

Monday, 18th February, 1924

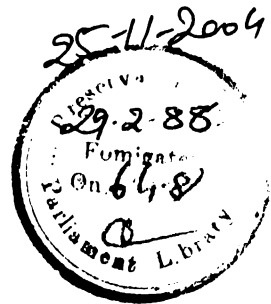
THE  
**COUNCIL OF STATE DEBATES**  
**(Official Report)**

**Volume IV, Part I**

***(From the 30th January to the 25th March 1924)***

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**FOURTH SESSION**  
**OF THE**  
**COUNCIL OF STATE, 1924**



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# COUNCIL OF STATE.

*Monday, the 18th February, 1924.*

The Council met in the Council Chamber at Eleven of the Clock, the Honourable the President in the Chair.

## MEMBER SWORN:

The Honourable Mr. Arthur Herbert Ley, C.I.E. (Secretary: Department of Industries and Labour.)

## QUESTIONS AND ANSWERS.

The Honourable the President called on the Honourable Sardar Jogendra Singh to ask the question standing in his name. (No. 90). The Honourable Member was absent.

THE HONOURABLE SAIYID RAZA ALI: May I, Sir, in the Honourable Member's absence, request that the Honourable the President be pleased to direct, under Standing Order No. 18, that the answer be given?

THE HONOURABLE THE PRESIDENT: Does the Honourable Member's request relate to this question as a special case or is it going to be the general rule?

THE HONOURABLE SAIYID RAZA ALI: I think in view of the importance of the question, it will be in the public interest if the answer is given.

THE HONOURABLE THE PRESIDENT: Does the Honourable Member wish to ask the question.

THE HONOURABLE SAIYID RAZA ALI: Yes, in the absence of the Honourable Sardar Jogendra Singh, I propose to ask the question.

THE HONOURABLE THE PRESIDENT: Certainly.

## STANDING COMMITTEES.

90. THE HONOURABLE SAIYID RAZA ALI: In view of the re-election of four Standing Committees to advise various Departments constituted under notification No. F.-49 of the 22nd August 1922, will the Government be pleased to say how often these Committees have been consulted, particularly the Committee attached to the Revenue Department?

THE HONOURABLE MR. J. CRERAR: The number of meetings of the Standing Committees appointed in September 1922 and attached to the

Home, Commerce and Industries, and Education and Health Departments. were, respectively, 3, 2 and 1. No meeting of the Committee attached to the Department of Revenue and Agriculture was held before that Department ceased to exist.

CENTRAL ADVISORY RAILWAY COUNCIL.

91. THE HONOURABLE MAHARAJA SHOSHI KANTA ACHARYYA CHAUDHURI: Will the Government be pleased to state the reasons for not constituting the Central Advisory Railway Council on the lines recommended by the Acworth Committee?

THE HONOURABLE MR. D. T. CHADWICK: The Honourable Member is referred to paragraph 2 of the Resolution by the Government of India, Railway Department No. 1194-F. of 10th March 1922 published in the Gazette of India, dated 18th March 1922.

CENTRAL ADVISORY RAILWAY COUNCIL.

92. THE HONOURABLE MAHARAJA SHOSHI KANTA ACHARYYA CHAUDHURI: Will Government make a brief statement showing how many meetings of the Central Advisory Railway Council have so far been held, what questions have been discussed and what recommendations made at these meetings?

THE HONOURABLE MR. D. T. CHADWICK: A statement showing the meetings held and the subjects discussed is laid on the table.

*Statement of meetings of Central Railway Advisory Council.*

Date of meeting.	Subjects placed before Council.	Recommendation made.
25th March 1922.	State <del>versus</del> Company management.	The majority of the Council was in favour of State management.
1st September 1922.	Formation of Local Advisory Committees.	Recommendation as to the Title, Constitution, Scope of duties, and remuneration to members were made.
Ditto	Separation of accounts of Strategic Railways.	That the Railway Capital Budget should show under distinct heads the expenditure proposed for (a) Strategic Railways, (b) Other Railways. That the list of lines now classed as strategic should be reconsidered and this classification applied only to lines which had been constructed and were still worked mainly for military as distinguished from commercial purposes. That in respect to Revenue Budget the existing procedure should continue.
2nd September 1922.	Branch Line Policy.	That if the State could not finance feeder lines private enterprise should be encouraged. That if Government of India are satisfied any particular feeder line is urgently required the flotation of a Branch Line Company should be considered, subject to the condition that such Company should be domiciled in India, with substantial Indian element on directorate, Capital only to be raised abroad if it cannot be raised in India on reasonable terms.

*Statement of meetings of Central Railway Advisory Council—contd.*

Date of meeting.	Subjects placed before Council.	Recommendation made.
2nd September 1922.	Separation of Budgets .	The Council adhered to the decision already arrived at by the Railway Finance Committee in regard to the separation of the budget.  It was considered quite clear that the programme revenue difficulty will remain until a depreciation fund has been instituted. That if a proper depreciation fund is started adequate provision for the service of the fund should be a standing charge against the revenue budget.
4th September 1922.	State <del>versus</del> Company management.	By a majority the Council expressed itself as in favour of State management.
4th February 1923.	Separation of Railway Budget.	The proposals put forward by Government were generally discussed but no final decision was asked for at this meeting.
20th July 1923 .	Technical Education Mr. Cole's Report.	That an officer be placed on special duty to make definite recommendation for training of each class of employé and that negotiation be entered into with— (a) Government of Bombay in respect to Sydenham College of Economics. (b) Government of Bengal in respect to Bengal Engineering College.
Ditto	Rates Tribunal	That a Rates Tribunal be constituted with a wholetime President but until sufficient experience is gained to enable Railway Act to be amended the Tribunal should be an investigating body only in regard to certain specified subjects. Further recommendations as to the appointment and functions of the President and Members were also made.
Ditto	Formation of Depreciation Fund.	The matter was discussed but no final recommendation was made
Ditto	Utilization of part of 150 crores programme for new construction.	That in the event of there being any savings after the work of rehabilitation is provided for such saving should be utilised for construction of lines which promise to be remunerative.
Ditto	Proposal to make travelling without a ticket a cognisable offence.	That all other possibilities should be tried before this method was adopted and that further experience should be gained of systems now under trial on North-Western Railway, Oudh and Rohilkhand Railway and other railways.

**RAILWAY ADVISORY COMMITTEES.**

93. THE HONOURABLE MAHARAJA SHOSHI KANTA ACHARYYA CHAUDHURI: (a) How many local Railway Advisory Councils have been constituted and in connection with what Railways and with what headquarters, and what questions are generally dealt with by them?

(b) In what respects does the constitution of each of these Councils differ from that recommended by the Acworth Committee and for what reasons?

