 1917.]

The Hon'ble Maharaja Sir Manindra Chandra Nandi asked :—

Bengal Municipalities.

2. “(a) Is it a fact that the incidence of income of the Municipalities in Bengal is much lower than in most other Provinces of India ?

(b) If so, is this largely due to the comparatively small grants received by the Bengal Municipalities from the Government of Bengal ?

(c) What are the considerations that determine the amount of Government grant to Municipalities in each Province ? ”

The Hon'ble Sir C. Sankaran Nair replied :—

“(a) If by the expression ‘incidence of income of municipalities’ is meant incidence of income per head of population, then the answer is in the affirmative so far as other Provinces in India are concerned, with the exception of Bihar and Orissa. Any comparison however based upon these figures is apt to be vitiated by variations in the size, character and wealth of the towns which in different Provinces are classed as municipalities.

(b) It is impossible to give any satisfactory answer to this question, because the system of making Government grants to municipalities differs in different Provinces, *e.g.*, it may be the practice in one Province to effect works intended for a municipality through the provincial Public Works Department; in another case the subsidy may be handed over to the municipality for the carrying through of the work.

(c) The Government of India have not the material before them to enable them to answer this question. But information might be elicited by questions in the provincial Legislative Council.”

The Hon'ble Dr. Tej Bahadur Sapru asked :—

The Indraprastha Hindu Girls' School, Delhi.

3. “(a) Is it a fact—

(i) that the Chief Commissioner of Delhi called Miss Gmeiner, the Lady Superintendent of the Indraprastha Hindu Girls' High School, Delhi, Miss Priest, and the Honorary Secretary of that school, to see him and at that interview took exception to Miss Gmeiner's association with the Home Rule League, Delhi, and told her that unless she withdrew from the League he would withdraw his sympathy from the school ;

(ii) that the Committee of the school decided not to dismiss Miss Gmeiner ; and

(iii) that Mr. Johnstone, the Personal Assistant to the Chief Commissioner, wrote a letter to the Assistant Secretary of the school in which he said : ‘As you are no doubt aware from the communications which have passed between your Honorary Secretary and the Chief Commissioner on the subject, the grant-in-aid has been held in suspense for such period as Miss Gmeiner, the Lady Superintendent of the school, continues to act as Honorary Secretary of, or to take an active part in, the management of the Delhi Branch of the Home Rule League’ ?

(b) If so, will Government be pleased to state the amount of the Municipal grant and any other aid given to the school and withheld from it now, the number of the girls reading in the school on the date on which the order withholding such aid was passed, and the year when the school was established ?

(c) Will Government be further pleased to state whether the Chief Commissioner of Delhi has acted in this matter in pursuance of any general policy of the Government of India or whether he has acted upon his own responsibility ? ”

QUESTIONS AND ANSWERS.

[26TH SEPTEMBER, 1917.]

[*Sir William Vincent ; Mr. M. B. Dadabhoj ; Rao Bahadur B. N. Sarma.*]**The Hon'ble Sir William Vincent** replied :—

“(a) (i), (ii) and (iii) The facts are substantially as stated. For further particulars the Hon'ble Member is referred to the answer given to a question put by the Hon'ble Mr. Chanda on the same subject on the 24th September.

(b) The school was established in 1904. As regards the amount of grant-in-aid and the number of pupils the Hon'ble Member is referred to the information given in reply to the question put by the Hon'ble Mr. Chanda on the same subject.

(c) The Chief Commissioner, Delhi, did not act in pursuance of any general or particular instructions of the Government of India but on his own responsibility.”

The Hon'ble Mr. M. B. Dadabhoj asked :—

4. “(a) Has the attention of Government been drawn to the Circular letter issued by the Patna High Court on 22nd May last (No. 1949-1960—LVI-32 English Department, Civil), informing all the District Judges of Bihar and Orissa and the Judicial Commissioner of Chota Nagpur that a vakil of another High Court who desires to practise in the courts subordinate to this Court (Patna High Court) must adopt one of the two courses: either (1) he must be enrolled as a vakil of this Court, a condition attached to this being that he must remove his name from the roll of the Calcutta High Court before the long vacation of 1917; or (2) he must get himself enrolled as a pleader in the ordinary way as in a case of first admission, *i.e.*, he must be qualified for admission as a pleader under the rules laid down in General Rules and Circular Orders (Civil), Volume I, and the mere fact that he is a vakil of the Calcutta or any other High Court will not necessarily entitle him to practise as a pleader in courts subordinate to this Court.”

Circular issued by the Patna High Court regarding Vakils.

(b) Is the above Circular letter of the Patna High Court consistent with the provisions of section 4 of the Legal Practitioners Act?

(c) If not, will Government be pleased to take suitable action in the matter?”

The Hon'ble Sir William Vincent replied :—

“The Government of India have no information on the subject, but the framing of rules for the admission of pleaders to subordinate courts is within the competence of the High Court, and the Government have no power in the matter.”

The Hon'ble Mr. M. B. Dadabhoj asked :—

“Will your Excellency permit me to put a supplementary question? Will the Government be pleased to draw the attention of the Patna High Court to my question?”

The Hon'ble Sir William Vincent replied :—

“A copy of the Hon'ble Member's question will be forwarded to the Patna High Court desired.”

The Hon'ble Rao Bahadur B. N. Sarma asked :—

5. “(a) Are British civilians in Government employ on military duty in the United Kingdom paid only the military pay due according to their rank in the Army, or are they paid military or civilian pay whichever is higher?”

Pay of civilians on military duty.

(b) If there is any departure in the Indian practice from that obtaining in the United Kingdom in this respect will Government be pleased to state the reasons for that departure?”

QUESTIONS AND ANSWERS.

[His Excellency the Commander-in-Chief;
Sir Dinshaw Wacha; Sir George
Barnes; Pandit Madan Mohan
Malaviya; Sir William Vincent.]

[26TH SEPTEMBER, 1917.]

His Excellency the Commander-in-Chief replied :—

(a) Civil servants and other Government employees serving in the Army in the United Kingdom receive their military pay under the ordinary rules and also receive through their civil departments direct their civil pay less army pay and army separation allowance.

(b) Government servants in civil employ in India who join the Indian Army Reserve of Officers receive, while serving within Indian limits, salary at civil rates according to the next below rule, or military pay and allowances whichever is greater; while employed overseas they receive military pay and allowances of rank *plus* civil furlough pay.

Government servants in civil employ in India who enlist in the regular army receive while in colour service, in addition to army pay and allowances, privilege leave pay up to the extent of the privilege leave due, and thereafter the furlough pay of their civil appointments.

The method of paying civil servants on military duty at home was not taken into consideration when the rates for Government servants in India were sanctioned, though so far as civil officers serving in the I. A. R. O. in India are concerned, there is no material difference between the practice at home and that in India.

The rates of pay were fixed by the Government of India at the beginning of the war with due regard to the prevailing conditions, which were in many respects entirely different to those in the United Kingdom."

The Hon'ble Sir Dinshaw Wacha asked :—

Industrial
development
in India.

6. "Will Government be pleased to lay on the table a statement showing the number of individuals and firms, British and Indian separately, to whom concessions of various kinds have been granted for purposes of industrial development, from 1st January 1913 to 30th June 1917, and the nature and terms of the respective concessions so granted?"

The Hon'ble Sir George Barnes replied :—

"Two statements* furnishing the information required by the Hon'ble Member are laid on the table."

The Hon'ble Pandit Madan Mohan Malaviya asked :—

Internments
in Bengal.

7. (a) Is it a fact that in Bengal among the persons dealt with either under the Defence of India Act or under Regulation III of 1818, there has been one case of death and one of suicide?

(b) If so, will Government be pleased to state the circumstances attending those events?"

The Hon'ble Sir William Vincent replied :—

"During a period of about two and a third years the number of persons who have been dealt with in Bengal under the Defence of India Act is 978. Of these, 179 are at the present time domiciled with their relatives, 565 in villages, away from their homes, while 234 have been released or otherwise dealt with. Among this number there has been one death due to natural causes, *viz.*, in the case of the *detenu* who died at the Jessore Sadr Hospital of typhoid fever; one absconder from domicile was killed by a villager while he was committing a dacoity. There have been two suicides: in one case, there

* Not included in these Proceedings.

QUESTIONS AND ANSWERS ; GOLD IMPORT BILL.

[26TH SEPTEMBER, 1917.]

[*Sir William Vincent ; Mr. Mahomed Ali Jinnah ; His Excellency the Commander-in-Chief ; Sir William Meyer.*]

was no assignable reason known; the Police Superintendent had visited the *detenu* on the day before his death, and the *detenu's* own brother had been with him on the night of his death. In the second case the *detenu* had had fever from which he had recovered after being nursed by the local Police, and the verdict of the District Magistrate was that the man had taken his life owing to depression after fever. Amongst persons restrained under the provisions of Regulation III there have not been any deaths or suicides."

The Hon'ble Mr. Mahomed Ali Jinnah asked :—

8. "(a) Will Government be pleased to state what is the result of the enquiries made into the cases of Mahomed Ali and Shaukat Ali ?

Messrs. Mahomed Ali and Shaukat Ali.

(b) Do Government propose to release them ?"

The Hon'ble Sir William Vincent replied :—

"Restrictions under the Defence of India rules were imposed upon Messrs. Mahomed Ali and Shaukat Ali not merely for violent methods of political agitation but because they freely expressed and promoted sympathy with the King's enemies, thus endangering the public safety. The Government of India have made further inquiries regarding these persons and on a careful consideration of the information and opinions received, and on a re-examination of previous papers, the Government of India are not satisfied that the attitude of these persons has materially changed in this respect, or that these restrictions can safely be removed."

The Hon'ble Mr. Mahomed Ali Jinnah asked :—

9. "(a) Has any correspondence passed between the Government of India and the Secretary of State for India relating to the creation of the Indian Munitions Board ?

The Indian Munitions Board

(b) If so, will Government be pleased to place the correspondence on the table ?"

His Excellency the Commander-in-Chief replied :—

"(a) The answer is in the affirmative.

The correspondence* asked for by the Hon'ble Member is laid on the table."

GOLD IMPORT BILL.

The Hon'ble Sir William Meyer :—“ My Lord, I move for leave to introduce a Bill to provide for the acquisition of gold imported into British India.”

The motion was put and agreed to.

The Hon'ble Sir William Meyer :—“ My Lord, the Bill I have obtained leave to introduce, a copy of which is already in the hands of Members, provides for the acquisition by the Government of India of gold imported into British India. This is an emergency enactment intended to continue, during the war and for six months thereafter, the powers obtained by us under Ordinance No. III of 1917. The general reasons which made it necessary for us to

GOLD IMPORT BILL.

[*Sir William Meyer.*]

[26TH SEPTEMBER, 1917.]

take the powers in question were fully explained in the Press Communiqué issued at the time of the promulgation of the Ordinance and are, I think, well known to Honourable Members. Briefly, it may be said that our object is not in any way to check remittances of gold to India, but to ensure that such gold as is imported is used in the most effective way possible for strengthening our currency position. We have already acquired £5 million of gold in this way, and we hope that by the same means we shall be able to add further to our stocks of this metal. The gold which we acquire is placed in the Paper Currency Reserve, where it increases the metallic backing to our note issue.

“The provisions of the Bill, however, differ from those of the Ordinance in one important respect, namely that whereas in the Schedule to the Ordinance the rates at which the acquired gold should be paid for were laid down, the Bill provides that gold acquired will be paid for at rates prescribed by the Governor-General in Council. As a consequence of the recent increase in the rates at which the Secretary of State sells his Council drafts, he has decided that a modification should be made in the rates payable under the schedule to the Ordinance for imported gold. As was explained in a Press Communiqué issued on the 19th instant, while he continues to sell immediate telegraphic transfers at 1s. 5d. per rupee, the rate payable for gold will be Rs. 14-8 per sovereign in the case of sovereigns, and in the case of other gold or bullion, Re. 1 for 7.79321 grains troy of fine gold. These rates were fixed by the Secretary of State in consultation with the authorities responsible for the maintenance of the central gold reserve of the Empire with the object of securing the greatest possible advantage to India without conflicting with general Imperial interests; and they are so calculated, making due allowance for all expenses incidental to shipping gold, that neither premium nor discount shall attach to remittances of gold as compared with Council remittances at present rates. In the event of it being necessary for the Secretary of State to make further changes in his Council Bill rates, corresponding alterations will have to be made in the rates payable for imported gold, and it would therefore obviously be impracticable to follow the arrangement adopted in the Ordinance of laying down definite rates in a Schedule. It is intended, however, in order to avoid disturbance of existing contracts, or hardship to those who shipped gold to India on the strength of the terms of the Ordinance, to pay for all gold shipped up to and including the 25th September at the rates prescribed in the Ordinance, and an announcement to this effect was made on the 20th instant. Future shipments will be paid for at the revised rates mentioned above, which we shall now formally prescribe when this Bill passes into law. Should it become necessary to make any further alteration in the rate, it is the intention to allow a similar concession in the case of gold in transit at the time when such alteration is made.

“It is perhaps desirable that I should take this opportunity to make it quite clear that the rates prescribed under this Bill will relate purely to gold acquired for currency purposes, and that there is no intention of altering the internal parity at 1 to 15 of the sovereign and the rupee. Nor will such purchase rates be applicable in the case of sovereigns shipped to the Government of India from an Australian mint, which will merely carry out the coinage of gold for the Government of India from gold supplied by them or on their account. They will however apply to gold bullion and foreign coin tendered in Australia for acquisition by the Government of India, unless such gold was shipped to Australia on a through bill of lading before the 26th instant, in which case it would be allowed the same concession as if it had been shipped to India before that date.

“I need only add that the original intention was to introduce this Bill at the commencement of the present session, so that it would not have been necessary for me to ask the Council to take the Bill into consideration and to pass

**GOLD IMPORT BILL; PRESIDENCY SMALL CAUSE COURTS
(AMENDMENT) BILL; REPEALING AND AMENDING
BILL**

[26TH SEPTEMBER, 1917].

[*Sir William Meyer ; His Excellency the
President ; Sir William Vincent ; Mr.
G. R. Lowndes.*]

it in one day. It has, however, not been possible to settle the exact lines of this legislation in time to allow of the introduction of the Bill at an earlier date, as the basis on which imported gold should be paid for has been under discussion with the Secretary of State, and has only recently been settled.

“My Lord, I now introduce the Bill and move Your Excellency to suspend the Rules of Business to admit of the Bill being taken into consideration.”

His Excellency the President:—“I suspend the Rules of Business.”

The Hon'ble Sir William Meyer:—“My Lord, I beg to move that the Bill be taken into consideration.”

The motion was put and agreed to.

The Hon'ble Sir William Meyer:—“My Lord, I beg to move that the Bill be passed.”

The motion was put and agreed to.

**PRESIDENCY SMALL CAUSE COURTS (AMENDMENT)
BILL.**

The Hon'ble Sir William Vincent:—“My Lord, I beg to move that the Bill further to amend the Presidency Small Cause Courts Act, 1882, be taken into consideration. I explained the object of this Bill when I asked for leave to introduce it and I have received no criticisms and no notices of amendment in regard to it. I conclude therefore that the Bill has met with general acceptance and that it is not necessary for me to take up the time of this Council by any further statements regarding it.”

The motion was put and agreed to.

The Hon'ble Sir William Vincent:—“My Lord, I beg to move that the Bill be passed.”

The motion was put and agreed to.

REPEALING AND AMENDING BILL.

The Hon'ble Mr. G. R. Lowndes:—“I beg to move, My Lord, that the Bill to amend certain enactments and to repeal certain other enactments be taken into consideration. The Bill is sufficiently explained in the marginal notes of various sections. We have received no amendments and no criticisms. I therefore move, My Lord, that the Bill be taken into consideration.”

The motion was put and agreed to.

The Hon'ble Mr. G. R. Lowndes:—“I now beg to move, My Lord, that the Bill be passed.”

The motion was put and agreed to.

SIR CURRIMBHOY EBRAHIM BARONETCY (AMENDMENT) BILL; BILL TO AMEND THE CODE OF CRIMINAL PROCEDURE AND THE COURT-FEES ACT.

[*Mr. C. A. Kincaid; Sir William Vincent.*]

[26TH SEPTEMBER, 1917.]

SIR CURRIMBHOY EBRAHIM BARONETCY (AMENDMENT) BILL.

The Hon'ble Mr. C. A. Kincaid:—"My Lord, I beg to move that the Bill to amend the Sir Currimbhoy Ebrahim Baronetcy Bill, 1913, be taken into consideration. My Lord, on the last occasion when I dealt with this Bill, I explained in detail the causes which led to the introduction of this amending Bill. It is not necessary for me to repeat them now, and if any Hon'ble Member was not present on the last occasion when I moved that the Bill be introduced, he can find all the information he wants in the Statement of Objects and Reasons."

The motion was put and agreed to.

The Hon'ble Mr. C. A. Kincaid:—"My Lord, I beg to move that the Bill be passed."

The motion was put and agreed to.

BILL TO AMEND THE CODE OF CRIMINAL PROCEDURE AND THE COURT-FEES ACT.

The Hon'ble Sir William Vincent:—"My Lord, the Bill to introduce which I now ask for leave, has already been before this Council in a modified form. In March 1914, Sir Reginald Craddock introduced a Bill to amend the Criminal Procedure Code and the Court Fees Act. This Bill was circulated in accordance with the usual practice to Local Governments and others for opinion. When the various opinions were received it was found that the Bill as originally introduced was open to criticism in various respects, and the Government of India decided that the best method of dealing with the question was to appoint a strong but small Committee to examine the various criticisms received, and for that purpose a Committee on which I may say the legal element was very strongly represented, consisting of the Hon'ble Mr. Lowndes, the Hon'ble Mr. Justice Piggott, The Hon'ble Mr. Kumarswamy Sastry, the Hon'ble Sir S. P. Sinha and the Hon'ble Mr. James Walker, was convened. They examined and revised this Bill very thoroughly in the light of the various criticisms, and so many additions and changes were made that the Government of India thought it would be better to abandon the bill originally introduced, and to place the revised Bill before the Council as a new measure. If leave to introduce this Bill is given, it will be circulated to Local Governments and ample opportunity for discussing the various proposed modifications of the law will be afforded when the motion is made to refer the Bill to a Select Committee. I therefore do not propose at this stage to deal with the merits or details of the Bill at all, nor do I think that I could usefully add anything to the value and weight of the Report which is an annexure to the Bill. That Report is a very full one and describes in detail the reasons for the various changes.

"I now move, my Lord, to introduce the Bill further to amend the Code of Criminal Procedure, 1898, and the Court Fees Act, 1870."

The motion was put and agreed to.

The Hon'ble Sir William Vincent:—"My Lord, I now introduce the Bill and move that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the *Gazette of India* in English, and in the Local official gazettes in English and in such other languages as the Local Governments may think fit."

The motion was put and agreed to.

TRANSFER OF PROPERTY (VALIDATING) BILL.

[26TH SEPTEMBER, 1917.]

[*Pandit Madan Mohan Malaviya ;
Dr. Tej Bahadur Sapru.*]

TRANSFER OF PROPERTY (VALIDATING) BILL.

The Hon'ble Pandit Madan Mohan Malaviya:—"My Lord, I beg to move that the Report of the Select Committee on the Bill further to amend the Transfer of Property Act, 1882, be taken into consideration. The Council will remember that when the Select Committee presented their Preliminary Report on the 21st February 1917, they had agreed that it was necessary to validate certain mortgage deeds which had been executed under the practice which obtained particularly in the United Provinces, whereby a witness attested the execution of a deed after receiving a personal acknowledgment—from the executant that he had put his signature to the deed, though he had not seen him actually sign it. The question that was then left over for further consideration was whether claims which had been already defeated on the ground that the attestation so made was not made in accordance with law as was decided by their Lordships' Privy Council, should be restored. The matter was referred to the United Provinces Government, and after considering the opinion of the United Provinces Government, the Select Committee has recommended that certain claims should be restored, namely claims which had been wholly or in part dismissed, rejected or withdrawn after the 30th day of July 1912, and before the commencement of this Act in a court of first instance, by reason only of the fact that some person who purported to attest such deed or instrument as a witness on having received before signing his name thereon a personal acknowledgment from the executant of his signature, did not see the executant sign it. Consequently it has been provided in the Bill my Lord, that within six months from the commencement of this Act an application may be made for the restoration of such a claim. But in order to guard against any injury being done to transferees for value in good faith, it has been provided that the Court to which such an application is made, shall have discretion to refuse the restoration of any claim if it thought that such a restoration would prejudice the rights of any transferee for value in good faith under any transfer made since the 30th day of July, 1912, that is since the date of the Privy Council decision in question. The Select Committee also felt that in the event of a decree being passed upon such an application for restoration, the person against whom the decree would be passed should not be compelled to pay interest at the contractual rate up to the date of the final decree that may be passed against him, but that interest should be allowed at the contractual rate only up to the date of the original dismissal, rejection or withdrawal of such claim and for a period of 6 months thereafter, and that any interest which may be allowed after that period and until restoration should be at the rate of 6 per cent. The Select Committee have also thought it fit to provide that issues of fact which had been already decided by a Court, in which a claim was dismissed, rejected or withdrawn in the beginning, should not be re-opened if they had been heard and finally determined by it. These provisos have been introduced in order to guard against any injury being done to any party, concerned in the transaction.

"The Bill as it now stands, my Lord, provides for two matters. It provides, that the claims of honest creditors should not be defeated merely by reason of a lax practice having been followed in the matter of attestation. It also provides that no injury shall be done to debtors by reason of this enactment and that they shall be dealt with as fairly as they would have been dealt with if this Privy Council ruling referred to above had not come into force. With these remarks I commend the Report of the Select Committee to the consideration of the Council, and I hope it will be accepted."

The Hon'ble Dr. Tej Bahadur Sapru:—"My Lord, coming as I do from the province to which this Bill relates, I think it is necessary that I should state a few facts with regard to the local conditions and circumstances.

**TRANSFER OF PROPERTY (VALIDATING) BILL; HIS
EXCELLENCY THE PRESIDENT'S SPEECH.**

[*Dr. Tej Bahadur Sapru ; Pandit Madan Mohan Malaviya ; His Excellency the President.*] [26TH SEPTEMBER, 1917.]

So far as clause 2 of the Bill is concerned, I do not think that I shall be justified in raising any objection to that clause. But I must confess that, although I have signed the Report of the Select Committee, my mind is not free from doubt as to the utility of clause 3 of this Bill. My Lord, I am perfectly well aware that the Local Government has supported this idea, but at the same time in a matter like this one cannot forget that the High Court, which ought to know better than the Local Government, has not favoured it. My Lord, clause 3 of the Bill provides for the restoration of suits which have been dismissed wholly or in part. Well, no doubt there are certain provisions added to clause 3 which are of a saving nature, and if I refrain from opposing clause 3, it is only because my doubts are not sufficiently strong to justify me in voting against this clause which has been so earnestly put forward by my Hon'ble friend Pandit Madan Mohan Malaviya and which, to a certain extent, has received the support of the Local Government. I must say that in supporting this Bill, my mind is not free from doubt, and I will give only a qualified support."

The motion was put and agreed to.

The Hon'ble Pandit Madan Mohan Malaviya:—"My Lord, I beg to move that the Bill as amended be passed."

The motion was put and agreed to.

His Excellency the President:—"It only remains for me to close this Session and express the hope that Hon'ble Members will carry away the desire and intention of formulating quietly and dispassionately the views which they wish to place later before Mr. Montagu and myself.

"This is the first occasion on which Resolutions other than those of a purely non-contentious nature have been admitted for discussion at the Simla Session. I think the discussions which have taken place have not been without value, and certainly points have been argued with great force and ability.

"But before I formally declare the sitting closed, I should like to make one or two remarks on the proceedings of this past Session. I have been steadfastly anxious that the tone of our debates here should give a lead to India, and anyone can see that the Government have been scrupulous in their endeavour to discuss even the most contentious questions with studied moderations.

"Still it is in the clash of debate that great issues are forged, and so far as is consistent with the dignity of this Council, I would not for one moment wish to see our discussions here shorn of their force and vitality. Our proceedings would be hollow and unreal if Hon'ble Members, official and non-official, were not free within the recognised limits of controversy to express in temperate language views deliberately formed and honestly held. But I would remind them that this is a matter in which there must be give and take.

"I look to find in India the highest standard of mutual dealing among men engaged in public affairs, even though their points of view may be different, and in this connection we do all honour to the Lieutenant-Governor of the Punjab for his generous action in our proceedings here on the 19th instant. It was the act of a strong man and an honest man, and must command our admiration.

"I could not help feeling after hearing Sir Michael O'Dwyer's remarks that his generous attitude gave to one Hon'ble Member of this Council on that occasion an opportunity of displaying equal generosity in respect of a remark publicly made with reference to Sir Michael O'Dwyer. The opportunity has not yet been taken, but I am glad to hear that the Hon'ble Member in question proposes to withdraw that remark on an early occasion.

HIS EXCELLENCY THE PRESIDENT'S SPEECH.

[26TH SEPTEMBER, 1917.]

[*His Excellency the President.*]

“ Let me turn to other matters. I have observed that recent events have called forth misleading criticisms of the relations of the Government of India to the Secretary of State on the one hand, and towards Local Governments on the other. Since I have held the Viceroyalty my relations with the Secretary of State, both with Mr. Chamberlain and with Mr. Montagu, have been most cordial, and both these statesmen have been uniformly anxious to work in full harmony with the Government of India, and I think I may claim that my own attitude towards the heads of Local Governments has been precisely similar. In this connection let me mention the case of Mrs. Besant. We, as a Government, would surely have shown little faith in the policy recently made public or in the appeal for concord and co-operation which I made in my opening speech of this Session, if we had adopted any other course than that which we have followed. Previous to the announcement of that policy the position was somewhat difficult. We have gladly taken the opportunity that has now offered itself for opening a new chapter. The Home Member informed you on Monday that Mrs. Besant has passed her word to me that she will co-operate in obtaining a calm atmosphere for Mr. Montagu's visit. I accept Mrs. Besant's word, and I am sure her remarkable energies will be directed in the way she has indicated.

“ But, Gentlemen, while our policy has been conciliatory, it must not be supposed we have altered in any degree our attitude towards the forces of disorder. The prime duty of Government is to preserve order; in time of war it is a paramount duty; it is a duty which the Indian Governments will not for one instant neglect.

“ But let us look forward rather than back. *Spero meliora.* We are no longer groping in the dark. We have an objective given to us, and we want the help of all to steer our course to that objective.

“ Do not let us then be drawn aside by ephemeral incidents, which have lent themselves to misconstruction, from the great task which we all have in hand. Every interest and class will have an opportunity of putting their views before Mr. Montagu and myself, and provided these are consistent with main principles of the policy formulated by His Majesty's Government, they will receive sympathetic consideration. Let me assure those non-official Members who represent European commercial interests, in this Council, that these important interests will of course be fully considered. Everyone, I am sure Indian and European alike recognises the historic position of the British community in India, and the debt which India owes to its enterprise and its energy. And no scheme of reform which was sound could be based on injustice to the British or to any other community. We want all the best minds and the co-operation of all classes of the community. I will not say more on this point, for does not the time itself appeal to us all, whatever our race or creed or class, to co-operate in the spirit of Macaulay's lines:—

‘ Then none was for a party,

‘ Then all were for the State?’

“ In declaring the Session closed, I bid Hon'ble Members good-bye and wish them all a safe journey to their homes.”

The Council adjourned *sine die*.

SIMJA ;

The 10th October, 1917. }

A. P. MUDDIMAN,

Secretary to the Government of India,

Legislative Department.

APPENDIX A.

(Referred to in Question No. 1.)

Statement showing the amounts of Government grants to, and the proportion of such grants to the total income of, municipalities in different provinces during the quinquennium ending 1915-16.

| Province. | Year. | Total Government grants. | Total income. | Proportion of Government grants to total income. |
|---------------------------------------|---------|--------------------------|---------------|--|
| | | Rs. | Rs. | Per cent. |
| Madras Corporation | 1911-12 | 5,48,950 | 29,98,733 | 18.30 |
| | 1912-13 | 18,94,207 | 44,41,222 | 42.65 |
| | 1913-14 | 15,78,350 | 43,14,244 | 36.58 |
| | 1914-15 | 10,15,350 | 38,66,037 | 26.26 |
| | 1915-16 | 7,60,957 | 35,38,039 | 21.50 |
| Madras District Municipalities | 1911-12 | 9,60,342 | 54,82,172 | 17.51 |
| | 1912-13 | 23,32,090 | 68,23,615 | 34.17 |
| | 1913-14 | 22,95,004 | 71,58,935 | 32.05 |
| | 1914-15 | 20,04,446 | 71,95,294 | 27.85 |
| | 1915-16 | 19,95,515 | 74,66,550 | 26.72 |
| Bombay Corporation | 1911-12 | ... | 1,22,14,522 | ... |
| | 1912-13 | ... | 1,27,73,171 | ... |
| | 1913-14 | ... | 1,29,11,189 | ... |
| | 1914-15 | ... | 1,24,57,023 | ... |
| | 1915-16 | ... | 1,38,70,153 | ... |
| Bombay District Municipalities | 1911-12 | 11,97,375 | 86,56,840 | 13.83 |
| | 1912-13 | 13,14,386 | 89,87,116 | 14.62 |
| | 1913-14 | 14,98,383 | 98,90,234 | 15.15 |
| | 1914-15 | 10,66,482 | 91,97,182 | 11.59 |
| | 1915-16 | 11,73,288 | 92,77,634 | 12.64 |
| Calcutta Corporation | 1911-12 | 66,738 | 97,38,768 | .68 |
| | 1912-13 | 70,608 | 99,79,554 | .70 |
| | 1913-14 | 63,513 | 1,08,45,820 | .58 |
| | 1914-15 | 62,593 | 1,19,28,649 | .52 |
| | 1915-16 | 65,213 | 1,19,92,552 | .54 |
| Bengal District Municipalities | 1911-12 | 7,22,607 | 59,44,754 | 12.15 |
| | 1912-13 | 3,83,222 | 50,99,683 | 7.51 |
| | 1913-14 | 6,26,148 | 55,73,291 | 11.23 |
| | 1914-15 | 4,64,711 | 56,27,830 | 8.26 |
| | 1915-16 | 1,33,809 | 54,08,316 | 2.47 |

Statement showing the amounts of Government grants to, and the proportion of such grants to the total income of, municipalities in different provinces during the quinquennium ending 1915-16—contd.

| Province. | Year. | Total Government grants. | Total income. | Proportion of Government grants to total income. |
|-----------------------------|---------|--------------------------|---------------|--|
| | | Rs. | Rs. | Per cent. |
| United Provinces | 1911-12 | 17,32,775 | 90,10,297 | 19.23 |
| | 1912-13 | 11,40,629 | 88,85,859 | 12.83 |
| | 1913-14 | 20,43,459 | 99,98,461 | 20.43 |
| | 1914-15 | 14,92,963 | 88,71,293 | 16.82 |
| | 1915-16 | 15,16,180 | 94,42,263 | 16.05 |
| Punjab | 1911-12 | 3,77,735 | 68,61,547 | 5.50 |
| | 1912-13 | 7,68,481 | 65,25,582 | 11.77 |
| | 1913-14 | 13,94,277 | 73,85,300 | 18.74 |
| | 1914-15 | 13,63,371 | 71,67,771 | 19.02 |
| | 1915-16 | 5,95,074 | 68,80,986 | 8.64 |
| Burma | 1911-12 | 5,79,391 | 84,87,336 | 6.82 |
| | 1912-13 | 6,73,613 | 89,23,907 | 7.54 |
| | 1913-14 | 8,85,399 | 93,04,637 | 9.51 |
| | 1914-15 | 9,45,310 | 95,76,107 | 9.87 |
| | 1915-16 | 6,94,630 | 93,99,525 | 7.39 |
| Bihar and Orissa | 1911-12 | ... | ... | ... |
| | 1912-13 | 2,83,654 | 21,79,046 | 13.01 |
| | 1913-14 | 15,41,189 | 37,52,729 | 41.06 |
| | 1914-15 | 6,42,076 | 28,68,824 | 22.42 |
| | 1915-16 | 3,57,504 | 26,16,249 | 13.66 |
| Central Provinces and Berar | 1911-12 | 3,37,345 | 26,46,530 | 12.74 |
| | 1912-13 | 5,68,989 | 32,26,353 | 17.63 |
| | 1913-14 | 2,86,577 | 31,62,928 | 9.06 |
| | 1914-15 | 6,54,024 | 33,09,175 | 19.76 |
| | 1915-16 | 5,06,199 | 32,90,763 | 15.38 |
| Eastern Bengal and Assam | 1911-12 | 3,75,545 | 18,46,218 | 20.84 |
| Assam | 1912-13 | 2,38,797 | 5,21,462 | 45.79 |
| | 1913-14 | 1,93,384 | 5,06,247 | 38.17 |
| | 1914-15 | 3,88,013 | 7,14,835 | 54.28 |
| | 1915-16 | 1,08,072 | 4,70,588 | 22.54 |

Statement showing the amounts of Government grants to, and the proportion of such grants to the total income of, municipalities in different provinces during the quinquennium ending 1915-16—concl'd.

| Province. | Year. | Total Government grant. | Total income. | Proportion of Government grants to total income. |
|------------------------------|---------|--|---------------|--|
| | | Rs. | Rs. | Per cent. |
| North-West Frontier Province | 1911-12 | 33,699 | 6,65,214 | 5.06 |
| | 1912-13 | 4,40,175 | 10,88,398 | 40.44 |
| | 1913-14 | 1,40,716 | 7,74,461 | 18.16 |
| | 1914-15 | 1,13,933 | 7,69,622 | 14.80 |
| | 1915-16 | 2,28,379 | 9,40,188 | 24.29 |
| Coorg | 1911-12 | 1,440 | 27,719 | 5.19 |
| | 1912-13 | 30,998 | 59,878 | 51.78 |
| | 1913-14 | 18,998 | 47,557 | 39.94 |
| | 1914-15 | 9,756 | 37,715 | 25.86 |
| | 1915-16 | 3,606 | 31,180 | 11.56 |
| Delhi | 1911-12 | Formed part of the Punjab. Delhi was created as a separate province from 1st October 1912. | | |
| | 1912-13 | 6,54,006 | 16,58,486 | 39.43 |
| | 1913-14 | 95,081 | 11,15,661 | 8.52 |
| | 1914-15 | 4,47,155 | 15,57,509 | 28.70 |
| | 1915-16 | 1,96,825 | 13,37,322 | 14.71 |



GOVERNMENT OF INDIA.
LEGISLATIVE DEPARTMENT.

PROCEEDINGS OF THE INDIAN LEGISLATIVE COUNCIL ASSEMBLED UNDER
THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT, 1915.
(5 & 6 Geo. V, Ch. 61.)

The Council met at the Council Chamber, Imperial Secretariat, Delhi, on
Wednesday, the 6th February, 1918.

PRESENT :

His Excellency BARON CHELMSFORD, P.C., G.M.S.I., G.M.I.E., G.C.M.G., Viceroy
and Governor General, *presiding*, and 56 Members, of whom 49 were
Additional Members.

OATH OF OFFICE.

The following Additional Members made the prescribed oath or affirma-
tion of allegiance to the Crown :—

The Hon'ble Mr. Patrick James Fagan, C.S.I.

„ **Mr. Ganesh Shrikrishna Khaparde.**

„ **Sir Robert Bailey Clegg, K.C.I.E.**

„ **Mr. Arthur William Botham.**

„ **Mr. Surendra Nath Banerjee.**

„ **Sir John Stratheden Campbell, K.C.S.I.,
C.I.E.**

„ **Mr. Sidney Robert Hignell, C.I.E.**

„ **Mr. Arthur Herbert Ley, C.I.E.**

„ **Surgeon General William Rice
Edwards, C.B., C.M.G.**

„ **Sir Alfred Hamilton Grant, K.C.I.E.,
C.S.I.**

[*His Excellency the President.*] [6TH FEBRUARY, 1918.]**HIS EXCELLENCY THE PRESIDENT'S SPEECH.**

His Excellency the President :—“ I extend a warm welcome to Hon'ble Members now entering on their labours here in another Session.

“ It is with regret that at the very outset of your deliberations I find myself constrained to refer to a very painful topic. It is, however, impossible to pass over without a word the gross outrage so recently perpetrated upon the peaceful Moslem population of Shahabad and certain neighbouring areas. I speak not only for myself, but for the Government of Bihar and the Government of India, and I am sure that I carry with me the whole of my Council, and, I hope, the great mass of Hindu opinion as well, when I say that those outraged people have our profound sympathy. The Local Government are doing their best to bring the culprits to justice without delay ; they are pushing on their investigations regarding compensation as quickly as possible, and taking measures to strengthen the police. But I cannot conceal from myself that it must take time to soothe the sore and injured feelings produced by these events, and I can only hope that the leaders of both communities will continue the efforts, which I am glad to see that some of them have been making, to heal these wounds as speedily as possible.

“ I know well that the question at issue in these disturbances is linked with unhappy memories of hatred and violence ; but India has long since advanced beyond the stage when the appeal in such matters lies to the discreditable agency of brute force. In these days, recognised leaders stand forth who are capable of influencing the masses of their fellow-countrymen, and surely it is not too much to hope that, on their initiative and through their guidance, methods may be devised to prevent a recurrence of these regrettable incidents.

“ And now I gladly turn from that subject to those questions with which it is customary for me to deal when we first meet in Session.

“ There is one matter involving a change in the procedure in the discussion of our Financial Statement to which I should first like to invite the attention of Hon'ble Members. As they are aware the present system is that the Financial Statement is introduced without any general discussion on its proposals. Hon'ble Members of course have power to move Resolutions on what are known as the First and Second Stages of the discussion, but there is no general discussion on the financial policy of my Government until the Financial Statement re-appears as the Budget, when financial proposals are presented to Council in their final shape at the end of the Session. I think there has been a general feeling that this system which is rendered necessary by the existing rules is unsatisfactory, as, on the one hand, we have not the advantage of a free interchange of views as to our general policy at the time when this would be most valuable to us and, on the other hand, Hon'ble Members are certainly handicapped in dealing with our Budget proposals, especially where legislation is involved. For on a Bill only those matters which arise directly out of the proposed legislation can be brought up for discussion, and, when once the Bill has been passed, a discussion at the end of the Session must largely be infructuous and academic. Accordingly we addressed the Secretary of State last November proposing certain amendments in our rules for the discussion of the Annual Financial Statement, and we have recently received his sanction to our proposals. The necessary amendments will be notified in the Gazette in due course and will be in your hands very shortly. But I may explain briefly for the information of Hon'ble Members that the main changes we propose are that, after the Financial Statement has been introduced in accordance with our present practice, its further consideration shall be postponed for some days in order that Members may have an opportunity of making themselves acquainted with its contents which is not always an easy task. On the appointed day, which this year will be the 8th of March, we shall proceed to a general discussion of the Financial Statement. This discussion will take the place of the Budget discussion at the end of the Session which, as I think Hon'ble Members will recognise, has not been very profitable. Members will be at liberty to offer any observations on the Statement as a whole, or on any question of principle involved therein. After this general discussion has terminated, we shall

[6TH FEBRUARY, 1918.] [*His Excellency the President.*]

proceed to the Second and Third Stages of the discussion of the Financial Statement which will represent what are under the existing rules called the First and Second Stages, and at these stages Members will be at liberty to move Resolutions in the same manner and to the same extent as is permissible under the existing rules. The Budget will be laid before the Council at a subsequent date when the Hon'ble Finance Member will explain the changes he has made with reference to the opinions expressed by the Council or on the basis of later figures, but there will then be no discussion. To this extent the existing procedure must be maintained. Hon'ble Members will, I hope, agree that we have endeavoured to give them a system which provides a more effective and satisfactory method of bringing forward their criticisms and suggestions regarding our policy at a stage when that policy has not been cast into final shape.

" Certain further changes will also, I think, be necessitated by this revision of the existing system. As Hon'ble Members are aware, it is our present practice when new taxation is imposed to proceed immediately after the Financial Statement has been introduced with any Bills that may be proposed for additional taxation. This is, as Hon'ble Members will readily understand, necessary for obvious reasons. But if a period for consideration and discussion is to be interposed, it will be equally necessary that any taxation Bills which may subsequently be introduced, should, if and when passed, be made to relate back to the date of their original announcement. It is of course only on this understanding that the present somewhat inconvenient procedure can be revised.

" Let me now as usual summarise such of our departmental activities as are likely to be interesting to Hon'ble Members who have been out of direct touch with the working of Government since we last met. Special preoccupations outside the usual scope of our work we have had, as Hon'ble Members well know, and I shall be brief. But those special preoccupations have not interfered with departmental work, nor have the departments been allowed respite from the varying and heavy anxieties of the times we live in.

" Since I last addressed you, one or two schemes of considerable commercial importance have been inaugurated. The position of the planting industries in India has for some time been causing me much anxiety. The provision of adequate tonnage has become a chronic difficulty, and I fear that we can hardly look forward with confidence to any possibility of increased supplies of freight in the year that is before us. The effect of this shortage has necessarily reacted most severely on the trade in certain commodities which are not held to be of essential national importance. But one of our great industries, the tea industry, can, I think, congratulate itself on the scheme which has recently been inaugurated for the purchase in India and Ceylon of the full civil and military requirements of the United Kingdom. We have appointed a Tea Commissioner who is engaged in purchasing for the Food Controller in the United Kingdom at rates which represent a reasonable amount of profit to tea gardens in this country. Under this scheme a market for at least a considerable proportion of the crop is assured, and I think I may safely say that the prospects of the tea industry, which during part of last year gave cause for anxiety, have now materially improved.

" Our anxieties were at one time perhaps even more acute with regard to the disposal of the rice crop. These again arose out of the difficulties of securing freight. In October last a much larger proportion than usual of last year's crop remained to be shipped. The new crop which has just been harvested was at the same time expected to be abundant, and a very serious glut in the market seemed inevitable. Prices in Burma dropped to an exceptionally low level, and the position of the cultivators naturally gave the Local Government cause for the gravest anxiety. I was not slow to represent the difficulties of the situation to His Majesty's Government, and I am glad to think that we have now been able to initiate a scheme for the purchase of large quantities of rice monthly for the Royal Commission in England on behalf of the United Kingdom and our Allies. Prices have been fixed which will give a reasonable return alike to the cultivators and to the millers, and the control of purchases has been placed in the hands of a Rice Commissioner in Rangoon. In order to exercise effective control, it has been necessary to

[*His Excellency the President.*] [6TH FEBRUARY, 1918.]

prohibit exports generally, but licenses will be given freely for export to many of the destinations which normally depend on India for supplies, provided that this can be done without interference with, or prejudice to, the requirements of the Royal Commission. I think that we have every reason to congratulate ourselves on this solution of what at one time threatened to be a very grave difficulty indeed.

"I come now to certain questions connected with coal production and railway traffic. The difficulty as regards coal production has throughout been one of labour, especially of skilled labour, and the difficulty has recently been greatly increased by a diversion of labour from the collieries producing the higher grades of coal to collieries and outcrop seams which only produce coal of a very inferior quality. This diversion it was necessary to check both because the demands for better class coal on account of railways and the Indian Marine are large and must be met, and because the production of very inferior coal involves a large economic loss in transport and other directions. Power was taken accordingly, and placed in the hands of a Coal Controller in Calcutta, to restrict the working of low grade collieries, and under this power their production has been regulated in such a way as to prevent their interfering with collieries producing higher grades of coal. It is too soon to judge finally the results of this action, but it is hoped that it will improve the situation. In order to supplement the shortage of labour, an experiment has lately been carried out of employing Turkish prisoners at an outlying colliery, and, as more prisoners wish to be employed and those already at work seem anxious to learn the business of cutting coal, we propose to continue the experiment on a larger scale.

"You will readily understand that the effect on our railways of the short production of coal was very serious. In the first place their own stocks of coal and those at the ports were reduced to a dangerously low level. Then, when the raisings of coal improved, the railways had to give all their energies to taking the coal through to its destination and to replenishing stocks. Further the demands of military and other essential traffic have been constantly increasing. Finally, the difficulties on the North-Western Railway were aggravated by a serious outbreak of sickness, due to the unusually heavy rain in the Punjab. As a consequence it has been exceedingly difficult to maintain the services for passengers and goods. One very unfortunate result has been that it became necessary in view of the great *mela* which is being held at Allahabad to prohibit the sale of tickets to stations within a certain zone round that centre of pilgrimage. The occasion, I recognise, is one of special sanctity, and it was with the greatest reluctance that we decided on this action, but in view of the peremptory necessity of maintaining the coal and military traffic it was unavoidable, and to have done otherwise might have led to disastrous results. I have given special attention to this matter of pilgrim traffic, and I deplore the fact that, owing to the necessities of the war, the railways are not in a position to provide full facilities for the purpose of a great religious festival, and I am glad that it has been found possible, in view of the special sanctity of February 11th, to remove the prohibition on the sale of tickets for Allahabad and the neighbourhood by the ordinary trains on February 8th, 9th, 10th and 11th.

"I am afraid that in other directions also there has been a large interruption and dislocation of ordinary traffic. It is impossible under present conditions largely to increase the capacity of our railways. We can adopt and have adopted various expedients, such as the introduction of the train control system, and the multiplication of crossing stations, both of which help the capacity of the lines; we have taken steps to ensure that the maximum use is made of the rolling-stock and to conserve the engine power. The success attained by the railways of India in carrying an enormously increased traffic, without substantial additions to their lines or equipment, has in fact been remarkable. But inevitably there is a limit to their capacity. The essential traffic at the same time is constantly growing. To give you some idea of the bulk of this traffic I may mention that the single item of coal is estimated to absorb permanently 40,000 wagons, or at least one-third of the whole supply of wagons in the country. And the more nearly the limit of capacity is

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approached, the more frequent must be the dislocations of traffic and the inconvenience and loss which result from them. The problem is engaging my earnest consideration. I trust we shall be able to find some methods of alleviating the position.

"I am proud to think that we have given freely of our railway staff and our materials for the equipment of railways overseas in the interest of the Empire, and in this country we have subordinated other requirements to military needs. While no restriction has been imposed which was not dictated by considerations of our Imperial interests, no one regrets more than I do the inconvenience which has of necessity resulted; but I hope and believe you will consider it a small thing when compared with the great causes involved in the present war.

"We have been engaged in the struggle now for 3½ years, and hitherto India has not felt the burden and suffering which war brings into the houses of the poor with anything like the same severity as less favoured countries nearer the main theatres of operations. But the pinch is at last beginning to be felt, and one of the matters which has given my Government cause for the most anxious consideration has been the recent rise in the price of many of the necessities of life. I am not going to attempt to analyse here the various and complex causes to which the general rise in prices is due. The rise has been world-wide, but I think you will not question me when I say that in respect of some articles (I am thinking at the moment particularly of salt) the market rates which have recently been prevalent have soared far higher than could be justified by economic circumstances. Salt and clothing are among the prime necessities of life, and the prices at which they have been sold have pressed with great hardship on the poorer classes in this country. The discontent and uneasiness to which this has given rise have resulted in several regrettable instances of lawlessness in parts of Bengal, Bombay, Bihar and Assam. The Local Governments have taken timely measures to police the affected areas, and the Government of India have endeavoured to grapple with the situation, so far as it is possible to deal with circumstances in which economic forces play the major part.

"It will, I think, interest you to hear the steps which we have taken to alleviate the position. The high prices of salt were caused in their origin by the shortness of supplies from sources overseas, and speculators took advantage of the position. We are endeavouring both to secure an increased import of salt from abroad and to develop our internal resources as far as we possibly can. The output from the Khewra Mine is increasing month by month, and we hope that by the middle of April it will be double what it was in pre-war days. The powers which we took a year ago to provide local authorities with salt in priority over ordinary indents were calculated to ease the market and are now being freely used, but we have recently gone a good deal further than this. We have taken powers by Rules under the Defence of India Act to fix the prices of any commodities, the supply of which it is necessary to control in the interests of the public safety. It is obvious that the actual fixation of prices and the measures necessary to ensure adequate control must rest in the first instance with the Local Governments. We have addressed them on the subject and have already notified salt as a commodity the supply of which it may be necessary to regulate. The control of prices in the case of cloth is obviously a question of much greater difficulty than in the case of salt, but we shall not shrink from any action which may be found, in consultation with Local Governments, to be both practicable and desirable.

"May I add that we are always ready to listen to those who criticise our measures, and our Council is above all the place where such criticisms may legitimately be made. But I confidently look to Hon'ble Members, who know our practical difficulties and understand the grave needs of the time, to help us by instructing the general public as to the reasons underlying our action.

"Having touched on these pressing questions of supply and demand which, though both difficult and acute, are merely questions of the moment for which altering circumstances must in course of time furnish an automatic solution, I will not dip further into industrial questions. Hon'ble Members know the

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high hopes I entertain of industry in India, and they may have noticed that at the opening of the recent Madras Industries Exhibition I dealt with the important subject of industrial development. I shall not revert to that topic to-day, but content myself with re-emphasising the fact that no reforms in India will achieve their purpose unless they have their counterpart in the industrial sphere. A great industrial advance, reacting strongly on social and educational conditions, is, I am convinced, a condition precedent to the full development of healthy political life in this country.

"In the sphere of education we have to record an event of the greatest educational importance, namely, the meeting in November last of the Calcutta University Commission under Dr. Michael Sadler. The Commission, as you know, is composed of men of high repute, and we have never before had at our disposal in this country so distinguished and experienced a body of expert advisers on educational affairs. They have commenced their inquiries by the widest consultations of all classes of opinion and by diligent and unobtrusive personal observation of the conditions upon which they are to advise. I look with confidence to receiving from them during the summer of this year a report which will contain a useful exposition of the principles upon which University education should in future be conducted in Bengal, and I have little doubt that much of their advice will be of the greatest value in dealing with University questions in other provinces also.

"Of education at the other end of the scale—of primary education—I made some mention in addressing you last September. I said that we were agreed that a definite advance must be made in this sphere, and that it was only the fact that there were other connected problems awaiting solution which prevented my giving an indication of the policy which we had in view on this most important question. The support of primary education is a function of local bodies and its extension is, in the main, an operation of finance. While, therefore, the future powers of local bodies and the future relations of local, provincial and Imperial finance are still undetermined, it is, as you will readily understand, a matter of no small difficulty to set forth a definite policy of future development for our primary schools, and it will be necessary for us to wait a little longer before we can take definite steps for the realisation of such a policy. In the meantime, we have determined to place no obstacle in the way of such local legislatures as may decide on any reasonable measures to forward the same end, whether those are the precise measures which we would ourselves be prepared to initiate or not. The last few months have accordingly seen the first beginnings of legislation to allow of compulsory education in this country. A private Bill has been introduced and passed into Law to admit of the adoption of compulsion by district municipalities in Bombay. Arrangements have been made for the introduction of similar Bills in Bengal and in Bihar and Orissa. The Punjab Government has drafted a Bill dealing with the same subject on comprehensive lines and has published it for criticism. I need hardly say that I shall watch with deep interest the use which local bodies make of the powers conferred upon them by measures of this description.

"In the cognate sphere of local self-government I desire to invite attention to an important move which has been made by Lord Ronaldshay's Government in Bengal. A Bill has recently been introduced in that Presidency in which an attempt has been made to institute a general system of village government. The question is complicated in Bengal by the absence of real village units and the pre-existence of local Committees for dealing with watch and ward; but, whatever the ultimate fate of the Bill in its details may be, I cannot but welcome its preparation, as representing a bold and comprehensive effort to provide a code of rules for a difficult and little trodden field of administration, and as a step along one of those main lines of advance—detailed by me, as Hon'ble Members will recollect, in my opening speech at the September Session—which lead to the accepted goal of British Rule in India.

"In accordance with my intention to be brief in surveying the departmental field, I shall not to-day touch on some important aspects of our general administration, but shall now turn to matters immediately connected with the war and our military administration.

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“ Nearly a year has elapsed since the Indian Defence Force Act came into operation. As regards the European Branch of the Force, a very large measure of success has been achieved. The duty of military service has been undertaken by the European population of the country cheerfully and in a spirit of patriotism, and the Government of India gladly acknowledge the sacrifices which have been made by a community which has otherwise made large contributions to the fighting forces of the Empire, and is in the pursuit of its civil avocations, working at high pressure with depleted staffs. The burden, the Government of India are well aware, has been particularly felt in the matter of raising the General Service Units, the formation of which for the time being was necessitated by the exigencies of the military situation, and they are grateful to the commercial community for the good spirit in which the obligation has been accepted. I am pleased to be able to announce that the reorganisation of the Armed Forces in India, in which the newly-constituted Indian Defence Force plays a considerable part, has enabled His Excellency the Commander-in-Chief to dispense for the present with these units, which will be disbanded at an early date.

“ It is not necessary to explain that the obligation for general service when required remains unimpaired, and it will, as a matter of fact, be necessary, as an offset to the disbandment of the larger units, to maintain in certain places smaller units permanently embodied for the purpose of local defence.

“ With regard to the Indian portion of the force, recruiting was under the Indian Defence Force Act closed on 28th August 1917, by which time the number of applications sent in had reached over 9,000. Not all of the applicants, however, appeared when called on for medical examination, and of those who did appear only a little over 3,000 have been passed as medically fit, and in only three of the six areas into which India was divided for the purpose has the number of fit men approached 1,000, the minimum which it was proposed to require before a unit was raised. The Government of India, however, wishing to give the movement every possible encouragement, agreed not to insist on this minimum, and one or more units have been formed, or are in process of formation, in each of the areas referred to, and it has now been decided to give a further opportunity to fill up the cadres of these units by re-opening recruiting, and an amendment to the Indian Defence Force Act will be introduced in Council for this purpose. Hon'ble Members will, however understand that our hands are not free in the matter of numbers. The demands of the military situation and the calls upon our *personnel* for service in the field necessarily limit the opportunities which we can offer in respect of training for auxiliary troops, and these opportunities naturally vary from time to time. We therefore propose to open and close recruiting for the Indian portion of the Indian Defence Force in the various provinces by notification in the Gazette of India, as the above considerations shall dictate.

“ As regards the work of our forces in the field, the past few months have seen a series of successes in Mesopotamia and in Syria, where a notable advance has been made. The operations in East Africa have been uniformly successful, and the Indian troops who have aided so largely in securing this result are now returning to India to refit.

“ The war is now entering on a new phase. The added burden thrown on the Allies by the situation in Russia is one which is likely to increase rather than lessen, and India, in common with the rest of the Empire, must be prepared for greater efforts and greater sacrifices, and for a fuller organisation of her military resources, in man-power and in material.

“ Recruiting for the Indian Army and for the subsidiary services has, during the past year, shown a distinct improvement, and the results of the last few months are encouraging. At the same time, we are not, even now getting the full numbers we require, nor do the numbers obtained nearly approach the contribution that India could supply without in any way affecting her own requirements.

“ If we are to obtain a supply adequate to our needs, a sustained and combined effort on the part of all is now necessary. The Central Recruiting Board is keeping in close touch with all recruiting questions, and has arranged for a division of the total requirements among the provinces, with special regard to

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their resources. Provincial Recruiting Boards have been established in most Provinces with very satisfactory results, and their efforts have undoubtedly contributed in no small degree to the measure of success that has attended recruiting operations during the past few months.

“The Punjab is maintaining its proud position as the chief supplier of recruits, but, with the co-operation of the various Provincial Boards, it is fully expected that other Provinces and States will shortly contribute a share more in proportion to their population.

“The Native States generally maintain their record of high achievement. The first fruits of victory in one field of battle have been manifested in the return of war-worn battalions of Imperial Service Troops to our shores. The Kashmir battalions, which returned last summer with a distinguished record in an arduous campaign, have now replaced their losses and refitted and are about to retake their places in the fighting line where they will, I feel confident, earn fresh laurels. The States of Bharatpur, Jind, Gwalior and Kapurthala have more recently welcomed the return of their contingents with fitting honours and rejoicings, and the Rampur Infantry, the Faridkot Sappers and Miners, and a Kashmir Mountain Battery may shortly be expected. The splendid services rendered by the troops which have reached India have been acknowledged by the General Officer Commanding in messages which will be treasured in the annals of the States and have been a source of deep gratification to myself and the Government of India.

“The Bharatpur Infantry in particular, who suffered heavy losses in the recent fighting, have earned the special appreciation of His Majesty's Government and the thanks of the Army Council. The Durbars are already planning to reform their units for further service after the men have enjoyed their well-earned leave.

“From Palestine also news has been received of the admirable work done in the battle of Gaza, and in the subsequent pursuit, by the Imperial Service Troops of His Exalted Highness the Nizam and of Their Highnesses of Mysore, Gwalior, Patiala, Alwar, Bahawalpur and Khairpur.

“The stream of gifts and contributions from the States still flows strongly. Among others I may mention a gift of 5 lakhs from the Maharaja Holkar, a lakh of rupees each from the Maharao of Sirohi and the Maharaja of Nawanagar, Rs. 45,000 from the Maharaja of Jind for the purchase of a bomb aeroplane, 5 lakhs and 25 thousand rupees and 100 horses, besides other gifts, from the Maharaja of Nabha, whose Imperial Service Infantry will, I hope, soon take the field, one lakh and eight thousand rupees from the Chiefs of Northern Shan States for the purchase of aeroplanes, and, lastly, yet another gift from the Maharaja of Gwalior, namely, £6,000 for the benefit of disabled naval officers and men and their families.

“The Central Recruiting Board has received considerable assistance from some States in the matter of recruiting for the Indian Army, notably from Kashmir, Jaipur, Alwar and Bharatpur, and in the Punjab, from Patiala, Jind, Nabha and Kapurthala, and besides this the Kashmir, Patiala, Jind, Kapurthala and Bahawalpur Durbars have undertaken, on the request of the Government of India, to increase considerably the strength of their Imperial Service units in order to meet the rapid wastage of modern war.