THE HONOURABLE MR. D. T. CHADWICK: Local Advisory Committees have been formed at the headquarters of all the principal railways with the exception of the B. B. & C. I., G. I. P., and B. N. Railways on which they are in course of formation. The B. & N. W. Railway has in addition formed a committee at Muzaffarpur and the N. W. Railway another at Karachi. The description of questions generally dealt with by these Committees are as follows:—

- (1) alterations in time tables and passenger services;
- (2) alterations of rates and fares and changes of goods classifications;
- (3) proposals in regard to new projects and extensions;
- (4) proposals in regard to new rolling stock; and
- (5) any matters affecting the general public interest or convenience.

In the constitution of these committees the recommendations of the Acworth Committee have not been departed from.

THE HONOURABLE DR. SIR DEVA PRASAD SARVADHIKARY: Does the financial question come before any of these Committees in any shape?

THE HONOURABLE MR. D. T. CHADWICK: I do not know what the Honourable Member means by financial questions. It opens up a wide question. The advisability of the different various proposals are discussed freely between the Railways and the Advisory Committees.

THE HONOURABLE DR. SIR DEVA PRASAD SARVADHIKARY: Even as regards the financial aspect of these questions?

THE HONOURABLE MR. D. T. CHADWICK: The Railway administration will certainly say that they cannot afford to give some facility if they do not see their way to do so. It is all open to discussion.

#### AMENDMENT OF THE INDIAN RAILWAYS ACT.

94. THE HONOURABLE MAHARAJA SHOSHI KANTA ACHARYYA CHAUDHURI: With reference to the opinion of the Acworth Committee that the Indian Railways Act requires extensive revision (*vide* paragraph 157 of the Report), what action is proposed to be taken by Government?

THE HONOURABLE MR. D. T. CHADWICK: Government are formulating proposals for the establishment of a Rates Tribunal. When the Tribunal has been established, the suggestion of the Acworth Committee in regard to amending the Indian Railways Act will be considered.

#### RECOMMENDATIONS OF THE RAILWAY RISK NOTES COMMITTEE.

95. THE HONOURABLE MAHARAJA SHOSHI KANTA ACHARYYA CHAUDHURI: What action has been taken on the recommendations of the Railway Risk Notes Committee?

THE HONOURABLE MR. D. T. CHADWICK: The forms have been revised by the Government's legal advisers in accordance with the recommendations of the Committee and steps are being taken to introduce them.

RAILWAY EXTENSIONS IN BENGAL.

96. THE HONOURABLE MAHARAJA SHOSHI KANTA ACHARYYA CHAUDHURI: What progress has been made in the different pending schemes of railway extension in Bengal?

THE HONOURABLE MR. D. T. CHADWICK: There are upwards of fifty lines of railway projected in Bengal, and it is not possible to give the information desired by the Honourable Member in respect of all these projects without an expenditure of time and labour that would involve much work.

If the Honourable Member will specify any particular projects about which he requires such information, Government will be glad to furnish it.

AMENDMENT OF THE INCOME-TAX ACT.

97. THE HONOURABLE MAHARAJA SHOSHI KANTA ACHARYYA CHAUDHURI: (a) Has the attention of Government been drawn to the judgment of the Calcutta High Court in the reference made by the Commissioner of Income-tax, Assam, under Section 66, sub-section (2), of the Income-tax Act, in Raja Prabhat Chandra Barua *versus* The King Emperor?

(b) Is it a fact that Mr. Justice Rankin and Mr. Justice Page delivered dissentient judgments in the said reference case?

(c) Has the attention of Government been particularly drawn to the observation made by Mr. Justice Page that no new or additional public demand or assessment to taxation could lawfully be made upon lands which formed part of a permanently settled estate, and that any such demand was wholly illegal and invalid?

(d) Has the Government any intention to amend the Income-tax Act so as to give full effect to the above contention of Mr. Justice Page and remove all doubts in the matter?

THE HONOURABLE MR. A. C. McWATTERS: The Government have read the newspaper report of the case. The Government see no necessity to amend the Income-tax Act in the direction suggested by the Honourable Member. They will, however, consider in due course what action should be taken in view of the fact that there is a conflict between the decisions of the High Courts on the subject in question.

SURPLUS OFFICERS IN THE ARMY.

98. THE HONOURABLE LALA RAM SARAN DAS: Will the Government be pleased to state—

- (a) the numbers separately of temporary and permanent British officers of each rank of the Army in India, declared surplus up to 31st December 1923 after the termination of the great war;
- (b) the total amount thus paid under each of the heads of gratuity and annual pensions;
- (c) average sum paid per head to British officers of each rank; and
- (d) whether any portion of this large sum has been borne by the British Exchequer; if not, do the Government intend to approach the War Office to contribute a reasonable share, as the augmentation of British officers was principally due to the war in Europe?

**HIS EXCELLENCY THE COMMANDER-IN-CHIEF:** (a) The number of permanent officers of the Indian Army declared surplus to requirements after the termination of the great war is as follows:—

Lieutenant-Colonels	...	...	...	Nil.
Majors	...	...	...	24
Captains	...	...	...	1,226
Lieutenants	...	...	...	787
2nd Lieutenants	...	...	...	5

It is impracticable to give the information required in respect of the temporary officers employed during the war and demobilised in normal course after it ended.

(b) The total amount paid in India on account of gratuities to permanent officers of the Indian Army declared surplus to post-war requirements is as follows:—

During 1922-23	...	...	Rs. 51,27,104
From the 1st April 1923 up to the 31st December 1923	...	...	,, 11,87,921

In addition, payments on account of gratuities and allowances have been made in England to the following extent:—

During 1922-23	...	...	Rs. 69,89,748
From the 1st April 1923 to the 30th November 1923	...	...	,, 57,42,045

A few surplus cavalry officers of relatively senior rank were granted additional pensions or gratuities in lieu, at their option, but no separate account has been kept of these payments.

(c) To calculate the average would necessitate a special compilation, to undertake which, in the opinion of the Government, would not be justified. The scale of gratuities applied to each category of permanent officers declared surplus is shown in the Army Instructions (India) Nos. 500 and 661 of 1922.

(d) A representation in the sense suggested by the Honourable Member's question has already been made to His Majesty's Government and the matter is still under the consideration between the Secretary of State and the War Office.

**THE HONOURABLE DR. SIR DEVA PRASAD SARVADHIKARY:** Are there any officers or men who are still to be discharged under the scheme?

**HIS EXCELLENCY THE COMMANDER-IN-CHIEF:** Speaking from memory, I think the answer is in the negative. But to make certain I should like to refer this point for confirmation.

#### RAILWAYS IN THE N.-W. F. PROVINCE, BALUCHISTAN AND THE BORDER COUNTRY.

**99. THE HONOURABLE MR. PHIROZE C. SETHNA:** Will Government be pleased to state:—

(a) the total outlay since 1854 on Railways in the areas called the North-West Frontier Province, Baluchistan and any of the areas in the border country and across it;



- (b) what was the gross revenue from the working of these railways during 1922-23;
- (c) what was the net revenue from the same and what percentage it bore to the total outlay; and
- (d) why are deficits on account of the working of such railways not included under the heading of Military Expenditure in the General Budget?

THE HONOURABLE MR. D. T. CHADWICK: (a), (b) and (c). The information asked for by the Honourable Member is not available separately for the sections of the North Western Railway detailed by him, but a statement is placed on the table giving this information for certain sections of the railway in Baluchistan, the North-West Frontier Province and the north of the Punjab.

(d). The attention of the Honourable Member is invited to the discussion that took place in this Council on a Resolution on a similar subject moved by the Honourable Lala Ram Saran Das on 13th February 1922.

As a result of that discussion, the whole question was considered in consultation with the Central Advisory Council. On the advice of that Council it was decided that it would be sufficient to show separately the accounts for the Military and the Commercial sections of the N. W. Railway. This is now being done and for the present, at any rate, the Government do not propose to do anything more.

*Statement showing the capital outlay, gross earnings, net earnings and percentage of net earnings on total capital outlay of the railways in the North-West Frontier Province and Baluchistan.*

Railway.	Total capital outlay from commencement of operations to 31st March 1923.	Gross earnings for 1922-23.	Net earnings for 1922-23.	Percentage of net earnings on total capital outlay.
	Rs.	Rs.	Rs.	
Sind-Pishin Section and Nushki Extension . . . . .	15,74,71,720	60,49,544	—56,46,632	—3.59
Nowshera Durgai . . . . .	45,63,635	3,46,565	—3,15,201	—6.91
Kalabagh Bannu . . . . .	1,51,13,078	13,98,986	—10,51,711	—6.96
Tank Kaur Khirgi . . . . .	38,17,595	80,200	—1,74,699	—5.27
Khanai Hindubagh . . . . .	34,38,205	57,986	—81,763	—2.38
Kohat Thal . . . . .	44,33,595	2,22,903	—3,05,202	—6.88
TOTAL . . . . .	18,83,37,828	81,56,134	—75,75,208	—4.02
Sind Sagar . . . . .	6,09,17,226	87,69,097	—1,84,144	—0.30

## **ELECTION OF PANELS FOR STANDING COMMITTEES.**

**THE HONOURABLE THE PRESIDENT:** The results of the elections held on Thursday are as follows:—

The Members of the panel from which the Members of the Standing Committee to advise on subjects in the Home Department will be nominated are as follows:

The Honourable Colonel Nawab Sir Umar Hayat Khan.  
The Honourable Mr. Phiroze C. Sethna.  
The Honourable Sir Maneckji Dadabhoy.  
The Honourable Sir Zulfiqar Ali Khan.  
The Honourable Dr. Sir Deva Prasad Sarvadhikary.  
The Honourable Mr. Lalubhai Samaldas.

The Members of the panel from which the Members of the Standing Committee to advise on subjects in the Commerce Department will be nominated are as follows:

The Honourable Sir Maneckji Dadabhoy.  
The Honourable Haji Chaudhuri Muhammad Ismail Khan.  
The Honourable Mr. Phiroze C. Sethna.  
The Honourable Sir Arthur Froom.  
The Honourable Lala Raim Saran Das.  
The Honourable Mr. Lalubhai Samaldas.

The Members of the panel from which the Members of the Standing Committee to advise on subjects in the Department of Education, Health and Lands will be nominated are as follows:

The Honourable Saiyid Raza Ali.  
The Honourable Dr. Sir Deva Prasad Sarvadhikary.  
The Honourable Mr. Lalubhai Samaldas.  
The Honourable Sardar Jogendra Singh.  
The Honourable Maharaja Shoshi Kanta Acharyya Chaudhuri of Muktagacha.  
The Honourable Lala Sukhbir Sinha.

The Members of the panel from which the Members of the Standing Committee to advise on subjects in the Department of Industries and Labour will be nominated are as follows:

The Honourable Sir Maneckji Dadabhoy.  
The Honourable Mr. Phiroze C. Sethna.  
The Honourable Sir Arthur Froom.  
The Honourable Sir Dinshaw Wacha.  
The Honourable Saiyid Raza Ali.  
The Honourable Dr. Sir Deva Prasad Sarvadhikary.

## ELECTION OF MEMBERS FOR THE EMIGRATION COMMITTEE.

**THE HONOURABLE THE PRESIDENT:** I fixed to-day as the last day for the receipt of nominations for the election of the Members for the Emigration Committee. Only 5 names will be received. I propose to extend the period of nomination till next Thursday.

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## ADVISORY PUBLICITY COMMITTEE.

**THE HONOURABLE THE PRESIDENT:** For the Publicity Committee there have been two nominations. The election might be held, I think, after to-day's Council. The nominations are:

The Honourable Mr. G. A. A. Natesan, and the Honourable Sir Deva Prasad Sarvadhikary.

As there are only two candidates Honourable Members will merely have to make their mark against the name of the candidate whom they prefer.

**THE HONOURABLE DR. SIR DEVA PRASAD SAVADHIKARY** (West Bengal: Non-Muhammadan): May I be permitted to withdraw?

**THE HONOURABLE THE PRESIDENT:** In that case an election will not be necessary. I declare the Honourable Mr. Natesan duly elected.

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## VISIT OF MEMBERS TO THE LEGISLATIVE BUILDINGS AT RAISINA.

**THE HONOURABLE THE PRESIDENT:** Honourable Members will remember that I mentioned to the Council that the Architect of the building for the Legislature in New Delhi would be glad to show Members round if a time could be arranged. Some Honourable Members have given intimation to the Secretary of their desire to see the building, and it has been arranged that he will meet them at 5 o'clock to-morrow.

**THE HONOURABLE SIR ARTHUR FROM:** 5 o'clock in the afternoon?

**THE HONOURABLE THE PRESIDENT:** Yes; not in the morning! It occurs to me that there may be other members who have not given their names. I am sure if they also go they will be welcomed.

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## UNVEILING OF THE WAR MEMORIAL AT RAISINA.