“If I were now to resume my seat, Hon'ble Members would perhaps have a right to complain that there remains a subject of momentous importance to India, second in importance to nothing except the war, upon which I have not so far specifically touched. It is a subject which naturally claims at this hour the serious attention of every man interested in the welfare of India. But Hon'ble Members will on reflection realise that at this stage it is not possible for me to say much on the topic of Constitutional Reform. For the past three months the Secretary of State and I have been in daily consultation on the subject. We have received numerous deputations and given still more numerous interviews. In the addresses presented to us we have had clearly placed before us the hopes and aspirations, as well as the doubts and fears, of the various communities in India. In the interviews we have endeavoured to elicit the opinions of those whom we were meeting. We have probed those opinions by searching cross-examination, not

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for the pleasure of mere dialectic but to satisfy our minds that beneath the opinions expressed there was a solid substratum of fact and experience. I can say for my part—and I believe I can also speak for the Secretary of State—that we regarded these interviews as a liberal education. They enabled us to clear our minds, and they assisted us to see how far opinions expressed in addresses were based on genuine conviction and solid thought. The whole scheme of the tour and the arrangements made at each centre seemed to me admirably suited to the purpose which the Secretary of State and I had in hand; and I should like to pay a tribute to the great ability with which so many of the addresses we heard had been drafted and to the careful labour and thought which they embodied. I also take the opportunity of cordially acknowledging the almost universal spirit of genuine co-operation which animated those who came to meet us in interview. Availing ourselves then of all the help that offers, we are threshing out the great problems with which we have to deal, and I have every hope that the Secretary of State may be able to take home proposals embodying a sane and sober advance, with future steps duly outlined, so that, provided we get that co-operation on which the announcement of August the 20th laid stress, we shall be able to progress towards the realisation of responsible government. Let me remind you of the words of the announcement, that 'ample opportunity will be afforded for public discussion of the proposals which will be submitted in due course to Parliament'. If His Majesty's Government accept our request for publication, then it will be for those who represent the numerous communities interested to put their heads together and make reasoned representations to me upon them for transmission to His Majesty's Government. I notice that it has been suggested that a deputation should go home and lay the case for the Congress-League scheme before His Majesty's Government. The same intention may exist in other quarters. I think that at the right moment that is a course worthy of consideration, and I would not have it thought that there is any desire on the part of Government to hamper any such representations. On the contrary I will gladly give all the advice and all the help which it lies in my power to give.

“ You will observe that the procedure we propose to adopt is that which was followed on the occasion of the Morley-Minto Reform Scheme. It opens the door to full discussion, and seems to me a highly convenient course to pursue. I do not disguise from myself that there will be those who will criticise our proposals, whatever they may be, as not going far enough, while others will regard them as going dangerously far. That is inevitable. But they will represent a sincere and honest attempt to give effect to the announcement of August the 20th, which the Secretary of State and I have regarded as constituting our terms of reference and therefore binding upon us. I would ask people generally to re-read that announcement as a whole resisting the temptation to select that portion which suits their particular views and to reject the rest. I believe that in the main the announcement commanded general acquiescence, and it behoves us all to endeavour to work together in general harmony with it and to accept its spirit.

“ The first practical step in fulfilment of that announcement has a directly personal aspect in that it accounts for the presence here in Delhi to-day of the Right Hon'ble Edwin Montagu, Secretary of State for India. It is our privilege to be able to greet him in our midst, and I am sure that all Hon'ble Members would wish me to extend to him a most sincere and cordial welcome on behalf of the Imperial Legislative Council of India. His task and mine is a joint task, and in its discharge we stand in a relationship peculiarly personal; but this consideration will not deter me from thanking him here and now for the whole-heartedness of his co-operation with me. He has moreover met others freely and widely, the leading figures in our political life, official and non-official; and, knowing as I do the spirit which has animated him, I feel sure that Hon'ble Members would like me to express to him on behalf of India as a whole our great appreciation of the manner in which he has approached his task. We do not know whether our work of the past three months will lead us to success. It will be for history to record the result of those labours. 'Tis not in mortals to command success', but if ever a man engaged in a task beset with difficulties deserved success, that man, I most emphatically hold, is the Right Hon'ble the Secretary of State.”

[*Rai Bahadur B. D. Shukul; Sir Claude Hill.*] [6TH FEBRUARY, 1918.]

QUESTIONS AND ANSWERS.

The Hon'ble Rai Bahadur B. D. Shukul asked :—

Forest offences relating to cattle trespass.

1. “(a) Are Government aware that the general condition of cattle has deteriorated owing to inadequate supply of fodder and restrictions of grazing facilities in forest areas ?

(b) Will Government be pleased (i) to state the number of forest offences relating to cattle trespass for the last ten years, Province by Province, and (ii) explain the cause of the increase, if any, in the number of such offences ?

(c) Will Government consider the advisability of relaxing the forest laws so as to afford greater facilities for grazing ?”

The Hon'ble Sir Claude Hill replied :—

“(a) As stated by Sir Robert Carlyle in reply to a question asked by Maharaja Ranajit Sinha on the 16th January, 1915, it is impossible to decide whether, taken as a whole, Indian cattle have deteriorated in recent years.

(b) I lay on the table a statement * showing the number of cases of grazing without permission during the ten years ending 1915-16. For explanation of increases in particular provinces I must refer the Hon'ble Member to the annual provincial reports, but the general increase shown in the statement is probably due to the larger number of cattle grazed and the increased efficiency of the forest staff.

(c) As stated by Sir John Miller in reply to a question asked by Mr. Dadabhoj on the 18th February, 1910, the rules under the Indian Forest Act are framed for each province by the Local Governments concerned, and Local Governments are fully aware of the importance of providing grazing facilities in forests. The Government of India see no necessity for amending the law on the subject.”

The Hon'ble Rai Bahadur B. D. Shukul asked :—

Agricultural education.

2. “(a) Is it a fact that in this country the want of an adequate supply of manual labour is being more and more acutely felt by agriculturists, and that till now the mechanical side of agricultural education has received but little attention ?

(b) Will Government be pleased to consider the advisability of providing for the mechanical side of agricultural education so as to make the farmer familiar with the fundamental laws and principles of mechanics, and encourage the adoption and extended use of improved tools and implements and labour-saving machines ?”

The Hon'ble Sir Claude Hill replied :—

“(a) *first part.*—The Government of India are of course aware that manual labour is short of requirements at harvest time and on other seasonal occasions when the demand is heavy, but they have not information which confirms the view that the supply of manual labour for agricultural operations is becoming progressively more inadequate.

(a) *second part and (b).*—The introduction of improved agricultural implements and labour-saving machines is already recognised as one of the most important functions of the Agricultural Department in the various provinces ; and land-owners and cultivators are instructed in their care and use at Government Demonstration Farms. Several provinces, moreover, namely, Madras, Bombay, Burma, the United Provinces and the Punjab, have Agricultural Engineers attached to their Agricultural Departments with the object of assisting and instructing the agricultural public in the use of such implements ; and the Governments of Bihar and Orissa, and the Central Provinces contem-

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plate the appointment of Agricultural Engineers after the war. It will thus be seen that Government is already fully alive to the importance of this matter."

The Hon'ble Rai Bahadur B. D. Shukul asked :—

3. "Are Government aware that in some of the countries of the West, such as Italy and France, Government subsidies are granted to agricultural societies for the purchase of agricultural implements and machines? Will the Government of India introduce a similar system in this country?"

Government Grants for the purchase of implements.

The Hon'ble Sir Claude Hill replied :—

"The Hon'ble Member presumably refers to agricultural societies organized on a co-operative basis. The Government of India understand that such societies are assisted in some European countries by loans from Government or from State-aided banks. They have no information that any special subsidies are granted for the purchase of agricultural implements and machines. In regard to the second part of the question, the Hon'ble Member's attention is invited to paragraph 213 of the report of the Committee on Co-operation which indicates the extent to which Government advances are made to agricultural societies generally in this country. The Committee expressed the view that no change in the existing rules regarding these initial advances was called for and were of opinion that they will be even less used in the future than in the past. The Government of India do not consider that the need for any material modification of their present policy has as yet been established."

The Hon'ble Rai Bahadur B. D. Shukul asked :—

4. "Will Government be pleased to lay on the table a statement showing the number of appeals made against the assessment of Income-tax for the last three years in each Province and showing how many such appeals were accepted and how many rejected?"

Appeals against the assessment of Income-tax.

The Hon'ble Sir William Meyer replied :—

"I lay on the table a statement* derived from Income-tax Return V showing by Provinces the number of petitions presented to Collectors and Commissioners under the Income-tax Act, 1886, during the years 1914-15 to 1916-17. The Government of India have no information whether the petitions, figures of which are shown in Return V, relate solely to appeals against the assessment of income-tax, and it is possible that the basis on which the statistics are compiled differs in different Provinces.

2. Local Governments, with whom the actual administration of the Income-tax Act rests, are not required to furnish to the Government of India statistics showing the number of petitions under the Act, which were successful in whole or in part, and the figures of successful and unsuccessful petitions in all the Provinces of India, which the Hon'ble Member asks for, are accordingly not available."

The Hon'ble Rai Bahadur B. D. Shukul asked :—

5. "(a) Will Government be pleased to lay on the table a copy of the various circulars issued in the different Provinces by the Département of Education regarding the attendance of teachers and students of schools and colleges at public meetings?"

Student strikes and Advisory Boards.

(b) Will Government be pleased to state the number of students' strikes during the years 1916-17 in different schools and colleges, Province by Province?"

[*Sir C. Sankaran Nair; Rai Bahadur B. D. Shukul; His Excellency the Commander-in-Chief.*] [6TH FEBRUARY, 1918.]

(c) Have the Provincial Governments inquired into the causes of such strikes and with what results?

(d) Will Government consider the advisability of appointing an Advisory Board of Education in each Province consisting of persons, partly nominated and partly elected, to advise the Government on all educational matters?"

The Hon'ble Sir C. Sankaran Nair replied :—

"(a) A copy of the circulars * is laid on the table.

(b) and (c) The Local Governments are being requested to supply the information asked for and it will be communicated to the Council when received.

(d) The Government of India have given discretion to Local Governments to constitute Advisory Education Boards where these may be considered necessary, and in some Provinces Boards of this nature already exist. The Government of India do not propose to take any further steps in this direction at present."

The Hon'ble Rai Bahadur B. D. Shukul asked :—

Grants to District Boards.

6. "(a) Are Government aware that the system of making earmarked grant to District Councils and other local bodies has been found to cause much inconvenience in practice, and is it a fact that a new scheme of consolidated grants to District Boards has been introduced in the Punjab, abolishing as far as possible all earmarked grants?

(b) If so, will Government instruct other Provincial Administrations to adopt a similar scheme?"

The Hon'ble Sir C. Sankaran Nair replied :—

"A system of consolidated grants for purposes other than educational has been introduced in District Boards in the Punjab, but the Government of India are not prepared to say that earmarked grants to local bodies are in all cases productive of inconvenience. They approve generally the view of the Decentralization Commission that grants-in-aid should normally take the form of a lump grant or a percentage towards specific services, but the system to be adopted in making grants is a matter purely for the decision of Provincial Governments, and the Government of India do not propose to instruct Provincial Governments to adopt exclusively any particular system of making grants."

The Hon'ble Rai Bahadur B. D. Shukul asked :—

Relief and comforts fund for the Indian Defence Force University corps.

7. "(a) Are Government aware that much hardship is felt by the mofussil students who have to pay the out-of-pocket expenses for their board and lodging during the period when they join the Indian Defence Force?

(b) Is it a fact that the Vice-Chancellor of the University of Bombay has started a fund for the relief and comforts of such graduates and undergraduates as have joined the University corps of the Indian Defence Force?

(c) Has the same course been adopted in other Provinces also? If not, will Government recommend this course to other Provinces?"

His Excellency the Commander-in-Chief replied :—

"(a) The question, it is understood, refers to University companies of the Indian Defence Force, the training of which is divided into two portions, a preliminary training of one month carried out at the Universities, and a period of two months in camp. During the second period all men serving receive pay

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and allowances as for the corresponding ranks in the Indian Army. During the period of preliminary training, pay and allowances are not generally necessary, as the men are living at their own houses and serving under conditions similar to Europeans of the Indian Defence Force when not called out for actual military service; moreover it is only proposed that they should perform 86 hours' drill during the month. But to meet special cases of men not actually resident at the Universities, pay and allowances during the period of preliminary training have been allowed in the Calcutta and Allahabad University units for men who do not reside at the places of training. A similar concession for the Bombay University unit is now under consideration.

(b) The Government of India understand that a fund has been started in the University of Bombay on the lines described in the question.

(c) The Government of India believe that a similar fund has been started in the University of Calcutta, but have no information as regards the Allahabad University, the only other University which has a separate unit of the Indian Defence Force. They think that the adoption of such a course should be left to local initiative as all necessities are provided by Government."

The Hon'ble Rai Bahadur B. D. Shukul asked :—

8. "(a) Is it a fact that the inadequate strength of the superior staff interferes with the expansion of the activities of the Agricultural Department over a wider area in the various Provinces of British India?"

Recruitment of officers for the Agricultural Department.

(b) If so, will Government be pleased to state what special arrangements, if any, have been made, or are proposed to be made, with a view to ensure an adequate supply of officers in this country in the near future?"

The Hon'ble Sir Claude Hill replied :—

(a) "The reply is in the affirmative.

(b) Local Governments and Administrations have been addressed regarding the extent to which it will be necessary or desirable to expand the Provincial Agricultural Departments after the war. All replies have not yet been received and the matter is still under consideration. Difficulties have been experienced by the India Office in securing suitable candidates for the Indian Agricultural Service during the war for the posts already sanctioned. Every endeavour is, however, being made to secure candidates for the superior service either by direct recruitment of qualified Indians and others, or by promotion of qualified men from the Provincial Service."

The Hon'ble Rai Bahadur B. D. Shukul asked :—

9. "Is it a fact that in the Bombay Presidency when a general classification of the soil of any area has been made a second time, or when any original classification of any area has been approved by the Governor in Council as final, no such classification is again made with a view to the revision of the assessment of such area? If so, will the Government of India advise the other Provincial Governments to adopt a similar policy in case of re-settlements?"

Settlements and soil classification.

The Hon'ble Sir Claude Hill replied :—

"The answer to the first part of the question is in the affirmative. The Government of India are not prepared to take the action suggested in the second part of the question as they still adhere to the policy in regard to the legitimate grounds for a re-assessment of land revenue which was laid down in paragraph 22 of their Resolution No. 1, dated the 16th January 1902. I would invite the attention of the Hon'ble Member to this Resolution."

The Hon'ble Rai Bahadur B. D. Shukul asked :—

10. "Have the Government of India received the views of the Local Governments on their proposals regarding the revision of the Indian Arms Act? If so,

Revision of the Indian Arms Act.

[*Sir James DuBoulay ; Rai Bahadur B. D. Shukul ; Sir Claude Hill.*] [6TH FEBRUARY, 1918.]

will the same be placed on the table, and will the Government be pleased to appoint a Committee consisting of officials and non-officials to consider the whole question of the administration of the Arms Act before introducing a Bill to amend the same ? ”

The Hon'ble Sir James DuBoulay replied :—

“ The Hon'ble Member is under a misapprehension in thinking that the revision of the Arms Act is in contemplation. The Government of India, as explained by His Excellency the Viceroy in this Council on September 5th last, have the question of the administration of the Arms Act under their consideration, and will not accept any solution of this question which continues to base exemption on racial distinctions. They have not yet received all the replies of Local Governments, one is still outstanding: those that have been received are voluminous but are now being examined, and when the examination is complete Government will consider whether the replies should be laid upon the table, and whether it is desirable to obtain further official and non-official opinion. ”

The Hon'ble Rai Bahadur B. D. Shukul asked :—

Agricultural training.

11. “ Is it a fact that in the Punjab one of the means adopted for popularizing improved methods of agriculture is the provision of a short English course for Revenue and Irrigation officers, and also a 6 months' vernacular course as Lyallpur Farm, and that the experiment has been found useful? If so, will the Government of India advise other Provincial Governments to adopt a similar course ? ”

The Hon'ble Sir Claude Hill replied :—

The practice in the Punjab is as indicated in the Hon'ble Member's question, and the Government of India understand that the results of this practice have been found satisfactory. They consider, however, that what is suitable to the conditions of one Province may not be equally so to those of another, and that it may safely be left to other Provinces to adopt such courses as may be held suitable to local requirements. A copy of the question and of this reply will, however, be communicated to all Provinces for their information.

The Hon'ble Rai Bahadur B. D. Shukul asked :—

Medical relief in rural areas and improvement of the indigenous system.

12. “ (a) Are Government aware that the arrangements for medical relief in rural areas are inadequate? And is it a fact that the depletion of medical staff both higher and subordinate owing to the war and the consequent disorganization of medical relief has necessitated the closing of dispensaries in certain rural areas, especially in the Madras Presidency ?

(b) If so, will Government state what action they propose to take with a view to improve the present condition ?

(c) Is it not a fact that any wide extension of medical relief in rural areas on Western lines would involve a prohibitive cost ?

(d) Are Government aware that the indigenous system of medical relief is cheaper, and that people in this country have to resort to this system ?

(e) Have Government any information that the Mysore Government have devised a scheme to place the practice of the Ayurvedic system on a scientific footing? If not, will they be pleased to obtain the same from the Mysore Government and place it on the table ?

(f) Will Government consider the advisability of trying a similar experiment in British India ? ”

The Hon'ble Sir James DuBoulay replied :—

“(a) It is unfortunately probably the case that the arrangements for medical relief in some rural areas in India, as indeed of most countries, are inadequate. The subject, however, is one which has received the closest and most anxious attention at the hands of both the Government of India and the Local Govern-

[6TH FEBRUARY, 1918.] [*Rai Bahadur B. D. Shukul; Sir C. Sankaran Nair.*]

ments, and in the years preceding the war considerable improvement in this respect was effected. The triennial reports for the years 1914, 1915 and 1916, showed that there was as a result of war conditions a slight decrease in the number of dispensaries open in some provinces, for example, Assam where the number fell from 225 to 215, but there was an increase in Madras, Burma and the Punjab during the same period. The figures for 1917 are not yet available.

(b) Effective action cannot be taken so long as the war lasts and the demands on the cadre of the civil departments for medical officers for military purposes continue.

(c) The Government of India agree that a wide extension of gratuitous medical relief in rural areas on Western lines will involve considerable further expenditure.

(d) So long as practitioners of the indigenous systems receive no scientific education in the principles and practice of those systems it would no doubt be possible to obtain such men at cheaper rates than would attract men trained in the principles of Western medical science.

(e) and (f) The Government of India have no information about the Mysore scheme, but have under consideration the question whether it is possible to place the Yunani and Ayurvedic systems on a scientific footing and to increase their usefulness. They are awaiting a representation from the All-India Ayurvedic and Unani Tibbia Conference."

The Hon'ble Rai Bahadur B. D. Shukul asked :—

13. "(a) Will Government be pleased to state how much has been spent on the Patna excavations carried on by the Archæological Department?" The Patna excavations.

(b) Is it a fact that the whole excavated area is not properly cared for and that no efforts are made to preserve the remains of ancient bricks, wooden walls and pavements, etc.? If the answer be in the negative, will Government be pleased to state what steps have been taken to conserve the old monuments excavated? If the answer be in the affirmative, will Government be pleased to take early action to ensure their preservation?

(c) Is it a fact that many old relics discovered in India have been removed to other countries, and are Government aware that such removal has been resented by the people? If so, will Government be pleased to see their way to put a stop to this practice?"

The Hon'ble Sir C. Sankaran Nair replied :—

"(a) The sums expended on the Patna excavations have been published in the Annual Reports of the Superintendent, Archæological Survey, Eastern Circle, and the cost to Government has amounted in six years to Rs 17,512. The remaining cost of the excavations has been borne by Sir Ratan Tata.

(b) The discoveries include moveable antiquities, and wooden and brick structures. The moveable antiquities are preserved provisionally in the office of the Archæological Superintendent, while the wooden structures of Mauryan date can only be preserved either by flooding them with water or covering them again with earth. When the excavations are complete, Government will decide which of these two courses will be followed, meanwhile they are being preserved by water. The brick remains are of later date and a small proportion of them will be permanently conserved and kept visible to the public, the remainder will be buried again beneath the soil. The site at Pataliputra is protected under the Ancient Monuments Preservation Act, 1904, and chaukidars are maintained there. Government is satisfied that all necessary precautions are being taken for the preservation of these remains.

(c) The only body relics which have left India in recent years were a Buddhist relic which was presented to the Buddhists of Burma by Lord Minto in 1910, and another to the Buddhists of Ceylon by the present Viceroy in 1917. Arrangements have been made by which it is hoped that the Buddhists will be able in future to preserve such relics on Indian soil."

[*Rai Bahadur B. D. Shukul; Sir Claude Hill.*] [6TH FEBRUARY, 1918.]

The Hon'ble Rai Bahadur B. D. Shukul asked :—

The Co-operative Societies Act of 1912.

14. "(a) Did the Committee on Co-operation in India in their report of 1915 make the following recommendations :—

(i) Where individual creditors refuse to disclose claims, societies should be empowered to ascertain the debts of a member by serving a notice on such a creditor requiring him to state his claim subject to discharge of his debt on failure to comply and prosecution for wilful falsehood?

(ii) The lien of a society under section 19 of the Act should be converted into a charge; otherwise there is no bar to outside attachment unless a decree has been passed in favour of a society?

(iii) Provision should be made for the summary recovery of members' debts by a Liquidator on the cancellation of a society's registration?

(b) If so, will Government take early action to revise the Co-operative Societies Act of 1912, with a view to give effect to these recommendations and to make such other provisions in the Act as may in the interest of the Co-operative movement seem necessary in the light of experience gained on the working of the co-operative system in this country since the introduction of this Act?

(c) Will Government state what steps they have taken or propose to take with a view to provide for the custody of the cash balances of Co-operative Societies and Banks at Government Treasuries or Police Stations, or in the Postal Savings Banks?

The Hon'ble Sir Claude Hill replied :—

"(a) (i) and (b).—The Committee on Co-operation recommended the experimental introduction of such a provision in Burma only in the first instance. As the Burma Government is now of opinion that such a measure is unnecessary, the proposal has been dropped for the present.

(a) (ii) and (b).—Yes, when the Act next comes under revision. As the Committee points out, the difficulty has arisen out of a ruling of the Calcutta High Court; and as the Bengal Government are not satisfied that the existing provisions of the law are insufficient to meet the difficulty, no further action is contemplated at present.

(a) (iii) and (b).—Yes, when the Act next comes under revision. A provision to this effect has already been made in the Public Demands Recovery Acts in Bihar and Orissa and Bengal; and the proposal will be considered further when the amendment of Act II of 1912 comes under consideration.

(c) The orders issued by the Government of India on the subject, are embodied in their Circular* letter No. 807-262-1, dated 3rd October, 1916, a copy of which is placed on the table."

The Hon'ble Rai Bahadur B. D. Shukul asked :—

The economic condition of the agricultural classes.

15. "Was the following resolution passed by the Board of Agriculture which met at Poona in December last :—

'That an improvement in the economic condition of the agricultural population in India is a matter of the most fundamental and urgent importance to the country?'

If so, will Government consider the advisability of appointing a mixed committee of officials and non-officials to consider the whole question relating to the economic condition of the agricultural classes, and report as to the best means of ameliorating the same? "

The Hon'ble Sir Claude Hill replied :—

"The reply to the first part of the question is in the affirmative, but as the proceedings of the Board have not yet been submitted to the Government of India they are not yet in a position to discuss its recommendations.

[6TH FEBRUARY, 1918.] [*Rai Bahadur B. D. Shukul; Sir George Barnes; Mr. K. K. Chanda.*]

The Hon'ble Rai Bahadur B. D. Shukul asked :—

16. “ (a) Has the attention of the Government of India been drawn to the alleged case of ill-treatment accorded to one Amritammal and her son working in the Poozellah Estate, Perkadu Post, Ceylon, as coolie, particulars of which are reported on page 4 of the “ Hindu ” of the 23rd November 1917 ? Case of Amritammal in Ceylon. ”

(b) Will Government be pleased to inquire if it is a fact that the reply which the Ceylon Labour Commissioner, Trichinopoly, has received from the Superintendent of the said Estate, in Ceylon, with regard to this case differs altogether from the letter of Amritammal, the aggrieved ? If so, will the Government of India arrange with the Ceylon Government to hold a joint enquiry into the matter ? ”

The Hon'ble Sir George Barnes replied :—

“ The attention of the Government of India has been called to the case referred to in the first part of the Hon'ble Member's question, and enquiries are being instituted both from the Government of Madras and the Ceylon Government on the subject. ”

The Hon'ble Mr. Kamini Kumar Chanda asked :—

17. “ Is it a fact that Bengal has got an extensive sea board and people used to make salt in Bengal formerly ? Will Government be pleased to consider the expediency of granting licenses for making salt in Bengal, at least for home consumption ? ” Grant of licenses for making salt in Bengal. ”

The Hon'ble Sir George Barnes replied :—

“ The Hon'ble Member is referred to the answer given to a similar question asked by the Hon'ble Maharaja Sir Manindra Chandra Nandi in this Council on the 12th of September last year. A copy of the Memorandum by the Government of Bengal on the subject of salt production in that Province referred to in the answer is laid on the table for the information of the Hon'ble Member. The question of granting licenses for salt manufacture is a matter for consideration by the Local Government who are responsible for the administration of the Salt Department in Bengal. ”

The Hon'ble Mr. Kamini Kumar Chanda asked :—

18. “ (a) Is it a fact that there have been recent cases of looting of *hats* in Bengal and parts of Assam, the commodities looted being cloth and salt ? Looting of hats in Bengal. ”

(b) Is it a fact that the price of these commodities has been enhanced enormously, causing great hardship to the poor people ?

(c) Will Government be pleased to state what action, if any, has been, or is proposed to be, taken by Government to meet the situation ? ”

The Hon'ble Sir George Barnes replied :—

“ (a) Yes. ”

(b) It is true that the price of cloth and salt has risen greatly, and this rise in prices has pressed heavily on the poorer classes.

(c) The attention of the Hon'ble Member is invited to Rule 11 J of the Defence of India (Consolidation) Rules recently enacted, under which Government have powers to control the supply of any commodity of general use, where it is necessary to do so, for the purpose of securing the public safety. These powers include the power to fix prices. Salt has already been notified as an article the supply of which it is necessary to control, and Local Governments have been invited to take such action in accordance with the rules as may be found to be necessary. With regard to the price of cloth, the question of the action to be taken to meet the situation is under consideration. ”

[Mr. K. K. Chanda; Sir James DuBoulay.] [6TH FEBRUARY, 1918.]

The Hon'ble Mr. Kamini Kumar Chanda asked :—

Grant of permission to State prisoners to enlist in the Bengali Regiment.

19. "Will Government be pleased to consider the expediency of permitting State prisoners under Regulation III of 1818 or detenus under the Defence of India Act, or such of them as offer to do so, to enlist in the Bengali Regiment, if they are considered fit by the military authorities, forming if necessary a separate company or companies for them?"

The Hon'ble Sir James DuBoulay replied :—

"It has been ascertained that the military authorities are unable to entertain the proposal."

The Hon'ble Mr. Kamini Kumar Chanda asked :—

The Committee to investigate and report on the revolutionary movement in India.

20. (a) Will Government be pleased to amplify the scope of the Committee announced on the 10th December last enabling it to examine individual cases of persons interned under the Defence of India Act or detained under Regulation III of 1818 with a view to recommend, if it considers proper, the release or relaxation of restraints in the case of any such person?

(b) Will Government be pleased to state what procedure is to be adopted by the Committee for ascertaining the existence of any revolutionary party in the country, namely, whether it is to examine witnesses or to base its findings merely on files placed before it by or on behalf of Government?

(c) If the answer to the above question is that the Committee is to base its findings on such files only, will Government be pleased to modify such procedure and enable the Committee to examine the parties whose statements are placed before the Committee or such other persons as the Committee may consider necessary or desirable, such examinations taking place *in camera* if the Committee considers it expedient and persons examined before the Committee being granted immunity from any prosecution or other legal proceedings as the result of the information they give during such examination?

(d) Will Government be pleased to reconsider the desirability of relieving the Committee of the necessity or duty of making any recommendations for introducing any fresh legislation?

(e) Will Government be pleased to state the reasons why fresh legislation is desired for dealing with any revolutionary conspiracy which the Committee may find to exist in Bengal or any other Province, and why the existing laws are considered to be inadequate?"

The Hon'ble Sir James DuBoulay replied :—

"(a) The Government of India do not propose to modify the scope of the Committee's enquiry in the manner suggested. It is however at full liberty to examine the records of individual cases, and if it felt moved to make any recommendation in regard to any specific case, the Local Government and the Government of India would attach the greatest possible weight to such an expression of opinion.

(b) and (c) The Resolution with regard to the appointment of this Committee contained the following words :—

'It will be given full access to all documentary evidence in the possession of Government bearing on the existence and extent of revolutionary conspiracies in India, and will supplement this with such other evidence as it may consider necessary.'

No change is contemplated in the procedure indicated.