**THE HONOURABLE THE PRESIDENT:** There is one other matter. General Sir Harry Watson has written me a letter informing me that His Excellency the Viceroy has kindly consented to perform the ceremony of unveiling the War Memorial erected at Raisina, to the memory of the fallen, of the 15th Cavalry Brigade. The ceremony will take place at 4 p.m., on the 6th March next and he invites the Members of the Council of State to be present. I am sure the House will appreciate this. Those Members who desire to be present at this interesting ceremony will kindly hand in their names to the Secretary and seats will be provided for them.

**RESOLUTION RE AMALGAMATION OF THE IMPERIAL AND  
PROVINCIAL BRANCHES OF THE FOREST SERVICE.**

**THE HONOURABLE MR. PHIROZE C. SETHNA** (Bombay: Non-Muhammadan): As it is considered desirable that the discussion on this Resolution\* might be postponed until after the publication of the Lee Commission's Report, I request the permission of the House through you, Sir, to allow me to withdraw the Resolution.

**THE HONOURABLE THE PRESIDENT:** The Honourable Member has not moved the Resolution and he cannot therefore ask leave to withdraw it.

**THE HONOURABLE MR. PHIROZE C. SETHNA:** I do not desire in those circumstances to move it.

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**RESOLUTION RE SUBSTITUTION OF A PROVIDENT FUND FOR  
THE EXISTING PENSION SYSTEM.**

**THE HONOURABLE MR. S. VEDAMURTI** (Burma: General): Sir, I beg to move that:

"This Council recommends to the Governor General in Council that a scheme of granting Provident Fund, on the Railway system or some such analogous system, be substituted as far as possible, for the existing Pension system for Government employees, gazetted and non-gazetted, under the Government of India and the Provincial Governments and Administrations."

I feel, Sir, that my Resolution is intended to mark a new departure from the system that has perhaps existed since the days of the East India Company. The system that is in force to-day is to grant full pensions to officers who have done 25 years' qualifying service on production of a medical certificate, and to others on the completion of 30 years' qualifying service or on attaining the age of 55, unless they are removed for misconduct, insolvency or inefficiency. The pension is calculated on the average pay drawn during the last three years of service subject to a maximum of Rs. 500 a month. There was a time, Sir, when Government service was sought after, apart from the security of tenure, in the hope of attaining pension at the end of the service. But to-day the system of Pension has lost much of its attractions owing to a variety of causes. What with the sedentary life that is being led by Government servants, what with the high cost of living, what with epidemics such as cholera, plague and influenza, and what with the increasing stress and strain inseparable from work under modern conditions, there are cases of premature deaths among Government servants which are immensely more numerous than formerly, and the families of those Government servants are rendered helpless. Cases have come under my observation, and I daresay that many Honourable Members of this House may have had their attention drawn also to such cases, in which such families have been thrown into the poorest of circumstances. I shall not quote many instances from the Provinces, but I shall quote three instances nearer home. One Gouri Prasad, a clerk in the Post Office, Delhi, who had put in 25 years' service, died in 1921. He was drawing Rs. 120 a month. His family is very poor to-day. There is

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\* "This Council recommends to the Governor General in Council that the Imperial and Provincial branches of the Forest Service be amalgamated as has been done in the case of the Imperial and Provincial branches of the Engineering Service."

another instance of Lakhshmi Narayan, who was also a clerk in the Post Office, Delhi, who had put in 23 years' service and who died in 1922. But, thank God, his family is not poor because there was some ancestral property. There is another instance of one Bishambar Sarup, who was Sub-Postmaster at Delhi, and who had put in 28 years' service, but on the eve of retirement he died. The fact is, Sir, that his friends had to contribute for his funeral. My impression, Sir, is that people know how to live but very few know how to die. They do not make any provision for their families in the event of their death. If statistics could be compiled as to the number of persons who earn pensions after 30 years' service, it will no doubt be found that very few live to enjoy a pension for more than five years after retirement. According to one calculation the average expectation of life is growing less and less when compared with the expectation of life, not only in other countries such as England, but also in the India of former days. Here is an extract from an article "Poverty and Waste in India" by Rai Bahadur Sardar M. V. Kihe in the *Hindustan Review* for October 1923. He says:—

"What a waste of life takes place in India. While in ancient times in India the maximum period of human life was fixed at 120 years and the average expectation of life was not below a hundred, in some of the other countries the maximum did not extend beyond four score and ten years. But now the tables have been completely turned. The Indian expectation of duration of life at birth is 22.59 for males and 22.31 for females, as compared with the expectation of life in England of 46.4 and 50.02 years, respectively. Worse is the case in cities. In some of them it falls as low as 16 years. It is feared that the duration of the life of an Indian is becoming progressively shortened."

I believe that the Government are alive to the high rate of mortality that prevails among Government servants and to the fact that these people have not been able to make any savings for the families they leave behind. No doubt the Government have instituted the Postal Insurance system for all Government servants and the General Provident Fund which is optional for Indians, but which is compulsory for Anglo-Indians and Europeans. In this latter case the Government do not add any contribution of their own except by paying interest on the amount credited to a subscriber. There is also a provision for the grant of pension for the families of deceased Government servants but this is given under very extraordinary circumstances. Such circumstances are, according to the wording of the Civil Service Regulations, "cases where the servant shall have been killed in the exercise of his public duty or shall have died in consequence of wounds or accidents sustained therein." Most of us will remember the unfortunate case of Mr. Amritalal Roy, the Postmaster of Sankaritola. It is only in such exceptional cases that the Government grant a pension to the family of a deceased officer. Again, there is what is known as the Compassionate Fund provided for in Article 354 of the Civil Service Regulations. It is said—

"It being the duty of every Government officer himself to provide for his family the Government recognizes no claim by a widow on account of the services of her husband and is almost invariably under the painful necessity of rejecting recommendations made in contravention of this rule. The submission of such recommendations, save under extraordinary circumstances, is disapproved as calculated only to give rise to hopes which cannot be fulfilled."

In spite of this article, I dare say that the Honourable Mr. McWatters will bear me out when I say that the Finance Department is being pestered with applications from widows and children for gratuities from this Compassionate Fund on account of the services rendered by the wage earners. What I should impress upon the Government is that, in view of the altered conditions, Government servants would to-day prefer the Provident Fund

[Mr. S. Vedamurti.]

System to the Pension System. It was I think in the case of Sir Michael O'Dwyer that the Government said that pension is deferred pay.

I do not think that Mr. McWatters is going to maintain that what is sauce for the goose is not sauce for the gander. If a pension is deferred pay, it means in simple language that a portion of a man's salary is kept back, whether he is conscious of it or not, to be paid at the time of his retirement. If that is so, I ask the Government what right have they to withhold it from the family of a Government officer when he dies before he earns his pension? My impression, Sir, is that Government is keeping back the man's deferred pay equal at least to a certain percentage of his salary. If the analogy of Foreign Service is taken into consideration, the Government, when they lend their officers to Foreign Service, demand from the Government to whom such services are lent one-sixth of the officer's salary and in some cases one-eighth for his pension.