(d) and (e) Under the terms of the Resolution of the 10th of December, 1917, no necessity or duty has been imposed upon the Committee to recommend the introduction of fresh legislation if it does not think it necessary. If it does think it necessary, it will doubtless give the reasons."

[6TH FEBRUARY, 1918.] [Sir Gangadhar Chitnavis; Sir William Meyer; Mr. Abdur Rahim; Sir C. Sankaran Nair; Maharaja Sir M. C. Nandi.]

The Hon'ble Sir Gangadhar Chitnavis asked :—

21. " Will Government be pleased to consider the advisability of forecasting the Budget of the Government of India in consultation with a small representative Committee consisting of official and non-official members of the Legislative Council, before it is presented to the Council on the 1st of March ? "

Budget for 1918-19.

The Hon'ble Sir William Meyer asked whether the Hon'ble Member in referring to the Budget meant what is technically known as the Financial Statement.

The Hon'ble Sir Gangadhar Chitnavis said this was so.

The Hon'ble Sir William Meyer replied :—

" A suggestion similar to that made by the Hon'ble Member was considered in 1907, but it was decided at that time not to proceed with it. The reasons for this decision were that it was desirable that proposals which may have an important effect on the price of commodities—such alterations in duties for instance as have been made in recent years—and, therefore, on the course of commercial speculation should be kept secret until the time comes for making them public. In the second place, it was thought essential that there should be full opportunity for a confidential exchange of views among the responsible authorities before criticism is invited on their conclusions; and that if the proposals of the Government of India were, as a matter of course, laid before a Budget Committee, there would be a probability that if there were subsequent divergencies of opinion between the Secretary of State and the Government of India these would become known to persons outside responsible circles.

2. The matter will however again come under consideration in connection with the question of constitutional reforms on which the Government of India and the Secretary of State are at present engaged."

The Hon'ble Mr. Abdur Rahim asked :—

22. "(a) Will Government be pleased to state the number of Muhammadan and Hindu members, respectively, of the Senate of the Calcutta University? (b) Are Government aware of any existing dissatisfaction in regard to the inadequacy of Muhammadan representation on the Senate, and will Government be pleased to consider the question of increasing such representation ? "

Muhammadan representation on the Senate of the Calcutta University.

The Hon'ble Sir C. Sankaran Nair replied :—

" (a) The Muhammadan and Hindu Fellows of the Senate of the Calcutta University number at present 8 and 47, respectively.

(b) The Government of India are aware of the desire of Muhammadans for an increased representation on the Senate of the Calcutta University and the matter is already engaging their attention."

The Hon'ble Maharaja Sir Manindra Chandra Nandi asked :—

23. "(a) Are Government aware that in several districts of Bengal market-places have been looted for cloth and salt ?

Increase in price of cloth and salt in Bengal.

(b) Will Government be pleased to state if the increasing high prices of these commodities are due to unavoidable economic causes or to speculation or cornering of any kind ?

(c) Are Government prepared to regulate the prices of these commodities and to offer facilities through the District Boards, Local and Taluka Boards, and village unions all over the country, for the sale of these goods under duly notified prices ?

(d) Will Government undertake any organisation for the establishment of a large number of salt factories round the sea-coast of Bengal, and offer greater facilities for the growth and production of long-staple cottons in India ? "

[*Sir George Barnes ; Rai Sita Nath Ray Bahadur ; [6TH FEBRUARY, 1918.]*
Sir Claude Hill.]

The Hon'ble Sir George Barnes replied :—

" (a) Yes.

(b) The causes of the rise in prices are complex, but there has undoubtedly been a considerable amount of speculation.

(c) The Hon'ble Member's attention is invited to the reply I have given to-day to a question by the Hon'ble Mr. Kamini Kumar Chanda on the subject of the regulation of prices. As far as salt from the Northern India salt sources is concerned, facilities are being given for supply to local authorities in priority to the indents of other persons.

(d) The manufacture of salt in Bengal rests with the Local Government and I would refer the Hon'ble Member to the reply which I have given to-day to another question by the Hon'ble Mr. Kamini Kumar Chanda.

The possibility of extending the cultivation of long-staple cotton in India is at present being investigated by a special committee. The Hon'ble Member will find the Resolution appointing the Committee, on pages 2108-2109 of the Supplement to the *Gazette of India* dated the 29th September, 1917, and if the Hon'ble Member wishes I shall be very glad to send him a copy. The whole question will be carefully considered by the Government of India on receipt of the Committee's Report."

The Hon'ble Rai Sita Nath Ray Bahadur asked :—

The glass industry in India.

24. "Will Government be pleased to state whether in connection with the glass industry in India (a) the efforts initiated by the United Provinces Government to capture the Austrian trade in bangles and glass have met with some measure of success ; (b) what steps, if any, Government propose taking to encourage the establishment of the industry in India ?"

The Hon'ble Sir George Barnes replied :—

"Various steps have been taken to stimulate the glass industry in the United Provinces. The bangle industry at Ferozabad is reported to have made great progress and the outturn to have improved in quality as well as in quantity. A new factory has been started in the Moradabad District which is producing superior glassware for lamps and laboratory work. The Allahabad factory is also doing well under its present management. The Government of the United Provinces has engaged a glass expert from England who is helping the industry in the Province and whose services have been lent at different times to other Provinces. The Local Government has also decided to make a loan to the Moradabad factory on favourable terms, and assistance is being given to the industry where possible in securing raw materials and favourable railway freights. It is hoped that as the result of these measures the industry will be firmly established in the United Provinces before the end of the war.

(b) The general question of policy must await the report of the Indian Industrial Commission which the Government hope to receive at the end of March."

The Hon'ble Rai Sita Nath Ray Bahadur asked :—

Appoint-
ment of a
Bureau of
Information
for the
sugar indus-
try.

25. " (a) Is it a fact that at the recent session of the Board of Agriculture at Poona, it was decided to appoint a Bureau of Information for the sugar industry ?

(b) If the answer be in the affirmative, will Government be pleased to state the scope of the Bureau ?"

The Hon'ble Sir Claude Hill replied :—

"The Board of Agriculture have recommended the establishment of a Bureau of Information on the sugar industry, but since, as I pointed out in replying

[6TH FEBRUARY, 1918.]

[*Rai Sita Nath Ray Bahadur; Sir George Barnes; Rao Bahadur B. N. Sarma.*]

to the Hon'ble Mr. Shukul, the Government of India have not yet received the report of the Board's proceedings, they are not in a position to say what action will be taken on this recommendation, or what the scope of the Bureau, if established, will be."

The Hon'ble Rai Sita Nath Ray Bahadur asked:—

26. "In reply to a question in this Council (September 12, 1917) did Government state that the question of increasing the output of salt in India had been under the consideration of the Government of India for some time and the Governments of Madras and Bombay had been addressed on the subject? Manufacture of salt in Bengal.

(a) Will Government be pleased to state (i) the result of the communication with the Governments of Bombay and Madras and (ii) whether any steps have been taken to increase the output of salt in India?

(b) Is it a fact that since the submission of the memorandum by the Government of Bengal, dated the 5th April, 1917, on the production of salt in that Province (Appendix E, Proceedings of the Council 12th September, 1917), in which it was stated that 'Bengal stands in an unfavourable position as regards the supply of good brine'—that Government has admitted the possibility of the manufacture of salt on the Chittagong side of the Bay of Bengal?

(c) If the answer be in the affirmative, will Government be pleased to state what steps they intend taking to encourage the manufacture of salt in Bengal?

(d) Is it a fact that in December, 1917, in consequence of an abnormal rise in the price of salt in Bengal resulting in the looting of numerous bazars, the Government of Bengal were constrained to issue a communiqué on the 10th December in connection with the supplies of salt in the Province?

(e) With a view to preclude the possibility of a recurrence of such a condition of the market, will Government be pleased to take necessary steps to encourage the production of salt in Bengal?"

The Hon'ble Sir George Barnes replied:—

(a) The Government of Bombay are completing arrangements for the construction of new salt works at Bhandup, which, when in operation, are expected to produce annually about 15 lakhs of maunds of salt. They are also considering the possibility of extending the works at Kharaghoda. In Madras, numerous extensions on a smaller scale are reported, but the increase of production is slow, as the average yield of new pans is, for the first few years of production, considerably below the general average. In Northern India additional plant was last year sanctioned for the Mayo Salt Mine. The output from the mine is increasing month by month. We have raised the output from 14,000 maunds per day to 18,000 maunds, and we hope that by the middle of April it will have reached a total of between 27,000 and 28,000 maunds per day, that is to say, double what it was before the war.

(b) and (c) The Government of India are not aware whether the Government of Bengal now consider that the manufacture of salt on the Chittagong side of the Bay of Bengal is possible, but they understand that the whole question is now being examined by that Government.

(d) Yes.

(e) The attention of the Hon'ble Member is drawn to the reply I have given to-day to a similar question asked by the Hon'ble Mr. Kamini Kumar Chanda. The production of salt in Bengal is a matter which rests with the Government of that Province."

The Hon'ble Rao Bahadur B. N. Sarma asked:—

27. "Will Government be pleased to state the number of one rupee and two and a half rupee currency notes respectively received from England, issued to the banks, and in circulation?" One rupee and two and a half rupee currency notes.

[*Sir William Meyer.*] [6TH FEBRUARY, 1918.]

The Hon'ble Sir William Meyer replied:—

“The number of one rupee notes so far received from England is 20 millions, the number issued up to the 26th January, 1918, 2,804,246, and the number remaining in circulation on that date 2,139,418. The corresponding figures for Rs. 2½ notes are 8·8 millions, 285,738 and 254,914. Separate figures are not maintained for notes issued to banks and to the public.

2. In addition 210,000 one rupee notes and 100,000 two and a half rupee notes have been issued to treasuries, and 4 lakhs of one rupee notes have been sent to Basra.”

THE INDIAN INCOME-TAX BILL.

12-25 P.M.

The Hon'ble Sir William Meyer:—“My Lord, I rise to introduce the Bill to consolidate and amend the law relating to income-tax. The Bill was published in the Gazette of India on the 27th October 1917. It is not, therefore, necessary for me to make a separate motion for leave to introduce it, and I shall presently proceed to move that it be referred to a Select Committee. But before doing this I desire to make some explanatory remarks in respect of the Bill.

“I do not intend to occupy the time of the Council with any lengthy account of our reasons for bringing forward this measure; for these have been described with some fulness in the Statement of Objects and Reasons. It will, I think, be of more practical interest if I confine myself in the main to explaining the intentions of Government in regard to some of the principal clauses of the Bill, and to clearing up a few points on which apparently a certain amount of misapprehension exists.

“I wish to emphasise at the outset that a change in the rates at which the tax is levied on various scales of income is not one of the objects of the Bill. Such an alteration where it may be expedient should be undertaken as part of the Budget proposals of a particular year. It would be out of place in a Bill the aim of which is simply to remedy certain defects in the machinery of assessment provided by the existing Act, that have resulted in unequal assessments on persons of equal means, or in a certain amount of our just dues from the tax escaping the Government, which in such a matter is of course the trustee of the public, and to meet as far as possible a reasonable demand that the basis of assessment applied throughout India should be uniform.

“When in 1916 a graduated scale of taxation was grafted on to the old Act with its system of water-tight assessment on different sources of income, it was obvious that inequalities in the incidence of the tax on individual assessee must arise. An income derived from more than one source would often have to pay at a lower rate than an income of equal amount but derived from one source only. This was the first flaw in the Act which we set ourselves to mend, and we have done so by imposing the tax on the aggregate of an assessee's taxable income from all sources and by adopting a uniform period of receipt as the basis of assessment, from whatever source or sources the income is derived.

“I should like here to clear up some misconception in regard to the period in respect of which we assess people to income tax, in other words, the definition of ‘year of assessment’ in clause 2 and the provisions of clause 14. These provisions have been subjected to a good deal of unfounded criticism in Calcutta. We have been told that we are starting a new and most undesirable precedent in taxing people on past instead of on current earnings. The result will be that men will, in effect, pay twice over in the same year; and so forth.

“Now we have no such Machiavellian intention. The proper principle, of course, is that a man should pay income tax out of his current earnings or profits; but it is quite impossible, in practice, to assess these during a year in which they have not fully accrued and when he himself cannot tell how he

[6TH FEBRUARY, 1918.] [*Sir William Meyer.*]

will eventually stand, and this is specially the case in regard to businesses which have been newly founded or expanded. We, therefore, say that we will take the tax with reference to income which an assessee has actually received, *i.e.*, what he has made in the year preceding; and, in practice, that is already done under sections 11 and 15 of the existing Act. The English practice is similar, save that they take a three years' average instead of figures of the immediately preceding year.

"What we have done is to make the existing practice more clear and definite. If you depart from it, you will get endless trouble. A Collector of Income-tax will say to a man: 'I know or believe you made so much last year, but how am I to know that you are not making more than this' and the ultimate result would be chaos. Our principle, which as I have said is not in practice a new principle, of going on past actuals does away with such complications; and in the long run it is quite fair, since if a man is taxed this year, during which time his business may have fallen off, with reference to the profits he made last year, next year he will probably pay less (on this year's actuals) than his current profits would then justify.

"In logical pursuance of this principle, we have omitted section 33 of the present Act, which said that if a company or person ceases to carry on business, or dies or becomes insolvent, or from any other specific cause is deprived of or loses the income on which assessment was made, it or he might, on application, obtain a refund. That section is obviously unnecessary when the assessment is made with reference to income actually received in a given year; and it has been brought to our notice by various Local Governments as a fruitful cause of trouble, assessées being inclined to use it on the 'heads I win, tails you lose' principle. That is if a man considered that he was making more this year than last, he kept quiet and was satisfied with the basis of last year's figures, but if things were the other way he claimed a refund under that section. People cannot have things both ways in this manner, and as I have already said, such inequalities as arise from taking the last year's profits as the basis of assessment are automatically remedied as time goes on.

"I shall be quite ready, however, in this and other respects, to consider any practical suggestions for the amendment of our Bill which may be made in Select Committee.

"Of course there is nothing in the argument that under our scheme a man pays income-tax twice over on the takings of a single year, *e.g.*, 1917-18. He does nothing of the sort, since the 1917-18 assessment was based on the profits of 1916-17, as that of 1918-19 will be on the profits of 1917-18.

"In the past complaints of the lack of uniformity in the bases of assessment applied in the various provinces have been chiefly directed against the methods employed for calculating the profits of business, particularly with regard to allowances for depreciation of plant and machinery. We have attempted to meet these complaints by a clear statement in clause 9 (2) of the Bill of the allowances from gross earnings which will in future be permissible. With regard to depreciation, we provide in clause 9 (2) (vi) for an annual allowance which will enable a fund to be built up, free of income-tax, sufficient for the eventual replacement at the original cost of the particular machine or plant when the time comes for it to be scrapped. The aggregate allowance thus granted will normally be distributed equally over the series of years taken as representing the life of the plant; but where in any given year or years a company or firm is not in a position to set aside the full amount thus permissible it will be permitted to carry forward the balance to be claimed in subsequent years, so long as the allowance claimed in any one year does not exceed twice the normal annual maximum. For instance, if in the first five years of its life a company is unable to set aside any sums for depreciation, it will be permitted to make up for its failure to do so by claiming twice the normal maximum allowance in each of the next five years. The account will carry on. We have imposed a limit of twice the maximum for the allowance to be granted in any one year in order to prevent undesirable fluctuations in our revenue or any manipulation of accounts with the object of avoiding legitimate taxation.

[*Sir William Meyer.*] [6TH FEBRUARY, 1918.]

" We have not been able to lay down in the Bill the exact rates of depreciation allowance which will be given on different classes of machinery and plant. The Council will recognise that, as conditions vary in different provinces, it is doubtful whether these rates can be made entirely uniform; and even if we were now able to tabulate all the different classes of machinery our list would probably become obsolete in a few years' time. But we wish to secure as large a uniformity as possible, and we have therefore asked Local Governments, in consultation with expert opinion and with local Chambers of Commerce, to classify the main existing types of machinery, etc., and to recommend the rates of depreciation allowances to be given in each case. When we have received their replies, it is our intention, if important differences in the rates proposed are still apparent, to convene a small committee to consider the whole question and submit recommendations as to the rates to be finally adopted. It will be obvious that the question cannot be settled in time for next year's assessments, and for these assessments the existing rates allowed in the various provinces will be continued. But where as the result of the final decision more liberal rates are fixed, assesseees will be permitted to make up in subsequent years any shortage in the allowance granted in 1918. On the other hand,—though that is not, I think, very likely—if any reduction is finally made in existing rates, retrospective effect will not be given to it.

" Clause 32 of the Bill contains new and important provisions which will enable us to reach the Indian profits of foreign firms, which in the past we have often failed to do. As an example, I may mention the case of a German firm dealing in aniline dyes which was registered as a separate limited liability company in India with a capital of Rs. 20,000. The shares of this company were never placed on the market in India and were practically all held in Germany. The registered capital was nominal in comparison with the value of the stock-in-trade, and the parent firm in Germany sold the stock-in-trade to the subsidiary Indian company at a price leaving a margin only just sufficient to cover the expenses of the subsidiary company, or causing an actual loss to be shown. Under the old Act the subsidiary Indian company, by this manipulation, entirely escaped our tax, and this, I am sure every one will agree, was a situation we should not allow to continue. In future, under clause 32 of the Bill, where we suspect any such manipulation, we shall be able to assess the subsidiary Indian company on the profits which it may reasonably be considered to have derived from its Indian business, while where any difficulty is experienced in determining what these profits are, it will be possible to base the assessment on a percentage of turnover, or other suitable method, by issuing a rule under clause 43(2) (d) of the Bill.

" We have also to deal with cases in which non-resident firms set up Indian agencies and by similar methods manage to escape assessment to Indian income-tax. Clauses 32 (1) and 33 of the Bill will enable us to reach the profits of these agencies. They would also—and this is even now the case under section 21 of the existing Act—enable us to tax consignment business carried on through an Indian agent. But we have not in practice enforced this last mentioned liability, and it is not our intention to do so now. To make this clear I will read to the Council an extract from the instructions which we have issued to Local Governments in the matter.

' Indian agents of non-resident firms, of which they are not technically either branches or subsidiary firms, will be liable for the payment, on account of their principals, of the tax on their principals' Indian income or profits under the provisions of clauses 32(1) and 33 of the Bill; and it will be observed that these provisions would permit the levy of the tax on a non-resident's business not only where he has established a regular agency in India, but also where he conducts his business regularly through a particular agent or casually through various agents.

* * * * *

The Government of India do not, however, desire that in practice the liability to assessment should be enforced except where something definitely of the nature of an agency exists, and in particular the freedom from taxation which the profits of consignment business pure and simple enjoy as a result of the instructions contained in Mr. Howard's letter No. 7701-Exc., dated the 27th December 1907, should be continued.

[6TH FEBRUARY, 1918.] [*Sir William Meyer; Maharaja Sir M. C. Nandi.*]

No attempt should therefore be made to tax the profits of consignment business merely because the non-resident consignor habitually uses a particular resident as his agent. I am to request that instructions to this effect may be given to Collectors of Income-tax. In all cases it will be a question of fact whether the connection between the non-resident and the resident is such that an agency can be held to exist.

“ There is one particular class of business carried on by non-residents to which I must make a special reference. Shipping companies have hitherto under section 5 of the existing Act been exempt from income-tax on their profits made in India. In 1916, when we were discussing the Indian Income-tax (Amendment) Bill, Mr. Vijiaraaghavachariar proposed that this exemption should be cancelled, and I promised that the question should be fully considered when a general revision of the Act was undertaken. We have now decided not to continue the exemption in the new law. It was originally granted in 1886 because it was then considered that it would be very difficult to estimate the Indian profits of such companies, or to collect the tax. With the provisions of the present Bill to help us, we do not anticipate a similar difficulty now. We might, for instance, with the aid of a rule under clause 43 (2) (d), calculate the profits on the same proportion of the total profits of the shipping company as the Indian receipts of the company on account of goods shipped or passengers carried from India bear to its total receipts; and we have asked Local Governments for their opinion what would be a suitable method. In the meantime we have omitted from the Bill the existing exemption, so that when the time comes we may have a free hand to deal with the matter. So long as war conditions continue we do not, however, propose to take any active steps to tax these companies, and the existing exemption will be maintained by a notification under clause 44 of the Bill, leaving the final decision over for consideration when peace conditions return.

“ Finally, I wish to refer to a complaint which has been made in some quarters that we have shown undue haste in bringing this measure before the Council. I do not think we are open to this charge. It was as long ago as July 1916, that we first asked for the views of Local Governments on amendments in the Income-tax Act, and the opinions which we received from them, from Chambers of Commerce, and from other public bodies and private individuals were most carefully considered before the Bill was drafted. In many instances their recommendations have been incorporated in it. The Bill in its present form has now been before the public for over three months, and we have received the opinions on it of Local Governments and other bodies. I again repeat that the points raised in these opinions will be fully considered in Select Committee.

“ I now move that the Bill be referred to a Select Committee consisting of the Hon'ble Sir George Lowndes, the Hon'ble Sir George Barnes, the Hon'ble Rai Sita Nath Ray Bahadur, the Hon'ble Mr. Muddiman, the Hon'ble Mr. Howard, the Hon'ble Sardar Bahadur Sardar Sundar Singh Majithia, the Hon'ble Rao Bahadur B. N. Sarma, the Hon'ble Lieutenant-Colonel Aplin, the Hon'ble Sir Hugh Bray, the Hon'ble Mr. Hogg, the Hon'ble Sir G. M. Chitnavis, the Hon'ble Sir John Campbell, and myself.”

The Hon'ble Maharaja Sir, Manindra Chandra Nandi:—“ My Lord, I do not believe that there is any member of this Council who would quarrel with Sir William Meyer in his anxiety to consolidate and amend the law relating to income-tax in the country with a view to remedy certain inequalities in the assessment of individual tax-payers under the existing law, to define more precisely the methods whereby income and profits of various descriptions are to be calculated for the purposes of this tax, and to effect improvements in the machinery of assessment. But My Lord, as the representative of the class of men in Bengal who derive most of their income from agricultural sources, I feel it my duty to enter my humble protest against section 4 of this Bill which, under cover of a graduated scale of tax, is likely to contravene the very spirit of Lord Cornwallis's understanding with the owners of permanently-settled estates. Section 4 of the Bill under discussion provides that the net amount of the agricultural income in excess of Rs. 1,000 received by any particular assessee

12-37 P.M.

[*Maharaja Sir M. C. Nandi ; Mr. B. D. Shukul.*] - [6TH FEBRUARY, 1918.]

in the year of assessment shall be taken into account in determining the rate at which the tax shall be levied thus laying him open to be assessed as a landlord at a higher rate than at present. My Lord, it may appear quite equitable to Sir William Meyer to decide that, in assessing the rate on which a person should pay his income-tax on his non-agricultural income, his income from agriculture should be also taken into account as we are told on the authority of our Finance Member, it is not fair for a wealthy landlord to pay the tax at rates 'intended only for the poor.' The question of equity does not arise in this connection at all, as the existing exemption from the tax of all agricultural incomes is based on solemn pledges for well over quarter of a century. Last year, however, on the occasion of presenting his financial statement to this Council, Sir William Meyer sounded for the first time a note of warning, declaring that 'while we refrain on the present occasion from imposing additional taxation on agricultural incomes, we can give no pledge that we shall refrain from doing so hereafter, should future necessities oblige us to take this course.' Fortunately, the proposed indirect imposition upon agricultural incomes does not follow the hard necessities to which the Finance Minister so darkly hinted for he distinctly states that the present Bill is not designed to raise money or higher revenue for the State. If, my Lord, more money is not the object of the present Bill, why give the men with agricultural incomes of over Rs. 1,000 an occasion to think that this is only the thin end of the wedge and that in the name of equity and the improvement of the machinery of assessment, solemn pledges are being disregarded? My Lord I consider the Bill contemplates a momentous departure of principle and, as the representative of the community which will be hard hit by it, I repeat my protest. If the State wants more money it is certainly entitled to have it, and men with large agricultural incomes will not shirk their responsibility in this connection, but I pray, my Lord, the Government must not lend themselves to be misunderstood only for the sake of an 'improvement in the machinery of assessment.'

12-45 P.M.

The Hon'ble Rai Bahadur B. D. Shukul:—"My Lord, the present Bill which seeks to consolidate and amend the Income-tax Act, of 1886, is a measure of far reaching importance. The existing Act has already become antiquated and the income-tax imposed under it remains to this day in its most crude and unscientific form. In so far as this Bill seeks to remove the defects existing in the present Act by improving the machinery of assessment and removing inequalities and other anomalies in the assessment of income-tax payers it deserves our wholehearted sympathy and support. I welcome the introduction of the principles of graduated rates of income-tax and that of abatement in respect of depreciation. These are all measures, my Lord, which have been conceived in a right spirit. So far as the income-tax is concerned, it is bound to play a prominent part in the future finances of the State and none could object to any attempt being undertaken by Government to find out ways and means for the development of their financial resources especially during the stress of war as at present, rather we would be but too glad to strengthen the hands of the Government in adjusting the financial machinery at this juncture, but my Lord, it shall have to be safeguarded at the same time; that the machinery provided by the Bill should not prove to be an engine of oppression amongst the people who will be affected by it. I shall, therefore, attempt to lay before the Council some of the hardships which the passing of this Bill is likely, in my opinion, to entail and which involve the consideration of important principles.

One of the outstanding features of the present Bill is the inclusion of 'Agricultural incomes' in the total income of the assessor for the purpose of determining the rate of the tax on his 'Taxable income.' This is an innovation, my Lord, against which we, the landholders, have got particular grievance and I take this opportunity to enter my humble protest against it. This provision will directly affect the landholding classes who are already overburdened with taxation and whose economic condition is far from being satisfactory. In no other country of the world does the Government demand on land is as so heavy as in India. The average Government demand here is 20 per cent. of the gross produce against 4.8 in France, 3.0 in Germany, 4.9 in Australia, 7.0 in Italy, 2.8 in Belgium, 2.8 in Holland, 8.3 in the United Kingdom.

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The inclusion of 'Agricultural income' which is already assessed to such a high pitch of land revenue would tantamount to the introduction of the principle of double taxation, as it were, which will be very much resented. Apart from having to pay such a high rate of land revenue, the annual contribution of the landholding classes to the Imperial Exchequer in the shape of other taxes and duties such as Excise, Salt, Forest, Stamps and Registration, etc., are by no means small. Rather, the whole scheme of Indian taxation taken as a whole, it will be found, that the burden of taxation falls comparatively heavier upon the shoulders of the landholding classes than on that of any others. My Lord, it is needless to remind this Council that it is in the interest of the country on the whole, that the burden of taxation upon the landholding classes should be light. If you want to make India more happy and prosperous you must improve agriculture which is the mainstay of the Indian nation, and if you wish to see agriculture improved you must place the agriculturists in a sound financial position. To think of further saddling them with additional taxations is a policy suicidal to the real interests of the State. My Lord, I am fully alive to the present necessities of the State arising out of war, but in the matter of levying rates of assessment, we have not to look merely to the necessities of the State but we must as well have in view the whole scheme of taxation first from the standpoint of the requirements of the State and secondly from the standpoint of the comparative ability of the different classes to contribute their own quota of the total revenue of the country. The high rate of land revenue assessments from the landholding classes hardly leaves any scope for further encroachment upon their pockets. This is not only the point of view of the landholders, which, I am afraid, may seem to be interested. Rather it was the deliberate opinion of so able an official as the late Mr. J. E. O'Connor who recommended all round reduction of one-third of the revenue demand as it stood in 1904 and it will be borne in mind that the revenue, instead of being reduced has considerably increased, since then. It has gone up by more than 2 millions.

"It is true, my Lord, that the agricultural incomes will still enjoy the benefit of exemption, but as I have just stated, the very inclusion of the agricultural income for the mere purpose of determining the rate, will eventually cause an appreciable increase in the income-tax demand leviable from the landholders. The introduction of this novel departure from the accepted policy of the income-tax assessment in the past has not only given rise to serious misgivings but has furnished ample justification for the apprehension already aroused with regard to the general attitude of Government towards the taxation of agricultural income, by the pronouncement of my friend the Hon'ble Finance Member, when he at the time of presenting the last Financial Budget, declared on behalf of the Government, that no pledge could be given that Government would refrain from imposing any additional taxation on agricultural income in future. What wonder then, my Lord, if after this, the introduction of the new proviso in the Bill is regarded by the landholding classes to be merely a thin end of the wedge and has created so much discontent amongst them. I, therefore, urge with all the earnestness and emphasis that I can command that this aspect of the Bill be seriously considered by the Select Committee and that the agricultural income should not in any manner be taken into account for the purpose of the income-tax assessment.