In case a Provident Fund system is instituted, the families of the deceased Government servants will get a lump sum at the end of the service, and in cases of death they will receive it earlier, when a lump sum will be a great relief to such families. What I propose to substitute for pension is a Provident Fund system such as that which obtains to-day in the Railways. Let it be remembered that the Railway Provident Fund is in lieu of pension. Under the Railway system the officer pays one-twelfth of his salary to the Provident Fund. The Railways contribute one-twelfth of that salary, that is, an equal amount, and compound interest is reckoned at the rate of  $5\frac{1}{2}$  per cent. According to the Railway Administration Report of 1921-22, out of a total of 7,53,472 railway employes, leaving out the menials who are the daily wage-earners, there are 1,82,729 officers and men who are depositors in the Railway Provident Fund. The Railways grant their officers a gratuity at the end of the service *plus* the Provident Fund contributed by the Railways and by the officers, with the accumulated interest. I maintain that that system should be substituted instead of pension. I anticipate, Sir, a serious difficulty may be felt by the Government in the case of those who are now in service, presuming of course that the Government accept the principle of substituting a Provident Fund system for pension. I would suggest to them two alternative courses. The Government have already accepted the principle of commutation. At present commutation is allowed to the extent of one-third of the man's pension, which can be claimed as a matter of right for the All-India Services, but in the case of the other Services, it is hedged in by conditions, such as reasons to be shown why such commutation is necessary. Even here the commuted value was larger when the Government rate of interest was  $3\frac{1}{2}$  per cent., but is lower now when the Government rate of interests is  $5\frac{1}{2}$  per cent. My idea is that it will be 20 per cent less. As the principle of commutation has been accepted by the Government, I ask them to commute the pension that an officer would get to-day if he retires from service, place that amount to his credit in the Provident Fund and start the Provident Fund system as in the Railways from now onwards. This is one course.

The other course that I would suggest is this; that, if an officer does not want to choose the first course, and if he wants to continue under the Pension system, but if he dies before earning the pension, his family should be given half the commuted value of his pension which he would not now be able to claim. I do not understand, Sir, why the status of Government servants should be made less attractive than that of the Railway staff;

in cases of death even on the eve of retirement of a Government officer, his family gets absolutely nothing. In my opinion, in cases of people who live longer than a certain period which is calculated by the Government, they are paid pensions from those who die earlier without earning the pension. This seems to me to be an anomaly, and the only way of removing it lies in instituting a Provident Fund system instead of pension. There is a Family Pension Fund for the Indian Civil Service officers and military officers to which all these officers contribute and out of which the families of these officers are obtaining a pension. Again, in the absence of such a system for the other services, the institution of a Provident Fund is the only means of saving their families from distress and ruin. Sir, from the time I tabled this Resolution I have been receiving communications from individuals and from different Associations accepting the principle and congratulating me for moving this Resolution. Several such testimonials have been received, but I will not tire the House by reading many of them. One typical case comes from the Executive Committee of the Military Accounts Service Association, Poona, which is a recognized body of gazetted and non-gazetted members of the Military Accounts Department. The Secretary of that Association says:

"My Association is in favour of your beneficent proposal the importance of which it is hoped will be brought home by you to the Honourable Members of the Council and Government."

What I should like the Government to do is to accept the principle that the time has come for the institution of a Provident Fund system instead of pension. The demand seems to me to be real, and it is genuine and it is urgent, and I should like the Government to accept the principle at any rate, and I shall leave the methods of working it out either to the Actuary or to the Government themselves.

THE HONOURABLE MR. A. C. MCWATTERS (Finance Secretary): Sir, I think it will be convenient to the House if I rise at this early stage in the debate to make clear what the Government's attitude is on this Resolution. It is not one of opposition. But I regret to say that we cannot accept the Resolution exactly in the form in which it has been moved. The Honourable Mr. Vedamurti asks this House to recommend to Government definitely to accept a contributory provident fund system in place of pension. The Resolution is one that deals with a very technical and intricate subject; it is one which, if accepted by the House and given effect to, would alter the conditions of service of the great majority of Government servants in this country, and it involves financial considerations of the greatest importance to the Central Government and to the Local Governments. There are three parties affected—the Government officers themselves, the Central Government and the Local Governments, and none of these so far have had an adequate opportunity to consider any concrete scheme and to give their opinions upon it. The Honourable Mover has mentioned that he has received communications from various Associations and others supporting the principle of his Resolution. I have seen other opinions, and the majority of these are non-committal until they can have a concrete scheme before them, and that I think is a very natural attitude for them to take. Therefore, the attitude of Government is that the right course for this House would be to ask Government to consider the practicability of a scheme before definitely pronouncing in favour of it.

I may say that there is no question of principle in issue between the Honourable Mover of the Resolution and myself. The Honourable Mover

[Mr. A. C. McWatters.]

has referred to pension as being deferred pay. That is, for certain purposes, a convenient method of expression. I should prefer to say that a contributory provident fund and a pension are simply alternatives which are more or less equivalent. Government have already recognised the principle of contributory provident funds. Since the year 1904 they have extended contributory provident fund terms to large numbers of their officers, especially those recruited on special terms of contract, and various minor services. I have here a complete list of the various officers and services to whom contributory provident fund terms have been extended. It covers 13 pages of print, that is of course in addition to the Railway provident fund to which the Honourable Mover has referred. I would add that the Government have had under consideration and have already forwarded to the Secretary of State a body of rules, which it is proposed to call the Contributory Provident Fund Rules, which will, it is hoped, introduce uniformity into these various isolated contributory provident funds, and will give the Central Government and Local Governments increased powers to grant contributory provident fund terms and to require subscriptions to such funds. But the fact remains that for the great mass of Government officers the present system is a pension system, coupled in most cases with subscription to the General Provident Fund to which Government does not contribute directly but pays the money subscribed back with compound interest, at present at 5½ per cent. There is, therefore, a large body of officers who would directly be affected by any change and they have a right to be consulted, as also have the Central Government and the Local Governments who have to find the funds. It is not a question of principle. It is a question of practical advantage to Government and to its servants.

I admit that there are some obvious advantages in a contributory provident fund system, and the Honourable Mover was quite right in calling attention to them. It does in particular provide for the families of those who die before they reach pensionary age. But I would ask the House to bear in mind, on the other hand, one or two considerations. The first and most important is this, that, if a contributory provident fund is substituted for pension, and if, as we must assume, the total liability to Government is not to be increased, the benefits which would be enjoyed by those who reach pensionary age will be less under the contributory provident fund system. We have had calculations made recently for one large service for a long period of years and we have ascertained that only 75 per cent. of that service drew pension; the other 25 per cent. either died first or retired in circumstances under which they were not entitled to pension under the existing rules.

THE HONOURABLE MR. S. VEDAMURTI: Is that a European service?

THE HONOURABLE MR. A. C. MCWATTERS: Yes. I do not know how far the same proportion applies to other services. It may be even greater in the case of the Indian services but that only makes my point stronger. If you have to distribute the amounts which are now enjoyed by the 75 per cent. over a 100 per cent. of any service, it stands to reason that those who would otherwise enjoy pension will be worse off, and everyone naturally hopes that he may be one of those who will obtain a pension.

THE HONOURABLE SIR MANECKJI DADABHOY: Could not a system of option be given?



THE HONOURABLE MR. A. C. McWATTERS: I will deal with the question of option later. But the point I am enforcing indicates why members of the services are naturally unwilling to express a definite opinion until a concrete scheme is put before them and until they can see whether they will be worse off under a contributory provident fund system than under the present pension system. A second point is this, that once an officer has received the benefits of a contributory provident fund, he has no further claim on Government. He may be rash or unlucky in the investment of the money and he and his family may become destitute. It must always be a matter of grave concern to Government when any of their ex-servants fall into destitution. The pension system, at any rate, does something to prevent this. These are merely two arguments on the other side, but it may be possible, as I see suggested in an amendment later on the paper, to combine the two systems, the contributory provident fund and pension systems, and a solution on those lines at any rate deserves examination.

These are general considerations which apply whether the system is extended only to new entrants or not, but I must warn the House that, if it is proposed to make this change apply to existing members of the services, the question is much more difficult. Government cannot alter the terms of service of their officers without giving an option and it stands to reason that every member of the services will elect the option which is, or which he thinks will be, more for his own financial advantage. It is therefore probable that, if the system is extended to existing members of the services, there would be an additional financial liability to Government, and of the two alternatives which the Honourable Mover mentioned, one at least in which an officer's family would get half the accumulated value of pension earned, would certainly involve an additional liability to Government. I have here details of two services which will show the sort of difficulty that arises. One commences on Rs. 300 a month and rises to Rs. 2,150. The maximum ordinary retiring pension is Rs. 500 per month. The other begins on Rs. 250 and rises only to Rs. 1,000. The maximum ordinary retiring pension is also Rs. 500 per month. Now, if a contributory provident fund system is substituted, and if the subscriptions are, as is usual in such cases, a percentage of the officer's pay, and if Government's additional contribution is a further percentage of the subscriber's contribution, it stands to reason that the service on the higher scale of pay will gain more from a contributory provident fund system than the service on the lower scale, and yet their maximum pension is the same. I think, therefore, it is probable that the members of one service would be more inclined to choose a contributory provident fund, while the other service, or those at least who think they are likely to reach the ordinary maximum retiring pension, would prefer to remain on the pension system. That is why it is probable that, unless some particularly subtle scheme can be devised, there must be an increased liability to Government if the system is extended to existing members of the service.

The matter is not really a simple one; it is immensely complicated. In order to ascertain whether a contributory provident fund scheme or a pension scheme will cost more to Government, we require to know for any particular service among other things, the average age on entry and on retirement, the salary on joining and rate of promotion, the casualty rate and the average pension earned, and we must forecast the rate of interest for long periods in advance, which is a very important point. Government

[Mr. A. C. McWatters.]

have made such calculations. I have here a calculation which has been made in respect of one important service, and which has been placed before the Public Services Commission. It runs to 27 pages of print and 10 pages of Appendices. I do not propose to read it to the House. This calculation has been prepared with the best actuarial assistance, and it shows the immense difficulty and complication which is involved in a matter of this kind. These calculations, as I say, have been placed before the Public Services Commission and the Commission has in fact included in its questionnaire this very important question of the relative merits of the Provident Fund and pension systems. Therefore, I think this House will be well advised to await the opinion of the Public Services Commission before definitely pronouncing in favour of one system rather than the other.

This is the reason why I placed on the paper an amendment, the main point of which was that the House should ask the Government to consider "the practicability of substituting" rather than pronounce definitely in favour, of one scheme rather than the other without a concrete scheme before them. I do not propose to ask leave for the present to move this amendment, because I see on the paper another amendment which embodies the main point of my amendment but which in other respects is, I think, an improvement on mine, as it recognises the possibility of a combination of schemes, and therefore, for the present, I do not ask for permission to move my amendment, but I shall do so in case the second amendment is not moved.

THE HONOURABLE MR. G. S. KHAPARDE (Berar: Nominated Non-Official): Sir, I beg to move that in place of the words:

"that a scheme of granting Provident Fund on the Railway system or some such analogous system, be substituted as far as possible"

the following words be substituted, namely:

"to consider the practicability of substituting either wholly, or in moiety, or in such proportion as may be found desirable, a scheme on a contributory Provident Fund basis."

Then the whole Resolution taken together would read like this:

"This Council recommends to the Governor General in Council to consider the practicability of substituting, either wholly, or in moiety, or in such proportion as may be found desirable, a scheme on a contributory Provident Fund basis, for the existing Pension system for Government employees, gazetted and non-gazetted, under the Government of India and the Provincial Governments and Administrations."

My work in moving this amendment has been considerably lightened by the circumstance that Government have kindly decided not to oppose the principle that is sought to be introduced by this Resolution. Also in a manner it has been indicated that my amendment will not meet with very serious opposition because all I propose to do is to combine the advantages of the Pension system and the Provident Fund system. My idea has all along been that in a number of cases people who serve very nearly the necessary period for earning a pension die suddenly. Their families get nothing and they come to grief and there is a great deal of trouble. I have also seen that many people—or at least a large number of people—who earn their pension retire from very honourable positions and, being ignorant of either the conditions of agriculture or being ignorant of trade