"Next I have to refer to the principle underlying provisions relating to the new powers given to Collectors. The Bill empowers the Collector to issue notices to all the proposed assesseees; to submit duly verified statements of their incomes and also to call upon the assesseees to produce accounts and other documents in support of the statement if necessary and in case of non-compliance with the terms of the notices the assessee is subjected to more penalties than one. My Lord, I come from the mofussil and I know the conditions prevailing in the backward rural areas and I dare say from my own personal experience the petty money-lenders and traders carrying on business in rural areas will be subjected to much hardships and unnecessary harrassment. The majority of them will find in these drastic provisions of the Bill a Damocles' sword ever hanging over their heads,

[*Rai Bahadur B. D. Shukul; Rai Sita Nath* [6TH FEBRUARY 1918.]
Ray Bahadur; Sir Hugh Bray.]

In this connection I have to point out two things, *viz.*, in the first place every business man in this country does not keep regular accounts, rather I would say the majority of them have practically no accounts in the true sense of the word and secondly, those who keep accounts are loath to produce them publicly for the very obvious reason of upholding their credit and prestige in the money market by avoiding any publicity being given to their real assets and liabilities, especially because borrowed money forms an integral part of their working capital, which they would never like to disclose so far as they could prevent it. Even in the United Kingdom the tax-payer cannot be forced to produce his account books and the legislation has provided for other devices to gain the desired end, without having had to enforce such heavy penalties as this Bill provides. In my opinion it is sufficient that the tax is gradually raised to a point when the assessee is forced to produce his accounts if he has any of his own accord.

"The penalties imposed for the non-compliance of the term of notices issued under the Act, will not only be found harsh but excessive as well. The defaulting assessee is not only subject to the payment of the double rate of income-tax, but would at the same time be liable to a further penalty, *viz.*, a fine extending to Rs. 10 daily till the continuation of default and to add to grievances still further, he will not be even given a chance to establish the '*bona fides*' of his mistake, as clause 38 at present stands. This is a matter which deserves serious consideration at the hands of the Select Committee.

"My Lord, before I conclude I have only to refer to one more point *viz.*, the longstanding general grievance against the manner in which the income-tax has been hitherto administered in this country, how the people are thrown entirely at the mercy of the assessing officer and how prefactorily the objections and appeals preferred by the dissatisfied assesseees are disposed of is already a theme of loud complaint. These are all matters, my Lord which should not be overlooked and in view of this the bar to Civil Suits as provided in the Bill should be removed. In England, the dissatisfied party can refer to the High Court for opinion and the High Court has a right to reverse, affirm, or amend the orders of the assessing Commissioner, and the decision of the High Court is final and binding on all parties concerned. In my opinion similar powers should be given to High Courts in India.

"These are the few observations, my Lord, which I beg to make with regard to some of the principles underlying the Bill and I hope the Select Committee will so modify the Bill as to make it more popular in character and less oppressive in application."

12-46 P.M.

The Hon'ble Rai Sita Nath Ray Bahadur:—"My Lord, as I shall have an opportunity of discussing this Bill in the Select Committee, I do not like to trouble the Council with a detailed criticism of its provisions at the present stage. But I cannot help taking strong exception to clause 4 of the Bill. It was after the Mutiny, in 1862, that the first attempt was made to impose income-tax on agricultural incomes. At that time the then Maharajahdiraj of Burdwan, the grandfather of the present Maharaja, acquiesced in the proposal of the income-tax being levied on agricultural incomes. Instead of attempting to impose the tax directly, which would be much better, what the Government now propose to do is to impose it in an indirect way. I therefore, beg to take exception to this indirect attempt to impose a tax on agricultural incomes. I need not trouble the Council with the other provisions of the Bill."

12-48 P.M.

The Hon'ble Sir Hugh Bray:—"My Lord, I do not propose at this stage to say very much about the Bill. The Committee of the Bengal Chamber of Commerce have put forward their views very fully in their letter to their Local Government and those views are, or, I believe shortly will be, also in the hands of the Government of India, and I hope they will be given very full consideration in Select Committee."

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"There is one point, however, to which I want to draw the attention of this Council. It is a point which the Hon'ble Finance Member has already referred to. He naturally has referred to it from his own point of view, in the way he looks at it, and I should like to refer to it from my point of view and the way I look at it. Income-tax legislation is a complicated matter and one that few perhaps take very much interest in or take the trouble to study very carefully. I know for a fact that in this case there are people who scrutinise this Bill very carefully and have yet missed the point altogether. The point I refer to is this. Up to now income-tax has always been paid on the current year's income. It is true that in the case of such incomes as those of firms, companies, etc., the amount of the tax payable has been arrived at by taking the figures of the previous year's income, and if, ultimately, it has been found that that basis is a wrong one, adjustment under the present Act has been possible. Now the Hon'ble the Finance Member by this Bill proposes to make a very drastic alteration in that practice or principle. By this Bill the previous year's income will no longer be the basis for fixing the amount of tax payable for the current year. So that, although a company may hold a receipt from the Collector of Income-tax to the effect that it has paid its income-tax for 1917-18, yet on the 1st of April next, if by that date this Bill should become law, it will again become liable for income-tax on its income for 1917-18, and should its profits for 1918-19 be much less than was estimated it will still have to pay that higher rate, since, under this Bill, provision for adjustment is omitted. Now, I understand that the Hon'ble Member justifies this in a way by saying that it will average out all right in future years. Well that may be a fair risk for Government to take, but why force that risk on the unfortunate tax-payer. Government lives for ever: the tax-payer comes to an end sooner or later; and if he comes to an end, as he does, where does his chance of averaging out come in? It is all in Government's favour as far as I can see. I think from what the Hon'ble Member said last year in the matter of the super-tax that he forecasted then the possibility of bringing the income-tax into line with the super-tax in this particular respect. Well, last year when he adopted the principle of retrospective taxation, my Lord, if I may use a colloquialism, it made us sit up, but we took it lying down because it was a war measure and because it was a levy on the large profits we had made. Though we disliked the principle extremely, we acquiesced purely from patriotic motives. But when it comes to adopting the same principle in regard to the income-tax we must protest most emphatically. Nowhere in the British Empire is the income-tax levied on anything except the current year's income. The proposal to make a new departure should be most carefully considered; and I hope if there are any Members of this Council who have not fairly appreciated this particular point and what the Bill means, that they will give it their further and most careful study.

"There is much more that I could say on this point and on the other features of the Bill to which the Honourable Member referred, but I think I will say no more now because I hope that this Bill will emerge ultimately from the Select Committee in a very much more acceptable form than it appears at present."

The Hon'ble Mr. Malcolm N. Hogg:—"My Lord, I am glad to learn from the Hon'ble the Finance Member that it is not the intention of the Government to introduce any change in the principle as to the year in respect of which the tax is levied. The present system is that the tax collected in, let us say, 1918-19 is a tax on the current income for that year which is primarily assessed for purposes of convenience, upon the ascertained income of the previous year. If I understand the Hon'ble Member rightly, it is the intention of Government that that principle should be maintained and continued.

"But while I am glad to learn of the innocence of the Hon'ble Member's intentions, I must confess that they appear to me to be wrapped in obscurity in the present Bill. I am quite unable to see how section 14 of the present

[*Mr. Malcolm N. Hogg; Pandit Madan Mohan Malaviya.*] [6TH FEBRUARY, 1918.]

Bill, read in conjunction with the definition of 'the year of assessment' in section 2, can in the absence of any provision similar to section 33 of the present Act, mean anything else than that the tax collected in the year 1918-19 is a tax upon the income of the previous year. However, as I shall have an opportunity, I hope, of debating this point with the Hon'ble Member in the Select Committee, I need not say anything more about it here.

"There is one other point to which I should like to refer. The Hon'ble Member, in his opening remarks, justified the omission of any provision similar to section 33 of the existing Act from this Bill on the ground that it operated entirely in favour of the assessee. The Hon'ble Member complained that the assessee only called attention to the incorrectness of an assessment if his income proved to be less than the income of the previous year upon which the assessment was made. I really do not see why the Hon'ble Member should expect the shorn lamb to return to the shearer and point out that there is a little wool left on his back. Just as it is for the assessee to point out if his income proves to be less, so I should have thought it was for Government to call attention to the matter if the assessment should have been greater. I quite agree that in section 33 of the present Bill there does not appear to be any provision for enhancement of assessment but only for reduction of assessment. Personally I think it would be quite equitable that there should be provision for enhancement as well as for reduction, and I think this Bill should contain a provision for both enhancement and reduction of assessment in the event of the actual income of the current year proving to be greater or less than the income of the previous year upon which the assessment is made."

12-57 P.M.

The Hon'ble Pandit Madan Mohan Malaviya:—"My Lord, I fail to understand the procedure that has been adopted on this occasion in dealing with a proposal for taxation. The Hon'ble the Finance Member says that this Bill is not a Bill by which it is designed either by altering the rate of the tax or otherwise to raise money. He emphasises that point very clearly; but I submit, my Lord, that the Bill does result in raising taxation. It does affect the rate of taxation at which the tax to be paid by a particular person is to be determined. Section 4 says agricultural income shall not be chargeable to income-tax. That is very good. But the net amount of such income in excess of Rs. 1,000 which has been received by an assessee in the year of assessment shall be taken into account in determining the rate at which the tax shall be levied on any income chargeable under this Act. Now the income-tax chargeable under this Act, but for this provision of section 4, would be on the income which a man derives from non-agricultural sources; the Hon'ble the Finance Member says he does not want to touch agricultural income; but he says if a man has an agricultural income in excess of a certain amount, that shall be taken into account and shall determine the rate of the tax which he has to pay on his non-agricultural income. That is to say, by this device the rate of taxation for a person who happens to be the unfortunate recipient of an income from agricultural sources is raised. I do not think, my Lord, that this is the right way to proceed about this business of raising the rate of taxation which is to be paid by persons who are in possession of large incomes. I think the straighter course would be for those concerned to say that money is needed and to ask those people to contribute.

"But I am puzzled on a second point also. I think this is the first occasion, so far as I remember, in this Council, of a proposal for taxation being put forward without there being any justification presented for such proposal. We have not yet any idea what the Financial Statement will be like; we do not know whether we shall have a surplus or be short of the requirements for the year. We have not been told for what reason more money should be raised by taxation; and yet here under the guise of a consolidating and amending Income-tax Act a proposal for taxation is put before the Council. I submit, Sir, that unless the Hon'ble the Finance Member is able to tell the Council that there is need for further

[6TH FEBRUARY, 1918.] [*Pandit Madan Mohan Malaviya; Mr. Surendra Nath Banerjee.*]

taxation being raised during the coming year, this Bill ought not to be allowed to go before the Select Committee, because the principle underlying it is one of fresh taxation. In so far as the mere adjustment of the existing machinery is concerned, in so far as the removal of inequalities in the administration of the income-tax which does not lead to fresh taxation on the people is concerned, I have not the slightest objection to a Bill like this being prepared and placed before the Council. But in so far as the Bill purports or must result in increasing the amount to be paid by a certain class of persons—and that a very large class—I do object to the Bill in its present form. I think, my Lord, therefore that this Bill ought not to be allowed to be referred to a Select Committee in its present form, unless the Hon'ble the Finance Member is able, with Your Excellency's permission, to tell the Council that there is a necessity for fresh taxation, and, in that case, that the form proposed is the best form of raising more taxation."

The Hon'ble Mr. Surendra Nath Banerjee:—“My Lord, I ^{1-1 P.M.} desire to associate myself with the observations which have fallen from my Hon'ble friends on my right in their protest against section 4 of this Bill. Both my friends are zemindars, inheritors of large estates; and one of them is the descendant of Kantu Babu who played so prominent a part in connection with the early establishment of British rule in India. He is the inheritor of property which has come down to him from generation to generation. He is the holder of a solemn league and covenant entered into between the British Government and his ancestors; and he now tells us in this Council before Your Excellency, the head of this Government, that section 4 of the Bill makes a serious encroachment upon the rights guaranteed to Bengal Zemindars by the permanent settlement. Is that so or is it not so? I want a straight answer from the Government. The permanent settlement may be a good thing; in the opinion of some it is a very bad thing, it is an evil. But be it a good thing or be it an evil thing, it is there and it has come to stay. You cannot get rid of it; you cannot discard a solemn covenant entered into by the Government in 1793 which has been consistently acted upon for a period of over a century. ‘The word of a British Officer’ says Macaulay in his life of Warren Hastings ‘is more binding than the most solemn oaths which superstition can inspire.’ And our reading of Anglo-Indian history is this that when a pledge is given, when a solemn contract has been made on behalf of Government, that pledge and that contract are never departed from. Is it to be departed from on this occasion? Are the terms of the permanent settlement encroached upon by section 4 of the Bill? My friends here say ‘yes.’ We want a straight answer from the Government in this connection. There seems to be the less justification for it because as my Hon'ble friend the Finance Minister has told us there is not the smallest desire to add to the taxation of the country. It is a readjustment of the machinery for taxation. If that be the case I am sure my friends will submit to all measures; but if it is merely a question of administrative re-arrangement, it seems to me that that section is absolutely indefensible.

“My Lord, there is a further consideration which I desire to submit to Your Excellency's Government. If you tax agricultural income you may do it frankly; it may be dexterous enough, but there is not the slightest doubt that you do tax agricultural income when you include it in the general income of a zemindar. Now, who will pay the tax? The zemindars? But do you really mean to say that the zemindar will pay? Will he not try to extract as much as he can out of the ryot? Therefore, in the interests of zemindars and in the interests of the ryots alike I desire to record my most emphatic protest against section 4 of the Bill. Above all in the interests of good government, in the interests of the good name of the Government, I desire to record my protest. The Court of Directors said on a memorable occasion that not only should the British Government administer justice, but that the people should be convinced that justice had been administered. I venture to submit that that principle is applicable in this case. It would create a most unfavourable impression if the

[*Mr. Surendra Nath Banerjee; Mr. K. V. Rangaswami Ayyangar.*] [6TH FEBRUARY, 1918.]

feeling were created in the minds of the great zemindars of Bengal that there has been in this case an attempt made to interfere with the solemn rights guaranteed by the good faith and the honour of the British Government, for after all popular confidence in the good faith of the Government is the greatest bulwark of States, and Thrones. I venture, my Lord, therefore, to enter my most emphatic protest against section 4 of the Bill."

1-6 P.M.

The Hon'ble Mr. K. V. Rangaswami Ayyangar:—"My Lord by the new Bill that is before us the principles of graduated taxation seem to have become an established and settled fact. Last year when this principle came to be realised I tried my best to point out to the Council the injustice of this kind of progressive taxation. The finance minister then said that my remarks against these socialistic innovations were refreshing but now there seems to be no end to this principle and tighter grips are being forged as are evidenced in this new Bill.

"My constituency has asked me to protest emphatically against the new innovation of taking into consideration the agricultural income for the purpose of levying a higher rate of income-tax. It is virtually an attempt to bring agricultural income within the scope of taxation though not fully yet partially. The principle followed by the Government till now has always been that agricultural income should not be subject to income-tax, the land being otherwise heavily taxed. I wish to point out that this principle should never be violated. Even at the risk of repetition I beg to say that zamindars hold a covenant from the Government that no kind of assessment will be levied beyond their fixed payment to the State and even the local cesses that are levied on them are considered to be a gross encroachment on their rights. In Bengal this levy of the cess was carried by the executive after a very sharp division—the Council dividing half and half and the casting vote being given in favour of the levy. And now this Bill goes against the pledges solemnly made.

"There is another point that requires the sympathetic consideration of the Council, namely, that a single dwelling house which is a bare necessity of every one should be free from income-tax. There is no objection to taxing houses if they are partly or fully leased out. It is certainly assessing an imaginary income if one's own dwelling house is included in estimating his taxable income. The Punjab Government while emphasising this point aptly cites the cases of persons, inheriting palatial ancestral houses which are often their only earthly possessions. It would, therefore, be only fair if the dwelling house is excluded in calculating the income of the assessee.

"Then in Madras, the largest bankers of India, the Nattukottai Chetty community, apprehend the greatest hardship since the Bill compels them to submit their account books to the Collector of the district where they live. Their firms are conducted in far off places such as Rangoon, Siam and the Straits Settlements. It is only in five years or at longer intervals that these proprietors go to those places to satisfy themselves that their business is conducted safely. To compel them to produce their account books at their place of residence would dislocate their business considerably. The matter was brought to the notice of the Madras Government through a Resolution moved in the Local Legislative Council that a profit and loss statement prepared by approved, chartered or certified accountants may be accepted in lieu of their account books. Owing to the reasonableness of this Resolution it has been accepted by that Government. Now the present Bill should either accept the principles of this Resolution or declare that the place of assessment may be where the business is carried on and not at the place of residence of the assessee.

"Due consideration should be given to the depreciation in the value of Government securities, municipal debentures and the like. Depreciation in Government securities has been of late very heavy. The reason that applies to the depreciation in buildings and machinery and plant applies also to the depreciation in Government securities and other investments. Temporary fluctuations need not be considered.

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[*Mr. K. V. Rangaswami Ayyangar; Sir Gangadhar Chitnavis; Rai Bahadur Krishna Sahay.*]

“There is also a widespread feeling that no distinction should be made in the rate of assessment between an individual and a joint-stock company. The struggling nature of these companies that are floated in India should weigh with the Government to do away with unnecessarily burdensome higher rates.

“Then in the matter of treating the wife’s income as part of the husband’s, due care should be exercised to distinguish between the proceeds from any money given to her or invested in her name by her husband and the proceeds derived from the property given to her by her own parents or relations other than the husband. Under the Hindu Law a husband has no right over the *Stridhanam* of his wife, that is, over the property given to her by her own relations. What she receives from such property must be treated as her own in the same way as the income from any business carried on independently by her.

“The natural reserve and timidity of Indians will stand in the way of their exerting themselves for applying for refunds. We have seen the working of the Land Revenue Act, how many resort to the system of refunds under it. Considering the large percentage of people who do not know the intricate provisions of the law but only pay tax simply because it is demanded of them, the law should necessarily be made suitable to all classes by doing away with over-collections first and refunds afterwards. Even without the Government exhibiting the feverish anxiety as implied in over-collections first and refunds afterwards, the assesses will not escape higher rates if their income is found at any time to fetch higher rates.

“I suppose section 37 will not apply to life assurance companies where refunds can be obtained only after five or three years when alone the valuations are made by the actuary.

“Throughout the world any tax-payer who feels aggrieved has got the right of appeal in a court of law. The Taxes Management Act of 1880 in England, I understand, and the Colonial Income-tax Acts—all provide for such right. Only in India is the executive unwilling to trust the judiciary and so restricts appeal to a court of law. When other principles of Indian Law are assimilated to English and Colonial ideals, this right of appeal to the judiciary on every doubtful point should be the first deserving of such assimilation. I trust my remarks will receive favourable consideration in the Select Committee.”

The Hon’ble Sir Gangadhar Chitnavis:—“My Lord, at 1-11 P.M. this stage, I think it my duty to support the previous speakers in the objections they have raised to include agricultural income in the income-tax assessment. This is a novel principle in India. Agricultural income is an uncertain income subject to many vicissitudes of seasons and other complex considerations. It is also sufficiently taxed at the time of the settlements which comes off in many parts of the country every 15 or 20 years. I, therefore, think it my duty to oppose it and place before Government the resentment felt against it by the landholders who in their humble way have done and will ever be ready as loyal citizens of the Empire to do what they can in this war and on other occasions. I would reserve my remarks on the other provisions of the Bill for the Select Committee.”

The Hon’ble Rai Bahadur Krishna Sahay:—“My Lord, I feel that I would be wanting in my duty to the great landholding classes in Bihar and Orissa and also in my duty towards the agricultural population of that province if I did not enter a strong protest against the principles underlying section 4 of the Income-tax Bill. My Lord, my colleagues representing the landholders of the different parts of India have expressed themselves with due emphasis on that point. There was a pledge given to the landholders of my province at the time the Permanent Settlement was concluded in Bengal, Bihar and Orissa that there would be no further taxation on land. It is quite true the present Bill, so far as this matter is concerned, is silent, but 1-13 P.M.

Rai Bahadur Krishna Sahay; Khan Bahadur Mian Muhammad Shafi; Rao Bahadur B. N. Sarma. [6TH FEBRUARY, 1918.]

it is silent only to the extent that it does not say plainly that the landlords are going to be taxed. One has to read sections 2 and 4 to arrive at the conclusion as to what the real intention of the measure is. Clause 4 says agricultural income shall not be chargeable to income-tax, but the net amount of such income in excess of one thousand rupees which has been received by an assessee in the year of assessment shall be taken into account in determining the rate at which the tax shall be levied on any income chargeable to income-tax under this Act. My Lord, that is an indirect method—and I am sorry to have to say not a very approved method—to tax the landholders. If they are going to be taxed, as a previous speaker said, they ought to be told in plain terms that the Government is in need of money and that there is no other source that can be tapped and that they ought to pay. But to approach their pockets in this indirect way is objectionable from more than one point of view. I do not desire to say more, I have felt it my duty to enter this protest, all the more because of the absence of my colleague from Bihar and Orissa who represents the land-holding classes.”

1-15 P.M.

The Hon'ble Khan Bahadur Mian Muhammad Shafi:—

“My Lord, without entering into a detailed discussion of the question at this stage, I desire to associate myself with all that has been said by my Hon'ble friend Mr. Malaviya with reference to the effect and nature of the enactment embodied in section 4 of the Bill. Should this section come back to us from the Select Committee unamended, I reserve to myself the right to reopen the question at a later stage of the case. To-day I would add my protest to those of my Hon'ble friends who have already spoken about this.”

1-16 P.M.

The Hon'ble Rao Bahadur B. N. Sarma:—“My Lord,

I cannot understand how Hon'ble Members find themselves in this discussion opposed to clause 4 and why they have charged Government indirectly with a breach of the covenant entered with landlords in the early part of the last century. But I fear that if we analyse the principles on which graduated income-tax is based there will be little ground or justification for the complaint against Government. It may be that on grounds of policy and because money is not required at the present juncture, in Select Committee Government may accede to the wishes of the zamindars and remove this clause against which there have been strong protests. I suppose graduated income-tax proceeds on the principle, that a man who has a superabundance should give to the state a little more out of his excess than his less fortunate brother. Once the principle is accepted I cannot see how we can escape from the conclusion that whether income is derived from agriculture, from commerce or from any other source it ought to be included within the total aggregate assessable income for the purpose of the graduated income-tax. It does not matter to a man who possesses a lakh of rupees whether that money comes to him from land, from money-lending, from commerce or from trade. If it is a question of proportional taxation, certainly he ought to pay at the rate of 4 pice just as a man who receives an income of one thousand rupees does. But if it is not a question of proportional taxation, if it is a question of graduated taxation, if a person who possesses superabundance is expected to pay at the rate of two or three annas because so much of his income is not required for his needs, it passes my comprehension as to why any serious objection should be taken to agricultural incomes also being included within assessable incomes for the purposes of income-tax assessment rate. Well, whether any exception should be made in the case of land-holders is a matter of policy with which we are not concerned at present. But I think that it would be wrong to take exception to section 4 on the ground that the Government are intending to introduce the thin end of the wedge or that agricultural incomes are intended in an indirect manner to be brought within the purview of taxation in violation of any pledges that might have been given at any previous time.

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"There are one or two other points which I shall have an opportunity of discussing in the Select Committee and to which I shall not allude at the present moment at length. One of such matters is the question as to whether any detailed provision ought to be made in the case of assessing members of an undivided Hindu family. Hon'ble Members will remember the discussion that took place when the Super-tax Bill was under discussion, and I hope that, inasmuch as these two Acts have to be read together for various purposes, the Select Committee will consider whether the objections that were then taken to the undivided Hindu family being treated as a unit for all purposes should be taken up and disposed of."

The Hon'ble Mr. G. S. Khaparde :—" My Lord, this Bill 1-20 P.M. reminds me of a picture which I used to see in my school days. If you looked at it from the front you saw the features of Her late Majesty Queen Victoria; if you looked at it from one side it showed the Prince Consort, whereas from the third side it presented the then Prince of Wales, afterwards King Edward VII. This Bill is somewhat similar in character. It is said that the Bill is not intended for raising money, but it is to be merely a consolidating measure designed to remove inequalities and afford facilities for the collection of income-tax hereafter. This is the impression which it makes at first sight, but when you examine its provisions a little more carefully you find that it is really a measure for introducing taxation. See the definitions of the words 'agricultural income,' 'total income' and 'taxable income.' Then you will see that the agricultural income which has hitherto never been assessed is now brought in indirectly. It is brought in to be taken into consideration to determine the rate of the tax on the taxable income. In other words, it actually indirectly taxes the agricultural income. To do so would be against principle, because land when it pays assessment to Government already pays a tax. Then the produce raised on the land ought not to be further taxed. The agriculturist has obtained by paying his assessment permission to raise crops. Government, therefore, cannot tax the crops again. I see in the opinions circulated there is an attempt to look upon the Government assessment on land as rent, but it cannot be called so because Government never assumes the responsibilities of a landlord. It merely collects so much tax on so much land according to its quality. That being so I do not understand why the agriculturists should be doubly taxed once as land-tax and again on the income.

"My Lord, this tax last year came before this Council in another shape, namely as a super-tax, and it was supported by the Hon'ble Members of this Council because it was distinctly understood that it was to be a war measure. Now it gets into this Bill as a permanent tax, I humbly submit that when our house is on fire we call in the fire brigade and we make it as comfortable as we can, but after the fire is extinguished we do not like that the brigade should be quartered upon us permanently. When they have done their purpose they ought to depart, so too should a war measure. During the war I am willing that money may be raised in all possible ways, but I do not like that these war measures should become permanent. So long as you treat them as temporaries and accommodate them only like necessary guests in tents outside in the compound you can easily get them to leave by merely pulling down the tent. But if you accommodate them in your main building and make them comfortable and they do not choose to depart you have nothing left but to apply for eviction, which is a tedious process. Similarly, if this super-tax and measures like it are once made permanent and are put in the Statute Book, it will be very very difficult to take them out again. My Lord, I submit that temporaries should be temporaries and should never become permanencies.

"Then the principle of exclusion in this Bill has not been properly brought out. Land-tax when paid can be deducted from the taxable income, then why not the municipal taxes? They go to reduce the income of a person just as much as land-tax does. What, then, is the principle

[*Mr. G. S. Khaparde; Sir William Meyer; [6TH FEBRUARY, 1918.]*
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on which land-tax is allowed to be deducted and not the other taxes? There are similar matters, but on this occasion it is not necessary to go into details. The measure is by itself objectionable, because there is really no case made out for raising money. There are many other points in connection with this measure on which one could speak, but they will no doubt be discussed in the Select Committee. At present, therefore, I join my humble voice to the protest that has been raised from all sides of the Council."

1-29 P.M.

The Hon'ble Sir William Meyer.—"My Lord, an Income-tax Bill always calls forth what some theologians call a rational love of self. In some cases voiced in to-day's speeches, I might even call it irrational.

"A certain class of people talk as if the Government were a hostile, foreign power trying to grab money out of their pockets; and that it therefore becomes a positive virtue on their part to evade its demands. Well, as I said in my opening speech, the Government are the trustees of the general community; and in that character they are repeatedly asked to do this, that and the other—to develop education, to develop sanitation, to defend the country and so on, and they have got to have the means for it. We must keep in mind the fact that people who are paying the income-tax are contributing to the needs of the general community and not, as the Hon'ble Mr. Khaparde seems to think, to some mysterious force outside the community which sends the police into his compound.

"May I say, my Lord, that I was very glad to hear once more the Boanerges blast of the turgid eloquence of my Hon'ble friend Babu Surendra Nath Banerjee; and not surprised to find the rafters resound once again with his charges of breach of faith....."

The Hon'ble Mr. Surendra Nath Banerjee.—"May I rise to offer a personal explanation. I said that there is this allegation made and we ought to have a straight answer from the Government. I did not make that charge at all. I said it has been made and that it was the duty of the Government to say 'yes' or 'no' to that charge."

The Hon'ble Sir William Meyer.—"I understood the Hon'ble Member to take up the matter with some gusto, but I now gather that he was merely an ingenuous inquirer for information. Well, the Hon'ble Member has been devoting himself so assiduously of late to the political future of India that I rather think he has forgotten what is after all the not very remote past. The first Income-tax Act of 1860 deliberately taxed all landed profits. The same procedure was continued in other Acts so that even if we were to tax agricultural profits now—which we are not proposing to do—it would be a mere question of expediency. There can be no question of breach of faith, or of rending covenants that have remained untouched for over a hundred years, as my Hon'ble friend said....."

The Hon'ble Mr. Surendra Nath Banerjee.—"One bad precedent does not justify another, does it?"

The Hon'ble Sir William Meyer.—"It disposes of my Hon'ble friend's argument that anything which brought agricultural profits into an income-tax would be a unique departure. It has been done before.

"Then we get to the Hon'ble gentleman from Madras, the Hon'ble Mr. Ayyangar, who stands forth once more as an unabashed extremist defender of capitalist and landlord interests, and has told us that it is wrong even to levy local cesses from the landlords. To his mind, the landlords ought to be, like the old French aristocracy, a privileged class, paying no taxation and living on the rest of the community.

"My friend the Hon'ble Mr. Shukul struck a quite new argument, for he said the landlords were entitled to our special consideration because of

[6TH FEBRUARY, 1918.] [*Sir William Meyer; Pandit Madan Mohan Malaviya; Mr. Surendra Nath Banerjee.*]

their contributions to the excise revenue. Do I understand that my Hon'ble friend alleges that the landlords drink more than other classes?