or more especially the speculative part of it, when they embark on one of these schemes they lose everything and consequently come to great grief and it is a great pity to see them wandering about in that way. That is what induced me to see if these two systems of pension and provident fund could not be combined. My idea was, my ideal of it would be, that a person who has served for the necessary period and has earned his pension may have the option of three things. He may either say: "Give me so much pension and the rest of it in the shape of Provident Fund, so that when I go back to my village or to my town I shall have my pension which will save me from starvation and with the rest of the money I shall make experiments to see whether I can succeed as an agriculturist or I can try my fortune on the Exchange or in some other occupation. If he is fortunate, all the better for him. In that case he will have his pension and what he has got by his exertions. If, however, he fails in his business, all the same there is enough money coming to him in the shape of pension to keep him alive. It is, in fact, a kind of system which I saw in my younger days when I learnt to swim. That system was that a rope was put round a man's waist and he was allowed to go into the water as far as he was safe and he was drawn out by the rope if he began to go under. The modern condition is that they have a life-saving apparatus, and the man swims about. Sometimes it does happen that the man is carried away by the wave and you find the difficulty. This speculative business is of that nature. I wish therefore to bring you back to our old system by which the retiring man may be able to say: "Instead of giving me full pension give me half of that pension and a certain sum which I have contributed on the system of paying one anna and the Government putting in one anna so that I may make experiments and try my luck in other directions." People who serve are after all human beings. They have their dreams and favourite pursuits. Probably in their younger days they thought of becoming merchants but they got into service under certain circumstances. At the end of their lives that desire returns and they want to become merchants and then they lose. Sometimes they try in some other ways and there also they lose. It is to save them from this calamity that I have proposed that they should be able to say that half of their pension may be given to them and the other half may be given in the shape of Provident Fund or in some other form so that there may be a provision against starvation, and also there will be room enough to employ their remaining energies in other directions. At the age of 56 people have enough energy left to try their hands at something or the other. They can do something and it is on account of this that they often come to grief. My idea is that everybody should have a choice as to whether he will have the whole of his pension and nothing more, or whether he will have the whole of his gratuity or provident fund and nothing more, or whether he will have half of his pension and as much provident fund as he is entitled to. In case it happens that it is not possible to reach this ideal at once, I have put in the word, 'practicability' so that the matter, while under consideration, will be threshed out by a Committee and calculations will be gone into. I cannot go into calculations firstly, because I am rather weak in my arithmetic and secondly, because there is not material enough to calculate all these things. So I have put the word 'practicability' so that this modest scheme of mine may be considered and, if possible, a combination both of the Pension system and of the Provident Fund system may be sanctioned eventually. Personally, I am inclined to the view that the retiring servants should take half of

[Mr. G. S. Khaparde.]

their pension and the rest of it in money so that they can play about with something. With these remarks I submit my amendment for the judgment of the Honourable Council.

THE HONOURABLE THE PRESIDENT: Amendment moved:

"That for the words 'that a scheme of granting Provident Fund, on the Railway system or some such analogous system, be substituted, as far as possible', the following words be substituted, namely: 'to consider the practicability of substituting, either wholly, or in moiety, or in such proportion as may be found desirable, a scheme on a contributory Provident Fund basis'."

That amendment and the original Resolution are open to discussion.

THE HONOURABLE MR. PHIROZE C. SETHNA (Bombay: Non-Muhammadan): Sir, I, too, must begin by thanking the Honourable Mr. McWatters for the assurance he has given on behalf of Government that they are not opposed to the principle underlying this Resolution. Mr. McWatters' speech was very sympathetic and at the same time it explained the difficulties which Government will have to contend with. Consequently, I support my Honourable friend Mr. Khaparde's amendment which suggests that an inquiry be made by Government into the question. Sir, it does cut both ways. The Honourable Mover of the Resolution gave us instances where people died just about the time or a little before the date of retirement and consequently lost all their pension. There may be again instances such as are quoted by the Honourable Mr. McWatters of people who would earn a large sum of money by way of provident fund and because they might be improvident or make bad investments they may lose it all. Consequently a solution of the kind, as is suggested in the amendment, would prove most helpful. I will not therefore enlarge upon this subject any more because Government have very kindly promised to undertake a proper inquiry. But I may be permitted to make one suggestion to Government for their consideration, and that is on the lines of what Insurance Companies do in respect of annuities.

Suppose a man at the age of 55 years pays a lump sum down of Rs. 12,500 to enable him to get an annuity of Rs. 100 a month or Rs. 1,200 a year. Then, if it were an ordinary annuity, if the annuitant died say after a year, the company would stand to make the difference between Rs. 12,500 and the instalment of Rs. 1,200 paid in one year. Insurance companies now have gone one better. By charging a slightly higher premium they guarantee, whether a man is alive and able to earn the annuity amount himself for a certain number of years or not, the payment for a fixed period. For example, in the case that I have quoted, if the party instead of paying Rs. 12,500 pays, say, Rs. 18,000 the company would guarantee a return of Rs. 1,200 a year for 20 years certain. That is to say, if the man died after receiving the amount of the annuity for one or two years, then the balance of 19 or 18 annual instalments, as the case may be, or the commuted amount of those 19 or 18 annual payments in one lump sum would be paid to whomsoever the annuitant had named. If something similar were devised in regard to the pensions payable to Government officers, I for one would hold that that would be a very salutary system.

I may explain my scheme by an illustration. My Honourable friend quoted figures to show the expectation of life from date of birth both in India and in Europe. I will give figures to show what the average expectation of life is at any period of life. A rough and ready formula is to deduct

your own age from the arbitrary figure of 81. Two-thirds of this is supposed to be the average expectation of a man at his then age in northern climes. Assuming, therefore, that a man retires at 55, you subtract 55 from 81, which leaves 26. Two-thirds of this is  $17\frac{1}{3}$ . Therefore at 55 the average expectation in England is  $17\frac{1}{3}$  years. I quite agree with my Honourable friend Mr. Vedamurti that that expectation is not possible in India. It would be perhaps nearer 10 to 12 years. Let us assume again for argument's sake that the actuaries whom the Government consult in regard to Indian lives determine the average expectation of life at 55 to be 10 or 12 years. If a Government officer at retirement is entitled to a pension of Rs. 100 a month or Rs. 1,200 a year then, if the expectation at that age is 10 years, let Government assume the responsibility, whether the man lives for 10 years or not, to pay the amount to him or to his estate for 10 years. If he dies after the first year, after retirement, he having received Rs. 1,200 for one year, Government would be liable to pay for 9 years more at Rs. 1,200, or the commuted amount of the nine instalments of Rs. 1,200 in one lump sum. This proposal might also be made workable for those who die after 15 years' service but before retirement at age 55. I admit that, if Government accept such a proposal, they would have to set aside more than perhaps they are doing at the present moment for pensions. But, as the Honourable Mover began by saying, if this is done Government service will be in greater demand than it is at present. I commend this suggestion to the Honourable Mr. McWatters and to the persons to whom Government will entrust the inquiry.