"Well, my Lord, there is no question of breach of faith—nor do we tax agricultural incomes directly at all. We have merely said that, for the reasons explained in the Statement of Objects and Reasons, when there is a graduated scale of income-tax, and the rich man pays at a higher rate than the poor man it is equitable, in assessing a landlord in regard to his non-agricultural profits, that we should also take into account, in fixing the rate of assessment, the exempted amount he makes from agriculture.

"The Hon'ble Pandit has started a new constitutional theory of taxation, that taxation should only be imposed in connection with the Budget speech and says that this Bill imposes an additional taxation. I say it is not a taxation Bill, though it is a Bill which will in some ways get us more revenue....."

The Hon'ble Pandit Madan Mohan Malaviya:—"May I say that what I said was not that taxation should not be introduced at any other time than when the Budget is before the Council, but that, as the Financial Statement is not before us, I should like my Hon'ble friend to tell the Council what need there is for this extra taxation. I take it he has to justify his proposal as fresh taxation."

The Hon'ble Sir William Meyer:—"I take note of the Hon'ble Pandit's supplementary speech. He says that he asked me to justify the reasons for fresh taxation put into this Bill. Well, I say there is no direct fresh taxation, though the Government will get more money in certain ways. Its object is to make income-tax more equitable. We have always found it a difficulty in past times, in dealing with the income-tax, that there was material objection to its enhancement, because people felt that it pressed unequally; that the honest man paid more than the dishonest man; and that our present Act with its water-tight compartments enabled, as I have said in my opening speech, men who are getting the same aggregate income to be taxed at different rates. We desire to get rid of these anomalies in the interests of the community, to bring people within the income-tax net who have escaped—improperly, as we think. We desire, in applying the graduated scale, to have reference to income on which a man has not paid taxation under this Bill, but only as a matter of equity in considering the rate on which he shall pay on the remainder of his income. If the Hon'ble Pandit chooses to say that making our Bill more equitable, by bringing people into the net who ought, in our opinion, to be in it is fresh taxation, well, he is welcome to his opinion. I am not in the least ashamed of imposing such taxation, and I do it in the interests of justice and equity.

"Well, my Lord, these matters—the various criticisms that have been made—will be dealt with in the Select Committee—this question of agricultural profits especially. As I have said, there is no question of breach of faith; there is nothing which we are not absolutely entitled to do; it is a matter of expediency. I have taken note—my Hon'ble Colleagues around me have taken note—of the universal anxiety of the landlords that they should not pay any money they can help. I have taken note of the Hon'ble Mr. Banerjee's declaration that if the zemindars have to pay extra taxation to Government they will obtain all of it and more also from their tenants."

The Hon'ble Mr. Surendra Nath Banerjee:—"I did not say all; I said a portion of it, and I stick to that."

The Hon'ble Sir William Meyer:—"Well, as I said, we shall consider the matter with an open mind in the Select Committee.

"The only other question raised which purported to be one of principle is the one I mentioned at the beginning of my speech as to the 'year of

[*Sir William Meyer ; Sir James DuBoulay.*] [6TH FEBRUARY, 1918.]

assessment,' on which we have had remarks from the Hon'ble Sir Hugh Bray and the Hon'ble Mr. Hogg. I do not think there was anything in the Hon'ble Sir Hugh Bray's point about his income-tax receipts for 1917-18. He says 'I paid the tax of 1917-18 and how can you assess it on me again?' Well, as I said at the outset, he paid the tax in 1917-18 on his assessment in 1916-17. The Hon'ble Mr. Hogg—taking, if I may say so, a broader view—while he presses for the retention of section 33 of the existing Act, recognises that the Government, as the trustees of the community, are entitled to a share of increased profits, as against the liability to refund on decreased profits, if you are going to revise assessments with reference to the current year. I shall be very glad to consider in Select Committee any suggestions he may have to make for restoring section 33 in that form, and I will leave him to consider whether the last state of things may not be worse than the first whether he would prefer to pay his income-tax on last year's assessment as soon as he has satisfied the Income-tax Collector of the correctness of his accounts as I am sure he would, or whether he would like a fresh duel between himself and the Collector with reference to what he was likely to make in the current year. That is a question of expediency and I will not detain the Council longer, my Lord. I repeat that the criticisms that have been made, and the remarks we have received from Local Governments, Chambers of Commerce and the like, will be most carefully considered in Select Committee."

The motion was put and agreed to.

THE CINEMATOGRAPH BILL.

1-40 P.M.

The Hon'ble Sir James DuBoulay:—"My Lord, I think I may safely say that this is only a little Bill: The Cinematograph Bill will not take up very much of the time of the Council especially as Hon'ble Members will be rather hungry. In moving that the Cinematograph Bill be referred to a Select Committee, I do not think it is necessary for me to traverse again the ground covered by the Hon'ble Sir William Vincent when he moved for leave to introduce the Bill. He pointed out that it had two main objectives—one to provide for the safety of the audience; the other to prevent the exhibition of objectionable films. On the one hand, the inflammable nature of cinematograph films and the special danger of fire are the most important considerations; on the other the evil effect of depraved exhibitions, especially upon children, is a consideration which must appeal irresistibly to all responsible men.

"Sir William Vincent indicated the haphazard provisions of the existing law so far as the safety of the public is concerned and their inadequacy to prevent the exhibition of objectionable films, and he showed how this Bill, by requiring that such exhibitions should not be given except in duly licensed places and by constituting central boards of censorship, would meet the two objects in view: and lastly, he explained that a clause had been inserted at the end of the Bill to enable its provisions to be extended, with such modifications as might be necessary, to other similar spectacular performances. This Council gave leave for the introduction of the Bill and ordered it to be published.

"We have received a number of suggestions on various points, but I will only deal with those that seem to me the most important.

"There is a considerable conflict of opinion regarding the figure 50 entered in the proviso to clause 3, which practically takes private exhibitions at which less than 50 persons are present outside the scope of the Bill. On the one hand, it is urged that the worst films are often displayed before small private audiences; on the other hand, opinions have been expressed that the provisions of the law need not be applied in the case of private exhibitions even if the audience is much larger than 50; nor in the case of exhibitions given before school children under responsible authority. There is room for considerable difference of

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opinion on this point, but I venture to think it would be unwise to exclude exhibitions given by educational authorities to school children from the provisions of the Bill, inasmuch as the protection of school children from danger should be our peculiar care, while it is obviously undesirable that they should be allowed to see films of which the censors disapprove.

"It has been pointed out that there is overlapping between this Bill and the provisions of the Punjab Municipalities Act, III of 1911, as well as draft clause 217 of the City of Rangoon Municipal Bill, both of which purport to make provision for the licensing of various premises among those where cinematograph exhibitions are given. The Punjab suggest that their Act should be modified so as to avoid the possibility of having two licensing authorities. The Rangoon Municipality, on the other hand, prefer that municipal areas in which legislative provision for the regulation of such exhibitions exists should be excluded from the purview of the Bill. I am doubtful whether any sufficient cause has been shewn for either course. The Bill enables the Local Governments to constitute any one they please as the licensing authority, and there is nothing to prevent them from utilising the services of Municipal Committees for this purpose. It should I think be possible in this way to secure their interest and co-operation in the matter of licenses of buildings without sacrificing the advantage of a single standard of censorship provided by the Bill.

"Clause 6 is the penal clause, and the most important suggestion in regard to this is that the operator should be subject to penalties as well as the owner of the cinematograph, and the owner or occupier of the place where it is exhibited. Another suggestion is that the film should be kept in deposit when a prosecution is instituted to prevent contumacious continuance of its display. The Advocate-General of Madras has also made some suggestions which are deserving of our attention, that the word 'owner' should be defined so as to include persons in temporary possession, while he would like to see the owner or occupier of the place of exhibition freed from liability for the exhibition of an unauthorised film if it is without his knowledge and consent.

"As regards the censorship of films dealt with in clause 7, there is a considerable, though not absolute, unanimity of opinion that the imprimatur of one board of censorship should be valid throughout India, and I think that that opinion will probably commend itself to this Council, though it may be desirable to retain the power of cancelling a certificate to provide against the possibility of a serious error of judgment on the part of the board.

"As regards clause 8, the Government of Burma and, I think, of Bombay think that Local Governments should also have the rule making power here given to the Government of India. This is rather a difficult point. It is quite true that there might be special local conditions requiring special treatment in the matter of licenses and certificates, but on the other hand the conditions are roughly identical all over India, and it would be very embarrassing to the trade if they had to comply with different conditions in the different places they visited.

"Some doubts have been expressed regarding the necessity of Clause 10, but the illustration which will be found among the opinions of objectionable advertisement posters is an indication that this clause might be very useful and might even be made wider in its terms than it is at present. The Advocate-General, Madras, has also raised a point regarding the drafting of this clause and the opinions received suggest other slight alterations of drafting throughout the Bill as well as in the preamble.

"I have now rapidly indicated the principal criticisms that have been recorded, and I think Hon'ble Members will agree with me that while they indicate a general acceptance of the principal of the Bill, there are a good many points of detail that need examination and that the Bill should be referred to a Select Committee for that purpose.

"We have so far been fortunate in India in the matter of disasters from cinematograph fires, but I have here the details of 15 fires in recent years,

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any one of which might have produced a catastrophe. Only last November there was a fire in Calcutta resulting in the destruction of 100,000 feet of films.

"In these cases the fires for the most part occurred when the auditorium was empty; and in one or two cases the fire was prevented from becoming serious by the fact that the buildings were of corrugated iron or fitted with fire proof doors. But on the whole, it may be said, that we have escaped rather by good luck than good management and when this Council remembers the appalling calamities that have occurred through faulty arrangements in various parts of the world, I think they will agree that it is time that we put our house in order.

"I beg to move that that the Bill to make provision for regulating exhibitions by means of cinematographs be referred to a Select Committee consisting of the Hon'ble Sir George Lowndes; the Hon'ble Mir Asad Ali; the Hon'ble Sir James Walker; the Hon'ble Sir Edward Maclagan; the Hon'ble Khan Zulfikar Ali Khan; the Hon'ble Mr. Sastri; the Hon'ble Mr. Walsh; the Hon'ble Mr. Surendra Nath Banerjee and myself."

The motion was put and agreed to.

THE INDIAN FOREST (AMENDMENT) BILL.

1-50 P.M.

The Hon'ble Sir Claude Hill :—"My Lord, in introducing this Bill, which, like Sir James DuBoulay's, is a very little one, I have very little to say in amplification of what is contained in the Statement of Objects and Reasons. This Bill is really the result of minor defects which have been found to exist in the Forest Act during the past 7 years; and I think the department is entitled to congratulate itself in that the amendments are so few. They are practically only three in number. The first relates to section 29 of the Act under which a Local Government may from time to time by notification declare that a portion of a protected forest may be closed for such time not exceeding 'twenty' years as the Local Government thinks fit. Well, experience has shown that the period of twenty years is not enough to allow for regeneration, at all events in many cases; and it is therefore proposed to take power to extend that period to thirty years in clause 2 of the Bill.

"Then we propose by clauses 3 and 5 of the Bill to add to sections 52 and 63 of the Act. Section 52 at present reads as follows :—"When there is reason to believe that a forest offence has been committed in respect of any forest produce, such produce, together with all tools, boats, carts and cattle used in committing any such offence may be seized by any forest officer or police officer." Section 63 permits of the arrest of any person against whom a reasonable suspicion exists of having been concerned in a forest offence punishable with imprisonment for one month or upwards. In neither case is there any provision for the release on bond or bail, as the case may be, of the property or person of the offender. By clause 3 of the Bill we propose to remedy the omission in section 52 by providing that any officer of a rank not inferior to that of a Ranger may release the property which has been seized on the execution by the owner of a bond; and in the case of section 63 the amendment embodied in clause 5 of the Bill provides that an officer not below the rank of Ranger may release the individual arrested on his executing a bond to appear if necessary before a magistrate. I do not think there will be any question as to the advantage of these amendments. The third amendment to which I need refer relates to section 78 of the Forest Act under which privilege holders are bound to furnish any information respecting the commission of a forest offence and to assist in extinguishing any fire occurring in a forest. It was represented some five years ago by one Local Government, and all Local Governments admit the validity of the representation, that this obligation on the part of privilege holders is not sufficient and that they ought to be compelled—those who are in possession of certain advantages in State property ought to be compelled—of their own motion to take steps for the prevention and extinction of forest

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fires. It is therefore proposed by clause 6 of the Bill to substitute the following : privilege holders shall forthwith take steps whether so required by any forest officer or police officer or not :—(a) to extinguish any forest fire in such forest of which he has knowledge or information, and (b) to prevent by any lawful means in his power any fire in the vicinity of such forest of which he has knowledge or information from spreading to such forest. In other words those who have derived certain privileges from State property are held responsible for taking steps to protect such property. Finally, in order to make this new provision effective it is proposed by sub-clause (2) of clause 6 to provide a penalty. I do not think I need say anything in regard to the minor and purely consequential amendments. I therefore beg to introduce the Bill and to move that the Bill together with the Statement of Objects and Reasons relating thereto, be published in the Gazette of India in English.”

The motion was put and agreed to.

The Council adjourned for Lunch till 3-15 P. M.

RESOLUTION *RE* REDISTRIBUTION OF PROVINCIAL AREAS AND THE CONSTITUTION OF PROVINCES ON A LANGUAGE BASIS.

The Hon'ble Rao Bahadur B. N. Sarma :—“ May it please 3-15 P. M.
Your Excellency, I rise, with a confidence new born in me, to move the resolution which stands against my name. The resolution reads thus :—

“This Council recommends to the Governor General in Council (a) the redistribution of provincial areas, and the constitution of provinces, where necessary, to secure complete success for self-governing institutions in British India; (b) the rearrangement of provincial areas on a language basis wherever and to the extent possible, especially where the people speaking a distinct language and sufficiently large in numbers, desire such a change.

“It is with feelings of profound satisfaction and joy that the people of India welcomed the memorable announcement of the 20th August last, wherein responsible government in India as an integral part of the British Empire has been declared to be the goal of British policy. The Indian people cannot be too grateful to His Majesty and the British public for the imaginative, sympathetic foresight and wisdom which dictated the policy of the Cabinet, and fortunate indeed are we for the happy combination which brought together a Lloyd George, a Montagu and Lord Curzon. May we be permitted to congratulate your Excellency on your rare good fortune, that it was on your initiative and during your régime are being laid the foundations of the fabric of a constitution destined to make the British Empire the mightiest, the loftiest, purest and the most high souled the world has ever seen. Now that the work of reconstruction has been undertaken and not a day too soon, I have ventured to seek the assistance of the Council in pressing upon the attention of the Government for their acceptance my long cherished ideas, dreams, hopes, may be, illusions, and I am deeply grateful that your Excellency has ushered the dawn of a new era in allowing this important subject to be treated as an open question.

“Responsible government as an integral part of the British Empire being the object to be achieved, we are confronted with the problem of laying the foundations well and truly for the construction of a federation within a federation a federal unit, part of a larger whole. The problem is simplified to the extent that the burden and responsibility of enunciating foreign policy in the fullest sense of the term rests largely with others, and British Indian federalism deals only or mainly with problems of internal administration. We are not confronted with another difficulty, which faced the federalists of other times and at other places in that the privileges, powers and rights,

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financial, legislative and administrative, of the component parts proceed from the centre. India is fortunate in that she has for untold ages been in the midst of her diversity accustomed to a central control, however feeble at times such control may have been, and the essential unity of her economic interests, her geographical position, and the community of beliefs, traditions, the sense of oneness and nationhood, the product of centuries of common government, coupled with large provincial independence eminently fit her for the constitution which His Majesty's Government has resolved upon conferring and the essential and minute details of which are to be worked out. Western Hindustan, the Central, the Eastern, and the Deccan have been the centres of power, the centrifugal forces are not negligible, demonstrating that the central authority cannot be unduly weakened. But it must be remembered that that was in the old days of autocratic rule, when the people counted for nothing, and the central control in truly Imperial matters now removed to a distant sphere. It is possible, therefore, to confer with safety wider powers on Provincial authorities, where the real authority and responsibility is with the people, but would the machinery devised for another purpose do? In my humble judgment, the provincial areas constituted for administrative convenience and partly the result of historic accident, when the people had no real voice are eminently unsuitable in the altered conditions. I do not contend for a moment that self-governing institutions cannot be introduced into the provinces as they are constituted with any hope of success; in the case of many important provinces, extensive changes are hardly needed, and I would strongly deprecate the postponement of the introduction of reforms until the changes, I am advocating, are taken on hand; but I have no hesitation in stating that in some provinces at least self-governing institutions would work smoothly and harmoniously with a re-adjustment, and a general re-distribution would pave the way for complete success.

"I urge in this Resolution that re-distribution of areas and a constitution of new provinces wherever such re-distribution and constitution may be found necessary for the complete success of self-governing institutions and urge that it should be done where three conditions co-exist, namely, that the people should desire such a change, that they should be sufficiently numerous and that they should speak the same language. I do not say that such changes should not be made even where the three conditions may not co-exist, but they are not immediately necessary and the problem should not be complicated unnecessarily by raising avoidable agitation to attain an ideal state of things. I realise that a large number of languages are spoken in each province, but on an analysis it will be found that the number of people speaking many of them is comparatively small, and in several instances though small minorities writing a language different from the principal vernacular or generally bilingual; where a small body of people had migrated and found themselves in the midst of a large number speaking a different language. The process of assimilation has been going on for very many years; for example, over two millions Telugu people are scattered all over the Tamil districts, having settled themselves down during the time of the Vizianagram Kings, and though they have not given up their mother tongue they have learned the Tamil language and are being educated in Tamil schools. The reverse process took place in the Telugu districts also. Even if it were otherwise no separate provision can be made in the nature of things for such minorities, and the problem therefore is confined to compact areas where there is a large population speaking but a single language. In such cases, I feel sure that the Council will agree with me that a re-distribution or a constitution of a new province will be absolutely necessary by reason of the very nature of the introduction of self-governing institutions for provincial purposes, for promoting educational and administrative efficiency, for the strengthening of finance by reconciling people to additional expenditure and taxation and the efficacy and possibility of social legislation and to prevent bickerings and disputes and promote general harmony.

"If I could dream of the possibility of inducing the people of India to adopt one language even in the very remote future, I should not have brought

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forward this Resolution for discussion. India has had a central government for ages, but its past history, as well as the history of the peoples in the world in general, does not encourage one to entertain any such hope. After a century of British rule the number of English knowing Indians is but about a million and a half amongst 14 million literate people. It should be possible to hasten the pace, but to expect the people of India to give up their mother tongues seems to be a wild dream and I dismiss it from consideration. The very nature of representative institutions involves an independent appreciation by the people of the problems of legislation, administration and finance, an appeal to electorates and the wide use of the vernaculars. I have had some 30 years' experience of district non-official organizations and can speak with authority that during the discussions when the medium employed was English the assemblies were composed almost wholly of English educated Indians, but during the last 10 or 15 years in my own part of the country since the use of the mother tongue came into general vogue on such occasions and began to be almost exclusively employed, the assemblies have been composed of all the strata of society and have become large, real and living centres of activity. A similar phenomenon is discernible all over India during more recent years. Difficulty has been experienced in the conduct of Provincial Conferences where the problem has been attempted to be solved by making at least one speech compulsory in the language of the district wherein the assembly meets. The Provincial Conference when it meets in our district has not the same vitality as the Andhra Conference by reason partly of the language employed in the former being foreign to the vast masses of the population. In the Legislative Councils in future influential men who know only the vernacular or cannot express themselves clearly in English will be in a large majority and it would be impossible to conduct the proceedings where large bodies, Tamil, Telugu, Canarese and Malayalam gentlemen have to sit and listen to speeches which they do not understand. The only alternative would be to confine the assemblies to men proficient in the use of English. The position would be repugnant to the very nature of representative institutions, and I am confident therefore that a separation would be necessary as soon as representative institutions should be a reality. It is of course necessary to preserve the records and publish them in English as well, but such a procedure does not touch the position now under discussion. I shall now point out several other difficulties in allowing the existing state of things to continue. It is quite within the range of practical politics that on essential questions there would be a wide difference of opinion between the people speaking different languages. At several meetings of the Andhra Conference consisting of 1,000 to 2,000 delegates assembled from all parts of the Telugu districts, it has been almost universally resolved to suggest the necessity and desirability of employing the vernacular as the medium of instruction in secondary schools. Opinion does not seem to have solidified to the same extent in other parts of the presidency. Supposing in a future legislative assembly the whole of the Andhra population should give a mandate to their representatives on a question like this, the position would be intolerable if their internal improvement has to be governed by the votes of the other communities. In matters of social legislation also the communities do not see eye to eye and there would be considerable friction and difficulty in the passing of social legislation. Difficulties will also be experienced in the matter of location of educational institutions, distribution of funds regarding the incidence of taxation, and other similar matters.

"The success of representative institutions would also depend upon the universal spread of education, and primary education in the first instance. The spread of primary education necessarily involves the growth of secondary education especially for the purpose of training teachers. The growth of secondary education would in its turn necessitate the multiplication of colleges and university education, wherein the vernacular would have to play a much greater part than is the case at present; the necessary corollary follows that each language area should have at least one distinct university

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of its own wherein education would proceed on lines suited to its genius, and the points of dissimilarity of views and conflict of interests, both financial and otherwise, are bound to arise under one Government. The problem is partially solved at present by requiring teachers and inspectors to learn two or three languages which means superficiality of knowledge, general inefficiency and can at best be only a partial remedy. A difference in our educational ideals, difference in types, difference of institutions, can be evolved satisfactorily only under a distinct legislature and distinct Government. Education in English in High Schools and Colleges should be made compulsory by Statute.

“British officers and to a certain extent Indian officers, also of any province are at present transferred to different parts of the presidency in order to qualify them for higher positions of trust and responsibility, and the more people there are the larger would be the number of transfers. These frequent transfers to areas speaking different languages make it impossible for the officers to acquaint themselves adequately with the vernaculars; and also prevents the growth of attachment on the part of the officers as well as the people. And the desired influence for good is minimised unnecessarily and sometimes rendered impossible of acquisition. The administration of justice cannot but suffer by reason of the imperfect acquaintance of the judges with the vernacular, who can acquaint themselves with documents and the real meaning of witnesses' oral evidence only through the medium of translations. Unnecessary and prohibitive cost is also involved leading to the ruin of litigants in a large number of cases. Reform of the administration of justice necessitates a departure on the lines suggested. The same may be said of the Registration Department.

“I have already alluded to the difficulties and discord likely to arise in the distribution of taxes and the funds raised thereby. I would here only allude to one further fact that where the people are homogeneous in character and are bound together by ties of a common language and where the areas are small people are likely to be more willing to tax themselves for provincial improvements which would benefit those whom they understand and with whom they have close affinity.

“Inequalities must always exist; but where they arise between people who do not understand one another, they are likely to lead to unnecessary jealousies and friction which may occasionally become a source of danger. The relations between the Uriyas and others with whom their lot is cast, the cry of the Mysore to the Mysoreans, and Travancore to the Travancorians and the desire on the part of the Andhra-speaking people for a change are indicative of the conviction on the part of the people concerned that their progress would be facilitated by being allowed to evolve it according to their own genius untrammelled by others. I might quote in this connection the example of Austria-Hungary where numerous languages are spoken, where provision had to be made for the representation of these various speaking people in the Legislative assemblies, where internal discord prevails as to which language should be used and which should have precedence, and where the more powerful people resort to the suppression of the weaker.

“Under representative institutions in purely provincial matters it would not be right to jeopardise the interests of minorities, wherever they may be adequately protected. It is impossible to conceal that the three million Malayalese or the two million Kanarese, whose representatives would be about seven and five per cent. of the assembly, can have an adequate voice in Madras. The same may be said of the four millions Uriyas out of the 34 millions in Bihar.

“The Andhras form a distinct group living in a compact area consisting of north Madras and 12 districts whose total population is between 17 and 18 millions, and the representatives of the districts during the last four years have been pressing for the creation of an Andhra province. The case of the Uriyas seems to be equally plain. They are but 6½ millions in British India, and whether they are grouped with Bengal, Bihar or Madras would form a very small

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minority, and such grouping would retard the development and success of representative institutions and their own growth on lines peculiar to them. On the other hand, they are a sufficiently numerous body living in a compact territory whose population is larger than some of the minor Kingdoms of Europe and the population of the United States at the time of the secession from Great Britain. Similar remarks would apply to Malabar, Sindh and Gujarat and Canara. It must also be noted that there may be a federation or combination for some purposes with the adjoining Native States, whose population is of the same race and speak the same language. For example, the cost of a University may be borne by the British province and the Native States. Mysore has a University, practically Kanarese, and has solved the problem of the Kanarese people until they can find resources for a separate University of their own. Travancore and Cochin are rich Malayalam States which have taken the problem in hand, and the wishes of the people may be respected without any financial embarrassment. The adjoining Native States of Orissa are another instance in point on the question of cost. The cost of general administration would be comparatively small having regard to the smallness of the area and population in many of these cases. Enormous savings may be effected under various headings including travelling allowances and if the people are desirous of effecting a change they must be prepared to pay for it. It must also be remembered that the salary of a Governor in American States varies from 1,000 to 10,000 dollars and Coorg, Ajmer, Merwar not to speak of the North-Western Provinces, furnish instances of small administrative areas. The language problem does not seem to require many additional provinces with perhaps the possible exception of Sind.

"Then, as regards re-distribution of areas, Bombay and the Central Provinces furnish an instance where the language problem may be taken up for solution. The Hindi-speaking people of the Central Provinces form a contiguous compact area adjoining Bihar and the Mahratta tracts are similarly situated with regard to Bombay. Mahratta-speaking people seem to be extremely desirous of being brought in together, and the question of University education, and the language to be employed in Legislative Councils may find an easy solution by a re-adjustment at a reduced cost. My friends from Bengal and Assam will, I am sure, represent the wishes of the Bengalee-speaking people of Bihar and Assam who seem to be desirous of being brought together. I have been receiving a number of telegrams from various provinces asking vehemently to press this Resolution. In this connection I cannot help making a few remarks with regard to North-Western Frontier Province, which has been proposed in some quarters to be excluded from self-governing India. The province has always formed part of India from pre-historic times, was clearly so in the time of the Hindu and Mahomedan Kings and their separation accentuating the existing differences on a religious basis would, in my opinion, be a great political danger to India. The problem should rather be to identify their interests with the rest of India to educate them under such ideals and settle the restless tribes in the vast new colonies to be opened. I would earnestly urge their reunion with the Punjab. Whether the Hindi-speaking people living in the Punjab, United Provinces, Delhi and Bihar and Central Provinces should be re-grouped is an interesting problem which does not seem to be pressed for an urgent solution. The future of India is largely bound up with their advancement as has been the case in the past. But whether they fall under one, two or three governments, will not affect the political equilibrium in any large degree. The times have changed, the rest of the peoples of India form as important a group and therein lies the safety to the unity and harmonious development of a united India. No people can dominate the rest in a manner analogous to Prussia as is feared in some quarters. My Resolution may suggest the inquiry as to whether the larger provinces should be cut up into smaller units as has been proposed by Mr. Curtis and others. The sentiment of Bengal and the United Provinces as far as can be gathered and further from their present position seems to be decidedly against it, and I have already indicated that the wishes

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of the people must form a condition precedent to any re-distribution. Furthermore, on analysis it will be found that we have got in all the provinces the divisions which correspond to smaller States of Germany or the United States. We have 250 districts with an average population of 900,000, some of which are 3 million strong; others about half a million and so on. And it will be found that only 9 out of 48 of the United States have a population above 3 millions, 13 between 2 and 3, 11 between 1 and 2, and the rest below 1. With the exception of Prussia, the German States present the same problem. The same may be said of Switzerland. We have, therefore, units of the size advocated. But no one has yet felt that for legislative purposes any of these districts require a separate constitution. The bye-law making power, which at present partakes of the nature of legislation may be enlarged, where necessary. It would be a mistake to promote the creation of intermediary bodies and in opposition to the sentiment and wishes of the people. If the larger provinces find such a decentralisation necessary there will be time enough to consider the question. But at present we have Imperial finance, all-India finance, Provincial finance and local finance, and need not complicate the matter by adding another category of sub-provincial finance. It would also be found that once legislative powers are conferred upon these, it would be difficult to deprive them of the same as has been found when a federal constitution had to be framed for the United States and a separatist tendency would also be created thereby.

“By the creation of provinces and re-distribution of areas seen on the lines indicated, we shall remove as far as possible all the causes for Provincial and racial jealousies and provide a basis of representation for the constitution of the All-India Council. The men who would befit themselves for all-India legislation of an Imperial character would qualify themselves by the study of English, and the language problem would not present the same difficulty as in the provinces. And the vast variety of languages would also make imperative the use of a common language, namely, English with rare exceptions. The real cause of friction would naturally be for a distribution of financial burdens and care would, I am sure, be taken in rendering the central Government largely independent of Provincial financial help and where such may be necessary, it will be made dependent upon certain data which would not admit of wrangling or dissatisfaction. The similar causes which may disturb harmony would generally be found in the Provincial and Local Councils and local bodies, and the essential unity of interest in all large Imperial matters of the people would make for the harmony of the deliberations of the Imperial Assembly.

“The foregoing remarks clearly show that in the whole of the upper Hindustan with a population of 150 millions from the Punjab to Assam the problem is of a minor importance and no extensive changes are needed. The question does not arise in Burma. It is equally evident that changes are necessary in the Deccan, Southern India and the East Coast. The numerous memorials presented by the several peoples living in these tracts to your Excellency and the Secretary of State during your recent tour, the innumerable Resolutions passed for very many years by the people concerned and extending for a period long anterior to the contemplation of the present reforms are indicative of a desire on the part of the people for a change; and all the conditions referred to in my Resolution are complied with in our case.* But I do not wish to be understood to endeavour to complicate the problem of reforms with the question of re-distribution of areas and constitution of provinces. What powers should be reserved by the Government of India, how the legislature is to be composed, what decentralisation of power is permissible, how the Provincial legislatures are to be elected and composed, what powers they shall exercise in administration, legislation and finance are problems which have no relation to the question under discussion. The latter are details to be worked out in the case of each area and may be modified by an alteration therein. But I have ventured to bring forward this resolution at the present time fully convinced that the solution of the

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question would also have to be undertaken immediately and without delay. In order to ensure the complete success of self-governing institutions and that modifications may be introduced at as early a date as possible. I realise the reluctance of the Government to deal with the problem, having regard to its experience in the case of Bengal. But as my Resolution proposes the consent of the people or a large majority of them, no such difficulties need be apprehended. I would suggest the appointment of a commission to determine the need for re-distribution and constitution of new provinces and their areas; and the new electorates under the reform scheme will have ample opportunities of expressing the wishes of the people; if this question cannot be solved earlier I hope I have said enough to justify my demand for an early change on the lines suggested in the Resolution. It only remains for me to thank the Council for the patient hearing which they have been pleased to accord to me. The divisions I have suggested are amply sufficient to meet the purpose. Pray do not cut us up into further sub-divisions, rendering cohesion and common action impossible. The Native States furnish us an example how their numbers render it difficult for them to arrive at conjoint action and further re-grouping for representative purposes is felt to be necessary, but difficult. We are on the eve of great political changes in the world; just as industries trusts and good monopolies are squeezing companies out of existence, so in the world of politics combinations of states with practically a partial surrender of sovereignty as it has been hitherto understood are not improbable. There would, therefore, appear to be reasonable ground for hope that even the wildest and maddest Indian revolutionary would be reconciled to the federal partnership so generously conceded by the liberty loving British public. The unity of Indian nationhood and the community of the economic and political interest of the Indian people I have already dwelt upon. But there is enough diversity to make that cohesion solid and indestructible only with the co-operation and help of the British people. And as far as human foresight can see there does not appear to be any reason why the union should not be permanent and for ever, so long as the foundations are well and truly laid and all parties understand the limitations of their position. So welded it may be that the mighty British Empire may not need any outside alliance to keep the peace of the world. The war has purified the souls of men and politicians of the dross of selfishness and greed to a perceptible extent. Let the structure be laid while under the influence of such a holy fire, before human passions and selfishness regain ascendancy. I am confident with such lofty minded statesmen at the helm under the guidance of an able and far seeing premier and an able broadminded and energetic Secretary of State, with a sympathetic Government of India and with knowledge and willingness to move under your guidance and aid, I feel sure the structure will well and truly be laid in the immediate present. I commend this Resolution to your acceptance."

The Hon'ble Sir Hamilton Grant:—"My Lord, it may seem strange that an officer holding the post of Foreign Secretary should have the temerity to rise in this Council. It might be thought that like the famous Dean Maitland he was doomed to a vow of silence. But I cannot allow the present Resolution to pass, affecting as I think it does the interests of Your Excellency's Department which I have the honour to represent in this Council somewhat nearly without remark. I regret, your Excellency, that my maiden speech in this Council should be made under conditions of considerable disadvantage; in the first place that I should have arrived this morning from a journey of six thousand miles and two nights in the train without having any previous knowledge of the subject which Mr. Sarma was going to lay before the Council to-day, and in the second place that I have not had an opportunity of discussing with the colleagues of my Department the matter at issue. As I understand it, the reason underlying this resolution is that in the near future the provinces of India will be enjoying self-government. If that

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is so, the question of our foreign relations comes up in a somewhat serious form. What do we mean by self-government? If self-government is to include the direction of foreign affairs, then, my Lord, I submit there are very serious reasons why the redistribution of the provinces of India is necessary. We shall have to so redistribute those provinces that we shall have buffer areas along our whole exterior frontiers directly under the control of the Government of India and safeguarded from the interference of Local Governments. If, on the other hand, your Excellency's Government and His Majesty's Government accept what must and should be the fundamental principle of all administration, that foreign affairs must and always shall be entirely under the control of the Government of India, subject to the direction of His Majesty's Government, and that Local Governments as heretofore will so far as foreign relations are concerned be entirely under the direction of those Governments, then I say that, so far as I can see at present, no provincial redistribution whatever is necessary. The North-West Frontier at present our most vital external frontier is sufficiently safeguarded by the buffer States of Baluchistan and the North-West Frontier Province, and I cannot accept the proposal of the Hon'ble mover that the North-West Frontier Province should once more be thrown back into the vortex of the Punjab. I do not think that the North-West Frontier Province themselves would welcome it; I am perfectly certain that the Punjab would not. As regards the remainder of the frontier, I think that if any one would study the map for a few minutes, he would see that the direction of our external relations are adequately safeguarded by the buffer States of Nepal, Bhutan and Sikkim. As regards the Burma frontier I think that this is a matter which we may leave for discussion outside this Council. If, on the other hand, it can be seriously considered that Local Governments should direct foreign affairs, I would point out that the creation of buffer areas would be open to serious disadvantages. I believe....."

The Hon'ble Rao Bahadur B. N. Sarma :—" May I make a personal explanation, your Excellency? I do not think it has been my contention that any of these governments should have anything to do with foreign affairs.

The Hon'ble Sir Hamilton Grant :—" My Lord, if that is so, I need not pursue the point, and I will merely take this opportunity to speak on one or two arguments put forward by the mover of the Resolution. He seems to be under the impression that the Government of India, Your Excellency in Council, require a stimulant in this matter, that you require to be stung into the redistribution of provinces. My experience of India has been that we are juggling the whole day along with Provincial boundaries. I have seen the North-West Frontier created, I have seen the partition of Bengal, the present repartition of Bengal, I have seen Bihar and Orissa come into existence. I have seen the province of the Berars abolished. I have seen infinite provincial juggling till one is tired of it, and it is hard to know what province one belongs to. I do not think that the Government of India require any stimulant in this matter. But apart from that, assuming there is some lethargy, and that they have not themselves realised that the grant of local self-government might possibly require some readjustment of provincial boundaries, I would point out that there are one or two further objections to the method which the Hon'ble mover proposes to this end. One of the main lines upon which he proposes to work is what is called the linguistic redistribution. I do not know whether he has read that valuable work, the Linguistic Survey of India; I have not done so, but I have had a little to do with the languages of the country myself. At one time I thought I had mastered the language, at

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any rate of a district. I went 20 miles and I could not be understood; I went another 20 miles and I could not understand. If we were to have governments formed on linguistic divisions, I think we shall have a local government every 20 miles. What we want is, I maintain, a *lingua franca* common to all India. Hindustani at one time tried to be this, but Hindustani is now approximating to English. We constantly hear, for instance, such odd admixtures as '*uska nature bahut sympathetic hai, lekin uska sense-of-responsibility kuch nahin*' and expressions like that. In the same manner English is approximating to Hindustani. You hear of '*kucha*', '*bandobast*', '*what a dhik that is*' and so on. Well, what we want obviously is a language that is a good hotch-potch between the two and let that be the language of our Councils in future; and in this way Canarese and Tamil, Punjabi and Pathan, etc., will have a common vehicle of expression and a universal understanding of the proceedings of the various legislatures. With these words, your Excellency, I would merely deprecate any haste in the matter of the redistribution of the provinces."

The Hon'ble Sir Gangadhar Chitnavis:—"My Lord, I know this Resolution has been moved with the best of intentions, but my humble experience has been against such territorial redistribution. These redistributions of provinces as previous experience has shown are not very often popular with the people. They land Government in many and unnecessary difficulties. The people's general tendency seems to be to remain attached to the administration or the province under which they have long remained and with which they seem to grow in love on account of long association. The partition of Bengal has taught all of us many a bitter lesson. In my own province about 30 years ago, when there was a proposal to transfer some of the Marathi-speaking districts to the Bombay Presidency on account of language considerations in lieu of Sindh, which was proposed to be transferred to the Punjab, there was bitter opposition to the proposal and the people petitioned Government against such transfer. I am inclined to believe that territorial redistribution if not satisfactorily arranged will create resentment and unnecessary agitation and will be a bad prelude to any scheme of reform. Moreover, if redistribution is to be made irrespective of this and other considerations language cannot be the only criterion. Any redistribution of provincial areas and boundaries should be considered not only from the language point of view, but also from racial and geographical considerations. Questions of defence by land and sea and future politics both internal and external have their bearings on a comprehensive rearrangement of provinces with a view to autonomy. Financial economy in administration is also an important factor and any redistribution, if made irrespective of this and other important considerations, is likely to fail and bring trouble in its train. Moreover, the present war will bring other factors into play, and it will be unwise for Government to launch themselves into a policy which may perhaps mean increased expenditure and consequently increased taxation."

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The Hon'ble Mr. P. J. Fagan:—"My Lord, in approaching the consideration of the Resolution moved by the Hon'ble Member I have been rather impressed by the wide area of debateable matter which seems to underlie its main topic. The chief question involved in that matter is itself a large one, that is to say how and in what manner geographical, lingual and racial factors operate upon or are themselves affected by the political system which embraces them. It seems scarcely possible to estimate the effect of these factors until one knows something about the nature, the working and the tendencies of the political system. Now, as members of the Council here to-day, what do we know with any precision regarding what I may perhaps term the future political organism or the future political morphology of this great continent? As regards the ultimate goal we have had recently an announcement, an authoritative, an epoch-making announcement, that the

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goal is responsible government, no doubt on democratic lines responsible government with the tremendous and as yet very partially and dimly recognized implications which that involves for this country in its external relations no less than in its internal relations. The question whether that goal is attainable within clearly conceivable limits of time is one which is probably irrelevant and, at all events, presumptuous for me to discuss here and now but in passing I may perhaps be allowed to remark that so far as the Province in which I have the honour to serve is concerned, a body of Indian opinion, by no means negligible, by no means unintelligent, would answer that question at present, at any rate, with a decided negative. But, my Lord, I will let that pass, I will subscribe to the assumption that the goal is one that is attainable within fairly moderate limits of time. What, then? What do we know sitting in this Council here to-day, of the lines, direct or devious whatever they may be, along which advance towards the goal will be made. What do we know of the political machinery which it will be found necessary to construct and to set up, in order to aid that advance? What do we know of the ebb and flow of political thought which will mark its course? What do we know of the rate at which effective political education will leaven the great masses of this country? Until, my Lord, we know something about these things and about many others is it not premature to enter upon a wide carving and recasting of the administrative units of India with all the endless administrative dislocation, and if we may judge from a comparatively recent instance, of the long-continued agitation which such a course must necessarily and inevitably involve; my Lord, truly the people perish where there is no vision and it is well, within reasonable limits, that young men should dream dreams and that old men should see visions, nevertheless it is not the less true that the dreamers of dreams and seers of visions are apt to be precipitate in endeavouring to clothe their dreams with the garments of reality. *Festina lente* is a trite but a very wholesome maxim which they would do well to bear in mind. My Lord, I must apologise for detaining the Council at this length in a maiden-speech but there are one or two other matters which deserve mention. Who is to say, who is to forecast whether that future diversity of interest which will help to mould the future political organism and to differentiate its parts will proceed on geographical, racial or lingual lines? Recent utterances and recent occurrences seem to indicate fairly clearly that some at least of the dividing lines will be of a very different nature. Who moreover can say who will presume to predict how these factors of geography, of race, of language will affect the politically awakened and enlightened braves as we all hope that they will be.

“For these reasons, my Lord, the Resolution of the Hon'ble Member appears to me to be both premature and academic; and one which it is impossible at the present time or in the near future to put into practicable shape. When the tender plant of to-day shall in the fulness of time have grown into a strong and lofty tree under those branches the nations of India may collect, in some form of political organism which shall embrace them all, then perhaps the process of differentiation and redistribution of the administrative units of India will largely have become an automatic process.”

4-1 P.M.

The Hon'ble Mr. Kamini Kumar Chanda—“My Lord, I find myself in a peculiarly difficult position in regard to this Resolution. The people of Sylhet feel deeply interested in the question of a redistribution on a linguistic basis. They feel that they have a genuine grievance and that the policy of the Despatch of 25th August 1911, which was to reorganise the Bengal districts into one unit has not been given effect to. That Sylhet is bound to Bengal geographically, linguistically and ethnologically is admitted. It was stated in the Despatch that there would be administrative and territorial distribution, a distribution with a view to remove any dissatisfaction arising out of the repartition of Bengal on broad and comprehensive lines and with a view to giving satisfaction to all. That has not been done although there was a gracious message in the coronation speech of His Majesty the King-Emperor.

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Speaking from his place in the House of Commons the Secretary of State, then Under Secretary, on the second reading of the Government of India Bill in 1912 said that the question remains for settlement. When therefore my Hon'ble friend Mr. Sarma re-opened the question the people of my district were grateful to him for affording them the opportunity of bringing their grievance to the notice of Government. But there is another aspect of the question. I deplore the fact that my friend should have thought fit to bring forward this motion at this juncture; it is highly contentious, I have grave misgivings and apprehensions that this may prove a veritable apple of discord in many provinces.

"I fear, my Lord, that this Resolution might possibly stand in the way of the early introduction of securing reforms to which the whole country is looking forward with such eagerness and anxiety. Well, if that happens, if it comes to this that the acceptance of this Resolution, in whatever shape or to whatever extent will, in the slightest degree stand in the way of the reforms or delay even by a single day the introduction of the reforms, then I say, my Lord, whatever the consequences to provinces or to people who have formed great expectations from this Resolution, its consideration must be postponed *sine die*. My Lord, my humble submission would be that it would not be gracious to take up the general question of redistributing territories or provinces on a linguistic or any other basis. There may be causes for general complaint, and if there are, their consideration will depend on their merits, but there too anything that would tend in the slightest degree to delay the introduction of reforms should not be considered for the present.

"My Lord, in this connection I may be permitted to state the case of my own province. I submit, my Lord, that the people of my district are very keen about this matter. Theirs is a small case but a simple case too, and they feel that justice has not been done to them. I will state the facts of the case very briefly. I am referring to the district of Sylhet. In this district 92 per-cent. of the population speak the Bengali language, and this population is as large as in the neighbouring districts of Tipperah, Mymensingh and Dacca. It has no affinity whatever, geographical, ethnological or linguistic, with Assam from which it is separated by a somewhat natural barrier in the shape of a range of hills. My Lord, Sylhet is an old district full of historical traditions. In the days of Muhammadan rule it shared the fiscal system of Raja Todarmull and it formed a limb of the Subah of Bengal when the Dewani was granted by Shah Alam to the East India Company in 1765. Under British rule the inestimable boon of the Permanent Settlement was conferred upon it with the rest of Bengal by Lord Cornwallis. The land revenue system of Sylhet which is the same as in other permanently settled and regulation districts is wholly dissimilar to that obtaining in Assam. The judicial system which prevails in Sylhet is not the same as that of Assam though both are under one and the same High Court. In Assam the executive officers do civil work; they exercise the functions of Civil Courts, whereas in Sylhet the Civil Courts, as in Bengal, are presided over by Subordinate Judges. With your permission, Your Excellency, I wish to read to the Council an extract from a memorial submitted to Lord Hardinge protesting against the inclusion of Sylhet in Assam in 1912.

"That Sylhet is not only a Bengali speaking district, but its ancient history and culture have always been organically bound up with those of Bengal. The old Hindu University of Nuddea not only contributed to the intellectual evolution of Sylhet, but Sylhet on her own part made large and vital contributions to the enlightenment and culture of Nuddea. The founder of what is known as the Nava Nyaya (New School of Logic), the great Raghunath Siromani, was a native of Sylhet. Sylhet also played a very prominent part in the great Vaishnavite movement in Bengal of the 16th Century associated with the sacred names of Sri Chaitanya Mahaprabhu and Srimat Advait Acharya both of whom had their ancestral homes in Sylhet.

"That so far as the Muhammadan population of the district is concerned, their religious and social traditions are identical with those of the Muhammadans of Dacca and Murshidabad. As Nuddea was the centre of Hindu learning in Bengal, so Murshidabad was the seat and centre of Muhammadan culture in the Presidency, and the socio-religious associations of the Muhammadans of Sylhet, Your Excellency's memorialists beg respectfully to submit, have been always closely linked with the neighbouring districts of Bengal, but not with

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Assam. The respectable Muhammadan families of Sylhet are united socially with the higher classes of Muhammadans of Bengal but not with those of Assam, and the transfer of Sylhet to Assam will, in their humble opinion, vitally affect the religious, the social, and even the political interests of the Muhammadans of the district by reason of their administrative isolation from the Muhammadans of Bengal and especially of Eastern Bengal, and further, they would find themselves in a minority in the Province of Assam.

That the social connections of the Hindus of Sylhet, Your Excellency's memorialists beg to submit, are also with the neighbouring districts of Tipperah, Mymensingh and Dacca. Not only are there no social relations between the Hindus of Sylhet and those of Assam, but custom which has the strength of religion among the Hindus absolutely bars the formation of such associations with the Assamese. The Assamese speak an entirely different language, and this difference is recognised by the Calcutta University.

That Sylhet being a Bengali-speaking district, Your Excellency's memorialists beg leave to point out, there exists the closest intellectual, moral and spiritual kinship between that district and the rest of Bengal. The affinities of a common religion, language and literature and common intellectual aspirations form an indissoluble bond of union between them and their countrymen in other parts of Bengal. Your Excellency's memorialists are confident that in the territorial redistribution which is about to take place, Your Excellency's Government will recognise these sacred ties which will be still further strengthened and confirmed by their union with the rest of Bengal. In the 16th and 17th centuries Sylhet made valuable contributions to the literary life of Bengal and this connection has been maintained up to the present day. The first Bengali newspaper published by an Indian in Calcutta was edited by a Sylhet Pundit, the late Gourishankar Bhattacharya.

That your Excellency's memorialists beg most humbly to represent that Sylhet is an old district full of historical traditions. In the days of the Muhammadan rule it shared the fiscal system of Raja Todur Mall, and it formed a limb of the Subah of Bengal when the Dewani was granted by Shah Alam to the East India Company in 1765. Under British Rule the inestimable boon of the Permanent Settlement was with the rest of Bengal conferred upon it by Lord Cornwallis.

"My Lord, in the last place, I should also mention in this connection that Sylhet is the only district in Assam that was invited and that was allowed to furnish recruits for the Bengali Regiment, and I feel proud to mention, my Lord, that the number of recruits that could be furnished would be far in excess of the number that would be furnished by any district in Bengal. My Lord, it may also be mentioned that the Bengali population of Sylhet is one-sixteenth of that of the whole of Bengal. It may be asked how under these circumstances Sylhet comes under Assam. Prior to 1874 Sylhet was a separate province, but the Government of Lord Northbrook in 1874 decided to transfer Sylhet to Assam in spite of the strong protests of the people, and that decision was largely based on financial grounds. Assam could not get on without the help of Sylhet, and therefore as Sylhet was the nearest Bengal district it was seized up. The people of that district even at that time strongly protested against its separation as will appear from the memorial presented to the then Viceroy and Governor General, Lord Northbrook, but it was ignored, and in the columns of the *Hindu Patriot* this action of the Government was described as offering a calf to be sacrificed for the new wife of Assam. That is how Sylhet was cut off from Bengal, and it continued with Eastern Bengal till 1906 when the partition of Bengal was effected. When in 1912 the Eastern Bengal province was abolished and Assam was again separated, Sylhet was re-transferred to Assam and the whole district was convulsed by an unparalleled agitation. In the Dacca district in every town and in every sub-division, in every thana, in fact in every important village there were meetings held to protest against this action, and the memorial from which I quoted was submitted to His Excellency Lord Hardinge. It was signed by all the members of the Legislative Council, by all classes of people, Hindus and Muhammadans, and also by all the zemindars and influential people. Not only this, my Lord, but at the request of the leading Muhammadans of the district a meeting of the Moslem Association was convened under the presidency of Nawab Shamsul-Huda and a Resolution was unanimously adopted recommending that Sylhet should be put in Bengal, and a similar Resolution was passed by the National Congress. On the other hand, my Lord, it must be mentioned in fairness that those that passed the Resolution recommending

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the exclusion of Sylhet from Assam no doubt did so in order that the population of Assam may be homogeneous and the Assamese newspapers also supported this. Now, my Lord, the present position is, the Assamese do not wish us to be in Assam and we on our part have been anxiously trying to be united with our brethren in Bengal, but nothing has been done, my Lord. We are losing hope. When this pronouncement was made by the Secretary of State in Parliament it revived our hopes and infused a new feeling into us.

"In the course of yesterday and to-day I have received telegrams urging me to press this matter on the Council. To-day I have received a telegram from the local Anjuman Islamia which runs as follows :—

' Mussulmans of Habiganj assembled in general meeting Anjuman Islamia most earnestly pray incorporation Sylhet with Bengal.'

"That is how matters stand. Well, I feel that raising a question like this at this juncture might be injurious to the interests of the people, and yet although urged to do so, I did not think of bringing it before this Council. But the opportunity having been afforded by the Hon'ble Mr. Sarma, if I let it pass, I am afraid my position might be misunderstood. I therefore press it before the Council.

"My Lord, I do not think it is a question of territorial redistribution at all, but this question of Sylhet is really a question of the adjustment of boundaries. The question is practically settled, and, if without prejudice to the question of reforms, this can be done, my suggestion to the Council is that the matter should be taken up. These are the remarks I submit to the Council.

The Hon'ble Khan Bahadur Mian Muhammad Shafi :—

4-16 P.M.

"My Lord, the announcement of my Hon'ble friend Mr. Sarma's Resolution seems to have created a tremendous stir among the people of Sylhet. My learned friend has received a telegram—the latest one which he received this morning—from some Anjuman in Sylhet asking him to put the request of the Muhammadans before Your Excellency to the effect that Sylhet should be re-united with Bengal. I have just now received a telegram also on behalf of Mahammadans of Sylhet protesting against reunion with Bengal. I presume my brethren who have sent me this telegram thought that, belonging as I do to the Punjab and representing as I do the Muhammadans of that province, that perhaps I was the best advocate they could select to fight it out with my friend Mr. Chanda, the Hon'ble Member for Assam.

"Coming nearer home, so far as my own province is concerned, we have to-day witnessed a duel between the Hon'ble Mr. Sarma on the one hand and the Hon'ble the Foreign Secretary on the other with reference to the debated question of the restoration of the North-West Frontier Province to the Punjab. Well, the Hon'ble Mr. Sarma seems to be a keen advocate of that restoration; the Hon'ble Sir Hamilton Grant opposes it tooth and nail. My Lord, if I, a Punjabi, could have a choice in the matter I am perfectly ready to bow before the verdict of the Foreign Secretary, but with a condition. That condition is this. Instead of the North-West Frontier Province, give us Sind. In all seriousness, my Lord, so far as the incorporation of Sind in the Presidency of Bombay is concerned, I have never been able to appreciate the wisdom of that step. There is, so far as one can see, nothing in common between Sind on the one hand and the rest of the Presidency of Bombay on the other. Ethnologically speaking, there is no affinity between the people of the two tracts. Looked at from a lingual point of view, the language spoken in Sind and that spoken in Bombay are as dissimilar as that of the Punjab and Bombay. So far as community of interests is concerned, there is not only none whatsoever between the two provinces, but the divergence, nay, the conflict, of interests between the two tracts has hitherto hampered the industrial and commercial development of Sind. The port of

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Karachi, with its vast possibilities, has been neglected in the interests of Bombay, and naturally so, for Bombay being the capital of that Presidency has monopolised the attention and the energies of the Local Government. So far as facility of inter-communication, which is an obvious necessity in the case of two different portions of the same province, is concerned, there is hardly any between these two tracts, and the physical formation of the two is as divergent and as dissimilar as that of Egypt and the Balkans. On the contrary, Sind is but the natural extension of the Punjab. Both together constitute what may be characterised, and rightly so, as the valley of the Indus. The waterways, the roads and the railways of the two tracts bind them close to one another. Karachi is the natural channel through which all the foreign export trade of the Punjab flows and the business relations between the two are undoubtedly close and intimate. During my practice at the Bar, now extending over a period of nearly 26 years, I have often and often appeared in partnership, agency and other cases in the Chief Court in which the parties belonged to Sind and the Punjab. The language spoken in the south-western districts of the Punjab is practically identical with that spoken by the people residing in the northern portion of Sind, and the populations of the remaining portions of the two tracts are well able to understand each other. The two are essentially agricultural tracts, and the extension of the Punjab irrigation and colonisation system to Sind would undoubtedly result in the whole tract becoming ultimately the principal granary of the whole world. The union of Sind and the Punjab is therefore ordained by Nature and the unnatural separation which has hitherto kept them apart from each other ought to be done away with as soon as possible.

“ My Lord, while a slight readjustment here and there may be desirable, the game of ‘General Post,’ which my Hon’ble friend Mr. Sarma advocates, and which has also been advocated in certain other quarters, *viz.*, the partition of our existing provinces into small Provincial States, 30 to 40 in number, is one which, in my humble judgment, is in the highest degree impracticable, and, in view of the heterogeneous character of our population, is likely to be highly injurious to the best interests of the country. My Lord, there is, within the British Empire, no precedent for it. Australia with its territorial extent of three million square miles is divided only into six colonies or provinces. Canada with its area of three million and a half square miles is divided only into seven. The advocates of this scheme would divide India with its area of one million and a half square miles, into 30 to 40 small States !”

The Hon’ble Rao Bahadur B. N. Sarma :—“ May I state, My Lord, that under my scheme the total comes only to 18 or 19 at the utmost. The number is 14 now and I suggest the addition of 4 more.”

The Hon’ble Khan Bahadur Mian Muhammad Shafi :—
“ My Lord, we have, sometimes, the precedent of the United States of America placed before us as a justification for the scheme which is put forward by this school of politicians ; but the two cases are not at all alike. At the time when the existing constitution of the individual States as well as of the Federal Government of the United States of America was finally adopted, the sense of American nationality had become highly developed in that country : community of interest, community of language, community of religion, had united the white settlers of the United States into one nation. The case of India at this stage and for some time to come is entirely different. Here the heterogeneous mass of our population is divided in language, in religion and in traditions. Happily there are, in this country, the beginnings of an Indian nationality which we all welcome and which all sincere well-wishers of this country would like to see consummated as soon as possible ; but the stage of development has not yet been reached which would make the case of the United States of America in point. To my mind, the cutting and chopping of the

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Indian continent and of our existing Provinces into a large number of Provincial States would retard the evolution of an Indian nationality in this country. It would be a disintegrating factor highly prejudicial to the best interests of the country, and in consequence I cannot give my support to such a proposal as that.

“ With these few observations, my Lord, I regret I am entirely opposed to the Resolution moved by my Hon'ble friend.

The Hon'ble Mr. C. A. Kincaid:—“ My Lord, as the official representative of the Presidency of Bombay which is more interested in this question than any other Presidency or any other Government in India, I should like to say a few words in opposing the motion before us.

“ I oppose the motion for this reason, that although we have so many languages in our Presidency there is no territorial redistribution which would improve the situation. First of all, take the case of Aden. A large part of Aden is in the possession of the Turks and the rest in the hands of the War Office. But supposing we ever get it back from the Turks and the War Office, its situation would not be improved by handing it over to any other Government. The Bombay Presidency is the coast line nearest to Aden; it therefore should naturally be attached to our Presidency.

“ Then I come to Sind. The Sindi language is perfectly distinct from any language spoken in the Punjab. Sind is a distinct unit in itself. I may say here that the arguments used by the Hon'ble Member from the Punjab are exactly those advanced by the Germans for the annexation of Holland. He must have the mouth of the waterway of his province: so the Germans say they must have the mouth of the Rhine. Again, Sind is a rich province, therefore it must have been by nature designed to be part of the Punjab. The Germans say exactly the same of Holland. I have no doubt that the Hon'ble Mr. Shafi would like to see a part of our Presidency attached to his own somewhat backward Province”

The Hon'ble Khan Bahadur Mian Muhammad Shafi:—“ Lahore has a larger number of colleges than there are in the metropolis of Bombay”.

The Hon'ble Mr. C. A. Kincaid:—“ In the Bombay Presidency we know that Sind is a rich province and we propose to keep it.

“ Then I come to Gujarat. You cannot add Gujarat to any other Presidency. On the east is Rajputana, to the west is the sea, and on the north and south you have the Bombay Presidency. Gujarat contains all the Gujarati speaking people in India.

“ Then comes the Deccan. The Deccan I quite admit does not include by any means all of the Marathi-speaking people. The whole of the Berars and a good many districts of the Central Provinces also speak the same language as the Deccan. But from the earliest times the Marathi-speaking provinces of the Bombay Presidency have been politically separate from those of the Central Provinces and Berars.

“ In the old days the Marathi-speaking provinces of our Presidency were under the Chetpawan Bhats, while the Marathi-speaking districts of the Central Provinces were under the rule of the Maratha Bhosles; and so from the earliest times there has been a distinct political line between the Presidency of Bombay and the Central Provinces.

“ Lastly, the Berars are the property of His Exalted Highness the Nizam whose permission we should require before a change could be made.

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“Now I come to the Canarese districts. It has been suggested that these should be handed over either to Mysore or to the Madras Presidency. With equally good reason I would urge might Mysore and the Canarese-speaking districts of Madras be handed over to us. I do not see why the Canarese-speaking districts under the Bombay Government should be handed over to Madras and Mysore any more than Mysore and the Canarese-speaking districts of Madras should be handed over to us.

“However, the chief ground on which I oppose this Resolution is that it is absolutely premature. We are asked to make certain redistributions according to the languages spoken by people in order to suit the reforms which are to come; but we do not know what the reforms are. I think I may say on behalf of the Government I humbly represent here that when the reforms are introduced, the Bombay Government will be perfectly willing in order to help on those reforms to negotiate with any other Government any necessary redistribution of their territories.

“With these remarks I oppose the Resolution”.

4-34 P.M.

The Hon. Dr. Tej Bahadur Sapru:—“My Lord, the interest with which I followed the very eloquent discourse of my friend Mr. Sarma did not prevent me from feeling that there was an air of unreality about the whole speech. I was wondering within myself as to what was the centre of gravity of the Hon'ble Mr. Sarma's argument, and then at the end I discovered that it was really the desire to separate his part of the Madras Province from the rest of the Presidency and to constitute it into a separate province by itself. If that was the real object of the Hon'ble Mr. Sarma's Resolution I can assure him that he would have had my sympathy in an unstinted measure; but my grievance against him is that he has dragged us along with him in a very comprehensive survey from China to Peru. I was not prepared for such an academic debate on a question affecting only a small part of India.

“I do not know whether the proper word to use on an occasion like this is the ‘redistribution’ of territories or the ‘partition’ of the various provinces into smaller States; but somehow or other I feel that the word ‘partition’ is a very unfortunate word in Indian history.

“I am afraid that any question like the one which has been mooted this afternoon will lead to endless controversy and discussion all over the country, and the danger of that seems to me that instead of accelerating or expediting those reforms which Mr. Sarma hopes for, as much as I do hope for, and in which our hopes all over the country are centred, Mr. Sarma's Resolution if carried into effect may seriously retard the introduction of those reforms. If that is the effect of Mr. Sarma's Resolution, I would strongly deprecate it, and I would say that instead of doing any service to the country, the Resolution will be found, or will be pronounced by the country to be, extremely injurious at the present juncture. Mr. Sarma is a trained lawyer, and a reputed advocate. He has introduced his Resolution in the guise of a hope that if it is accepted it will further and promote those self-governing institutions which we are expecting to have in the country. My Lord, I feel that it is somewhat premature at this particular moment to ask the Council to accept the Resolution in anticipation of those reforms. I really do not know what those reforms may be, what may be their character and extent, and what calls they may make upon our resources in future. But one thing is certain to my mind; I hope I am not indulging in vain prophecy, that whatever may be the nature of the reforms, the Councils that will come into being in future will be of a more representative character and larger in their strength than the Councils which we have at present. If that be so, I do not see any reason at all why we should be in a hurry to anticipate the judgment of those Councils. I think the proper time for taking up the consideration of this question would be when those new Councils come into existence and when with their representative character they will be able to express the wishes of the people with greater

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authority on a subject like this than we are in a position to do at the present moment. Now, my Lord, Mr. Sarma says there should be a redistribution of the provinces in India on the basis of language. I am not prepared to endorse that view wholly and without a considerable amount of qualification. My Lord, it has taken the various provinces fifty or sixty years to build up a solidarity of public life. Provincial associations and the like have sprung up within the last 50 years in spite of the fact that various languages are spoken in unfortunate Presidencies like Madras and Bombay, and Mr. Sarma would like us now to forget the strength of those associations; and merely because he wants uniformity of language in our future Councils he would like us to cut asunder those associations and evolve new provinces where only one language is spoken. I really do not understand what Mr. Sarma means when he says that the provinces should be divided or re-distributed on a lingual basis. Take for instance the province to which I have the honour to belong. In spite of what outsiders may say with regard to the Urdu-Hindi controversy, which sometimes reminds our critics that there are controversies in the United Provinces also, the fact is that the substratum of the language in the United Province is one. You may go from the Gorakhpur division to the Rohilkhand division and you can speak practically the same language, though the dialects may differ from one another. Would Mr. Sarma divide the divisions on the basis of differences in dialects. If so logically speaking the future India that he must be picturing to himself is something like the city states of Greece. Well, I do not know whether Mr. Sarma really thinks that strength lies in unity or in division. So far as we in the United Provinces are concerned, we have never thought of any possibility of division or distribution of our territories, and I am thankful to Mr. Sarma that he was kind enough to assure us that so far as the northern part of India is or what he calls the Hindustani-speaking parts of India are concerned, in his judgment there is not much need for extensive changes. I can assure him that if he ever thought there was such a need, he would be met with the strongest possible opposition all over northern India. So far as we in the United Provinces are concerned, therefore, and I say the same thing of the Punjab also, we are not prepared to enter into an academic discussion of this character. If it really does concern his part of the Presidency let him bring up a concrete case before us and then we shall be better able to judge of that case on its own merits. If he were to ask my candid opinion about Andhra, I would say that while I was prepared to sympathise with him in his aspirations I would like to have more materials before me before he could expect me to vote, though so far as sympathy was concerned he could have plenty of it from me. Therefore, I submit that we have absolutely no materials before us to decide either the fate of Andhra, or of Sindh or of Sylhet. I think it is all unreal and I am afraid that advantage will be taken by some, who are not wholly favourable to our aspirations after reforms, of this particular Resolution, and (instead of the country and the government giving their undivided attention to the question of reforms our energies will be dissipated over a fruitless and endless controversy affecting the division of the country into so many fractions.) I therefore very strongly deprecate the introduction of a Resolution of this character at this juncture. I sincerely hope and trust that Mr. Sarma will see his way to withdraw this Resolution and divert his energies in behalf of his own province in his own council if it is possible to effect that object there, instead of asking for a vote from us in this Council. My Lord, I have very little more to say than this, that I really do not understand why there should be a redistribution of provinces at all. We have during the last fifty or sixty years since the administration of the country was taken over by the Crown got on, very well with the condition of things as they have been. What we want is not the redistribution of provinces, but a more effective and a more representative government, and I do not see that Mr. Sarma is at all justified in creating difficulties in the way of the realisation of that object. On these grounds I very strongly oppose Mr. Sarma's Resolution."

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4-44 P.M.

The Hon'ble Mr. Surendra Nath Banerjee:—“ My Lord, I confess to a sense of embarrassment in having to speak on this Resolution. On the one hand, it embodies a principle which, subject to certain reservations to which some of the speakers have already referred, may be accepted by us. On the other hand, I cannot think of a moment more inopportune for starting a discussion of this kind which may smother under the dust of a heated controversy those great constitutional reforms upon which the future of India so largely depends, and for the satisfactory solution of which the Right Hon'ble the Secretary of State is here in our midst amid the grateful acclaim of an expectant public. My Lord, a great writer has observed that politics is the science of opportunities. I am bound to say that Mr. Sarma's Resolution is in direct contravention of this dictum. In ordinary times if the atmosphere was clearer, relieved from the conditions with which we are confronted to-day, I for my part would have been prepared to accept his Resolution. Indeed, it has been accepted by the Government of India in one notable instance, namely, in connection with the modification of the partition of Bengal in 1911. When we the people of Bengal found that the partition of our province was inevitable, not indeed from our standpoint but from the point of view of our rulers, we then urged that at least the Bengali-speaking population should be held together and reconstituted under one and the same administration. That view prevailed; it was accepted, substantially accepted, by the Government of Lord Hardinge, and the partition of Bengal was modified accordingly. My Lord, I use the word ‘substantially’ advisedly, for there is at the present moment, as my Hon'ble friend, the representative for Assam, has referred to, there are certain areas with a very large Bengali population to be counted by millions which stand outside the Presidency of Bengal. The Government of India are under a pledge by the terms of the concluding paragraph of the despatch of the 25th August 1911 to reconsider the question of their inclusion when the final settlement comes. The Durbar was held in 1911; to-day is the 6th of February 1918; a settlement has not yet been arrived at. The promise has not been redeemed. But my Lord, at this particular, this psychological moment, we have no desire—I speak on behalf of the people of Bengal—we have no desire to agitate about this matter, to stir the public mind, which is preoccupied with graver considerations. We are content to wait trustfully, wait in the firm confidence that the Government will redeem its promise, or at any rate the responsible governments which are to follow will, by reason of their closer contact with and greater control by public opinion, be in a better position to deal with these difficult, knotty and complicated problems.

“ My Lord, I am in sympathy with that part of the Resolution of my Hon'ble friend which says that these provinces should be reconstituted upon the basis of the same language for purposes of self-government. I think provinces so constituted would be helpful. But at the same time I hold that such a constitution is not indispensable to and should not form a condition precedent to the inauguration of responsible government. There are European countries where parliamentary institutions have been in vogue for generations together and which are divided by wide differences of race and social institutions. Take the case of the great Austro-Hungarian Empire with its populations of Germans, Slavs and Magyars. Take Turkey which has Semitic and Aryan populations professing different faiths and speaking different languages, and at the same time practising different social observances. My Lord, Your Excellency has been pleased to enjoin on us the development of a calm atmosphere for the discussion of the constitutional issues which are now before us. We have tried our best and I think the Anglo-Indian communities have done the same to follow Your Excellency's mandate in this matter. But, my Lord, it is not only necessary that we should have a calm atmosphere for the discussion of these great constitutional issues, but I think that such a condition of things is essential for the satisfactory working of responsible government in its initial stages. But, my Lord, if my Hon'ble friend's Resolution is accepted a veritable apple of discord would be thrown into our midst for there are no classes of questions under consideration which

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are more calculated to excite the fiercest passions than boundary disputes. I have a friend who spent 3 lakhs of rupees in claiming compensation for a few feet of land situated on the border of his estate. He lost his case and he deserved to lose it. What is true of individuals is true of communities. My Lord, this Council will have a vivid recollection of the bitter and angry passions awakened by the partition agitation. These passions and feelings were natural. I remember on one occasion discussing this matter with Lord Minto. He was not in favour of an unsettlement of a settled fact. He said 'Mr. Banerjee, if my County had been distributed in the way your Province has been my feelings would have been the same as yours'. This Council will remember the riots that took place in France not many years ago over the distribution of a particular Department. Therefore, I appeal to my Hon'ble friend to withdraw his Resolution. Let us for the moment concentrate our attention on the question of responsible government and how to attain it, let us do all we can towards the realisation of this object and towards helping Mr. Montagu and His Excellency the Viceroy in formulating a scheme which will command the universal acceptance of the country and satisfy all legitimate aspirations. Let us not be diverted from this main issue by side considerations of this kind. My friend has referred to certain circumstances which he thinks should determine the question whether in a particular area there should be a linguistic basis. He says the people must be numerous, further that there should be a strong volume of public feeling in favour of the redistribution. As my friend behind me has just remarked there is a strong body of feeling in opposition to this. How will you determine this question? What I say is that as soon as you start an enquiry of this kind in any particular area that would constitute the signal for strife, for conflict, for controversy, for agitation, for bitterness. I ask my friend is he prepared to disturb the prospect of responsible government that is opening up for us by the weird spectre of redistribution of territory? We know what it is in Bengal. We know what fierce, what bitter and angry passions were evoked. Men lost their heads, they could think of nothing else, they could dream of nothing else, they could speak of nothing else. Would he like an agitation of that kind to wreck the fair prospects of self-government? I appeal to him most earnestly to withdraw the motion. Let responsible Government be established, I hope it will be within a measurable distance of time, and then it will be time enough for those responsible Governments to take up and decide matters of this kind in a way that will be satisfactory to all parties concerned, because they will control public opinion, they will know what public sentiment is, and they will know that their positions of responsibility, of trust and power will depend on the volume of public opinion. Postpone the consideration of this Resolution for the present, for once responsible Government is established, then there will be time enough to renew this question, to discuss it and to deliberate upon it. That is my earnest appeal to my Hon'ble friend Mr. Sarma."

The Hon'ble Mr. Srinivasa Sastri:—"Your Excellency, I am in sympathy with a great deal of what the Hon'ble Mover of this proposition said in advocating this Resolution. The idea of a compact area with a homogeneous population dwelling in it is certainly the most propitious condition that we can imagine for the success of representative Government. But in India I fear that while a compact area may be realised, it is not so easy to realise a homogeneous population. When the Hon'ble Mr. Sarma was speaking of a common language, I think he was attributing to it that small matter of virtue which belongs only to the very much larger matter of homogeneity of other interests. I dare say to him that perhaps he will find more in common with me, although about 500 miles separate our residences, than he will find in common to be with himself and his neighbour whom I can easily conceive, and I think, your excellency, any political arrangement which brings him and me together on a common platform in a common council is

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not necessarily an inferior arrangement as a means of promoting the common-welfare of the population to an arrangement which will bring him and that particular neighbour to whom I was referring on a common platform. For after all language is the only bond of a common nationality. I am quite willing to concede that the present distribution of provinces is neither logical nor conducive to the full success, as the Hon'ble Mr. Sarma's Resolution has it, of responsible Government. But have we a clean slate upon which to write? History has made it impossible for us to revise these things as mere logic would dictate. If we were Frenchmen or any other people, who are, it seems, very fond of working on logical bases, we might go about doing things in a logical way, but it is utterly inconceivable that we should now erect ideal principles according to which to redistribute the provinces and proceed to work them out. Besides, Your Excellency, there is an apprehension that since the beginning of the Andhra movement I have always entertained,—and, I think, I should be doing wrong to myself if I do not state the fact as plainly as language can do,—I have always held that in the history of this country if we omit two or three brief periods, there has been a continuous period during which the idea of the whole of this country being one nationality, one political unit, was clearly lost by the populations dwelling within it. Since the advent of the British Empire we have had that large notion growing vividly in our minds, and I am unwilling at any time to encourage any notion that is likely to imperil the further growth of that idea.

“Now, I think, the Hon'ble Mr. Sarma's Resolution, carried to its logical conclusion, will probably result in the imperilment of this great idea, and I will proceed to indicate the considerations that seem to me to meet that very problem. The Hon'ble Mr. Sarma being carried away, I am afraid, by the provincial thought, proceeded to lay down the somewhat perilous proposition that it would be well in these small provinces with a common language in them to make the vernacular the language of the legislature and of the Government. Therein, I am afraid, he was unconsciously putting his finger on the most dangerous aspect of this whole question. Now if we developed our provinces in such small areas and cut them off by means of their vernaculars from the larger life of the country, for after all difference of language does constitute a barrier to the free flow of public life—if we were to do that, should we not be rendering the different provinces somewhat strangers to each other? I am afraid there is a good deal of danger in that. I am disposed sometimes to think that there was a great deal in the suggestion that a high official made to me that if responsible Government were granted to India, it shall always be coupled with the condition that for at least the space of 20 or 30 years English should be the language of the various legislatures and of the various Governments. For the idea, as I have said above, of an Indian nationality, the idea of the whole of this country being able to draw patriotism on the largest scale, depends to a very considerable degree on the vote that we are prepared to give to the only vehicle of western civilization in this country, namely, the English language. The Hon'ble Mr. Sarma, I am afraid, overdrew his provincial picture when he thought it possible to cultivate this idea by means of provinces each cultivating its own vernacular. More than that, I am very diffident indeed of setting up in this country innumerable little States; 18 or 19 seemed to Mr. Sarma a small number. It is to me a very formidable number. I think the resources of the central Government, the federating Government, will be taxed to the uttermost in managing a large body of small states each perhaps developing to an inconvenient degree an independent will of its own and a parochial patriotism and a shallow view of life of its own.

“Your Excellency, the Hon'ble Mr. Sarma said that he would make all these changes depend on the consent of the people. I am very glad he made the statement, but I am glad not from his point of view but from mine, for it is perfectly certain that the changes that he advocates will be attended with much more difficulty and popular opposition in the new régime than in the present.

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“ A strong central Government like the one that now obtains in this country is much more competent, is much more favourably situated for carrying out drastic changes in the machinery which exists at present than the popular Government that hereafter will take its place. I am therefore very glad that Mr. Sarma conceded that all this should depend on the will of the people, or when the will of the people is thus obtained, I think the chances are that the verdict will be against his proposition than in favour of it, and for this reason which I will now proceed to outline as it has not been stated clearly. Our idea is that every province should hereafter be governed by the higher type of Government; not merely the Congress, but other people as well have asked that every province in India should be governed in future by a Governor and an Executive Council. It is a very costly system of administration. Do we think it possible that every little province constituted on a linguistic basis will be able to sustain this very costly administration ?

“ The Hon'ble Mr. Sarma knows as well as I or anybody else the tremendous drain that is going to be made of the wealth of this country in various directions. We have got to provide for our defence, and I am afraid the Commander-in-Chief of the future day will ask for sums that will stagger us. Then the large schemes of popular development that the Hon'ble Mr. Sarma advocates no less than others, education, medical relief and so on will require very considerable sums, and the services both in the lower and higher grades are also making very vehement calls on the public finance. We must, therefore, take great care before we enunciate large propositions which will add to the financial difficulties of the future.

“ There is one other aspect of the question that has perhaps not been touched upon at all, and that is this. Even now there are provinces which are unable to carry on without help from the revenues of other provinces. We are now thinking of re-arranging the financial system of the country so that there may be as sharp a distinction as possible between Imperial and Provincial finance. Whether that is to come or not is in the future, but for the moment many people are envisaging that advance. Now I should ask, if there were to be numerous provinces each wanting very large sums for its administration, there are bound amongst them to be several who will be unable to meet that demand from their own resources. They will, therefore, have to depend upon other provinces for the means of carrying on. Now if we say that the will of the people is to determine this matter, it will not merely be the will of the people who constitute themselves into new provinces; it will also be the will of the people who may have to pay for them, and the question then will be complicated in a way which perhaps the Hon'ble Mr. Sarma does not yet contemplate. Take, for instance, the little district of Malabar. Now Malabar has a population that speaks a language called Malayalam which is not spoken in any other district of the Madras Presidency. What is to happen if we carry this principle to its full conclusion with regard to that district? Will it consent to be handed over to Travancore where Malayalam is spoken? Such a proposal, if made to the people of Malabar,—the Hon'ble Sir Sankaran Nair will bear me out in this—will be met with derision if not with indignation.

“ I am perfectly willing to grant that in the case of the Andhra country, there are circumstances which place it on a different footing and it might ultimately be advantageous to constitute it into a separate province. But the Hon'ble Mr. Sarma has not confined his Resolution to the Andhra province; he has travelled over a wider area and asked for the reconstitution of the whole country.

“ Now, with regard to the general aspect of the question, there is only one remark with which I will conclude. Within the experience of each one of us there have been remote villages where occasionally for the treatment of some complaint in the house of a wealthy landlord a famous physician from abroad has been brought in. If the physician's wages were not exorbitant, we all know how other people with diseases of long-standing, curable and incurable, come crowding round him and ask him ‘ please attend to this, please

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attend to that.' Now it seems to me that the Right Hon'ble the Secretary of State is in the position of this physician. He has come here to deal with a problem of huge proportions. His difficulties are very great; every one of us realises them. Are we going to embarrass him and distract him and worry him with problems which in themselves are of secondary importance? Are we justified in such a crisis in putting upon his back a burden that no human shoulders can bear? I would ask the Hon'ble Mr. Sarma to forbear from complicating the situation. When our responsible Government comes, whether it comes at the end of 20 or at the end of 30 years, then you can come up with your proposal and chip and chop the provinces as you please. But now let us walk warily so far as the re-arrangement of the provinces is concerned."

5-10 P.M.

The Hon'ble Mr. K. V. Rangaswamy Ayyangar:—"My Lord, I confine my remarks only to Madras. It was said that the Tamilian does not want a separate Telegu province and that he, having the upper hand in administration and having the power and authority, does not want to lose the power he enjoys. The Hon'ble Mr. Sastri's remarks confirm this point of view. I belong to the Tamil districts and the Telegus, to whom the Hon'ble Mr. Sarma belongs, want to cut away from us, and the Uriyas in their turn want to separate themselves from the Telegus. It is uncharitable to tie down even a wife or brother, who dreams of a paradise in separation; how uncharitable far more will it be to tie down a province against its will? The Andhras exhibit a strong feeling on the matter, so much so that new posters, new dramas and new literature spring up every day. I do not think the Hon'ble Mr. Sastri has gauged public opinion correctly. If a referendum on the subject were a deciding factor, then I am afraid the proposition would be unanimously carried. When I happened to proceed to Madras from Calcutta in the train that just preceded the special carrying Your Excellency and the Right Hon'ble Mr. Montagu, there was a good number of posters that showed their strength of feeling. It is not only a matter of feeling but they demand separation from a national point of view, as has been said by the Hon'ble Mr. Sarma. They say if a Government is established on a linguistic basis, they may have in the vernacular district courts, a high court, a national university and that the executive work will be conducted in the vernacular. Though we do not see such things in a Government exclusively governing a linguistic area like Bengal, such an ideal is worth an attempt. More than the Andhras, the Uriyas have good cause to complain. Their districts are divided among the three provinces of Bihar, Bengal and Madras. It is but just that they should be grouped and amalgamated with either Bengal or Bihar.

"On the whole, I beg to accord my support to this Resolution."

5-14 P.M.

The Hon'ble Saiyyed Nawab Ali Chaudhry:—"My Lord, I have full sympathy with the first part of the Hon'ble Mr. Sarma's Resolution and as for the other portion I am sorry I cannot fully agree with him. The re-arrangement of provincial areas on a language basis should not be the only criterion. I would like to put in a claim for the consideration of other points as well. If the Hon'ble member's suggestion is to be logically followed, some Provinces such as Madras, Bengal, Bombay and Central Provinces have got to be cut up into several parts to correspond to the number of important languages spoken, and each of them has got to be peopled by men speaking only one particular vernacular; while Bihar, United Provinces, the Punjab and the North-West Frontier Provinces, the whole tract having a common Urdu speaking population, will form one administrative unit. Race, creed, temperament, the physical configuration of the country, its revenue system and its administrative tradition should receive attention on any redistribution of provincial areas.

"I represent a part of the country, where the people speak Behgali though not the Sanscritized form current among some sections of the community

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in Calcutta. But the Eastern Bengalis are mainly Muhammadans and their vocabulary has been substantially influenced by Persian and Arabic words from time immemorial. Even the language of the Hindu population of Eastern Bengal is different from that of the Western Bengal. The vernacular text books are different in the two parts.

"The temperament of the Eastern Bengal people has been described by competent authorities as very different from that of Western Bengal. In Eastern Bengal the land is one of the great waterways which affect the habits of the people and introduce their own peculiar engineering and sanitation problems. The land revenue system also differs in some essential features. In whatever direction one looks one cannot help acknowledging the fact that the Eastern portion of Bengal is naturally, racially, administratively and to some extent linguistically, quite distinct from Western Bengal and as such has a claim for separate administration.

"My Lord, when Eastern Bengal was severed from Western Bengal, the neglect from which it had previously suffered was transformed into rapid progress. Under present conditions that progress has sadly slackened and expenditure is once again largely concentrated upon regions which are under the more immediate eye of the Provincial Government.

"My Lord, my excuse for dwelling on these facts is that it should not be supposed that a re-arrangement of provincial areas on a purely language basis, is always likely to be conducive to the best interest of the people, and further that circumstances are conceivable in which an arrangement on such a basis will actually militate against 'success for self-governing institutions,' which the Hon'ble Mr. Sarma aims at.

"Moreover as Mr. Lionel Curtis asked. 'Can we really look forward to a United States of India within the British commonwealth under which Sindhi and the Canarese speaking people are tied and bound into the same self-governing unit as the Marhatta.' . . . ? 'Are the Tamil and Telugu peoples of Madras to be given no separate institutions of their own . . . ?'"

"My Lord, I have to add one word in connection with Sind. Of the population of this little province, 75 per cent. is Muhammadan, but by tacking it on to Bombay its Muhammadan population becomes 20 per cent. and its importance as a Muhammadan province has been altogether lost. Similarly with regard to Eastern Bengal, we have about 67 per cent. of the Muhammadans who become 52 per cent. and lost their individuality as an important community by being merged in Western Bengal.

"My Lord, I earnestly appeal to the Council to bear in mind that the interests of Eastern Bengal cannot be best promoted by being linked to those of Western and that in any future revision of the provincial areas Eastern Bengal and Sylhet should be given a separate administration.

"I have received a message from Sylhet saying the Mussalman's of Sylhet strongly protest against union with Calcutta, but welcome association with East Bengal. The Muhammadan members of the Assam Council are unanimous on this point."

The Hon'ble Sir James DuBoulay:—"My Lord, I had prepared an eloquent speech on this occasion. I do not propose to deliver it, because I think that every aspect of the question on which I was going to touch has been dealt with with far greater eloquence by other Members of this Council and the time is late. I will only say that my blood, my Bombay blood, boiled when the Hon'ble Mr. Shafi suggested that Sind should go back to the Punjab, and I was a little bit surprised at the Hon'ble Member for Assam suggesting the partition of his own province. The attitude of the Government in this matter, my Lord, is neutral. They decided to allow officials to vote and speak as they please, but will not be bound by any vote that may be recorded.

5-20 P.M.

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5-21 P.M.

The Hon'ble Mr. M. A. Jinnah:—"My Lord, since the Hon'ble the Home Member representing Government has declared that the attitude of the Government is neutral, and officials are free to vote according to their own conviction I feel in a very happy position because I think I might be able to influence the Council; otherwise I could not have. As the fate of this Resolution, my Lord, is to be decided by a vote of this Council—and not by Government decision as usual, to begin with I welcome this departure and hope that we shall follow this course in other matters on future occasions—now my Lord, I wish to put my reasons before the Council.

"It is quite obvious—and I think it must be obvious to every member here for the debate has gone on for 2 or 3 hours—that the Hon'ble Mr. Sarma has brought this Resolution simply because he wants to gain some popularity in his own province. For nobody has yet supported him, except one Hon'ble Member. Why he should have brought this Resolution at the present juncture, I cannot understand. What is his Resolution? I say it is a most mischievous Resolution. I entirely agree with the Hon'ble Member who represents the Punjab Government in every word that he said pertinent to this Resolution. Now, what is the Resolution? If the Council will pardon me for reading a portion of it, this is what the Resolution says:

"This Council recommends to the Governor General in Council the redistribution of provincial areas and the constitution of provinces where necessary to secure complete success for self-governing institutions in British India."

"Now, where are the self-governing institutions in British India for which you want to secure complete success immediately. They are yet in the womb of time, and you don't know what they are going to be. That is the very thing at which His Majesty's Secretary of State for India and His Excellency the Viceroy have been labouring for the past three months. To my mind, this Resolution is putting the cart before the horse. If the Hon'ble Mr. Sarma was really aware as to what the proposals which His Excellency mentioned in his speech to-day are going to be and that we are going to have responsible government in this country; if that had been decided by the Government and if the Hon'ble Member were in the secrets of the Government, I could quite understand his hurrying about it and saying 'I want this thing to be considered now also.' The problem of constitutional reform and reconstruction is big enough without taking up the question of Redistribution of provinces.

"Then, may I know what is his reason for bringing this Resolution at this juncture? The only reason I can discover is that the Hon'ble Member wants to secure some popularity in his own district of Andhra, and I resent that and I say such a thing ought not to be allowed in this Council. This Resolution ought to be thrown out by the vote of the Council though I hope the mover will withdraw it. If the Hon'ble Mr. Sarma listens to the most passionate appeal made to him by the Hon'ble Mr. Banerjee, even he will not vote in favour of it but will withdraw it. In any case, I say this Resolution should be thrown out.

"But, my Lord, the question does not rest there and if this Resolution is accepted by this Council to-day, you will throw a regular bomb-shell all over the country; But I do not wish to detain this Council any longer, as enough has been said, because the hour is late and I trust that the Council will throw this Resolution out. I am very glad that some of the Officials who have spoken, spoke against this Resolution and rightly spoke against this Resolution."

5-25 P.M.

The Hon'ble Rao Bahadur B. N. Sarma:—"My Lord, I am not surprised at the turn the controversy has taken or at the amount of heat which has been expended in the course of the arguments by certain Hon'ble Members. I still feel that Hon'ble Members have failed to appreciate the point of view from which I have approached the question and have totally