THE HONOURABLE MR. J. W. A. BELL (Bengal Chamber of Commerce): Sir, I also desire to support the amendment of my Honourable friend, Mr. Khaparde, and I do so because he has included in it a provision to consider the practicability of the scheme, which I understand involves an examination and consideration of the different points that arise. I gather from the original Resolution of my Honourable friend, Mr. Vedamurti, that his object is to safeguard the interests of pensionable Government servants and their dependants and to improve their financial prospects as from the date of their retirement. If that be his intention, and I think it is, I think that he will have no difficulty in accepting the amendment that has been proposed by the Honourable Mr. Khaparde. The question of whether it is desirable to replace the present system of pension fund by a system of provident fund is not, as the Honourable Mr. McWatters has pointed out, a simple one. It is not a case of choosing between two systems, one of which has so many advantages over the other that the matter of making a correct choice is an easy one. Each system has its advantages and disadvantages, and it is only by weighing the advantages and disadvantages of the one against the advantages and disadvantages of the other that we are able to estimate correctly which system will be best in the interests of the persons concerned. There are many important points to be considered, but it will illustrate what I mean if I mention only three. One of these has been referred to by my Honourable friend, Mr. Vedamurti. It is correct to say that in the event of a Government official dying within a few years after the date on which he commences to draw his pension, his family would be in a much better position if, instead of having come into the enjoyment of that pension, he had drawn a definite sum from a provident fund. But even this advantage is subject to certain minor modifications. In the first place, as has been pointed out, the principle of commutation of pension has already been partially adopted. In the second place, it is possible for a person in the

[Mr. J. W. A. Bell.]

enjoyment of a pension to make a provision for his dependants by insurance which will not be affected by his early death. In the third place, I think statistics will bear out, and my own experience of different services leads me to believe, that the majority of persons in enjoyment of pensions usually enjoy them for a considerable time. In this respect I differ from the opinion of my Honourable friend, Mr. Vedamurti. My experience has been that the Government official, the Port Trust official, the assistant in a commercial office, or, shall I say, the sea captain, who commences to draw his pension immediately acquires a new lease of life. It matters not how indifferent his health may have been during his period of service; the receipt of his pension seems to bring about an immediate change. But, putting aside these minor considerations, every one must agree that in certain cases, that is where an official dies shortly after he reaches pensionable age, his dependants will be in a more advantageous position if he has received a payment from a provident fund. Against that advantage one would have, in considering the whole question, to examine two distinct disadvantages. One affects the Fund itself and, through the Fund, the Government and ultimately the tax-payer. After all, in considering a question of this kind, all the interests involved have to be considered. In order to follow this point, it will be necessary to bear in mind the normal rise and fall in the value of Government securities in which the funds of Provident Funds are usually invested, and also the normal rise and fall in the rupee rate of exchange. As is known to most of the Honourable Members present, the market-value of Government securities is highest between April and November, reaching its highest point about June or July and is lowest between November and March, reaching its lowest point in the end of January or some time in February. On the other hand, the rate of Indian exchange is usually lowest between April and November, reaching its lowest point about June or July, and is highest between December and March, reaching its highest point towards the end of January or in February. That is in normal years. Generally speaking, when the rate of exchange is highest, when the rupee is at its highest value, the market-value of Government securities is lowest. Turning to the question of the pension fund as against the provident fund, we find how these factors affect each. In the case of the pension fund, investments are mostly what are called "long-term investments", that is, at the time they are made, it is not the intention that they should be realized at an early date. The position is, then, simple. You take the return of interest on the face value of the security, you apply it to the cost price, you debit or credit, as the case may be, the difference between the cost price and the ultimate redemption value, and the figure you get is the actual return from the investment which throughout remains unchanged. Any rise or fall in the market-value of the security does not affect the position. The amount of interest is always the same, the return on the investment remains unchanged, and the ultimate redemption value is a fixed quantity. It is not so with the Provident Fund. The monies as they accumulate in the Provident Fund require to be invested at whatever period of the year they accumulate, whether the market-value of Government securities at the time be high or low. On the other hand, the probability is that the heaviest withdrawals from the fund will be at a period when the market-value is low. The beneficiary will naturally choose a period for his retirement and withdrawal of his provident fund between the date on which he becomes eligible for full provident fund rights and the date of his compulsory retirement, in which the rupee is

at its highest value. This is particularly so in the case of beneficiaries who may desire to remit the whole or some portion of their provident fund outside of India. The result will then be that, at the period of the year when exchange is at its highest, heavy withdrawals may be made in any one year from the provident fund. But, as I have pointed out, the period at which exchange is highest is the period at which the value of Government securities is usually lowest. The result will therefore be that, if heavy withdrawals be made involving the realization of a large number of securities, the loss to the pension fund and to Government, and ultimately to the country, may in any one year be very serious indeed.

The second point, the second disadvantage as I might call it, to which I shall refer, has also been mentioned by one or two of the Honourable Members. It affects the beneficiary only. It is a matter of common knowledge that the training of many Government officials does not give them that business experience which is likely to enable them, at the period of their retirement, to undertake successfully the investment and control of a large capital sum. The retired official, who finds himself without business experience and with a large sum of money at his disposal at the time when he elects to retire from service, is in a dangerous financial position. He is surrounded on every side by financial temptations. Sometimes he escapes it is true, but sometimes he does not escape. In the latter event, the retired official and the amount which he has drawn from his provident fund soon part company. This is not any exaggeration; it is a matter of fact that the share registers of wild-cat companies that have gone into liquidation are full of the names of retired Government officials who, lured by promises of handsome dividends made by unscrupulous company promoters, have unwisely invested sums drawn from provident funds in this way. The result in such cases has also been referred to by one or two Honourable Members. It is this, that, instead of the official being able to look forward to a period of retirement free from financial worry, as is the intention of Government or whoever his employer may be, he has nothing to look forward to but financial embarrassment for the rest of his life. These three points are a few among many which ought to be carefully considered and examined before any decision can be come to on the question before us, and it is because the amendment of my Honourable friend, Mr. Khaparde, implies such examination and consideration that I have decided to support it, and it is for that reason that I commend it to the favourable consideration of the Honourable Members of this Council.

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces : General): Sir, I also desire to extend to the Honourable Mr. Khaparde's amendment a full measure of my support and sympathy. I think my Honourable friend, Mr. Vedamurti, has done well in bringing forward this Resolution before the Council to-day. After what has fallen from my Honourable friend, Mr. McWatters, and the sympathetic manner in which he has received this proposal, there is very little to add to the general aspect of the question. I do not think my Honourable friend, Mr. Vedamurti, has in any way over-exaggerated the picture of difficulty, privation, and trial which many members—I mean of the ministerial rank—go through, when they retire on pensions. Few know of the conditions under which these unfortunate people live. My friend, Mr. Bell, has stated that in cases of many of them pensions are preferable and better than sums obtained by way of provident funds and commutation of pensions on account of their inability, owing to their simplicity, to deal with financial

[Sir Maneckji Dadabhoy.]

investments and their susceptibility to be duped by outsiders and by the company promoter. I do not entirely share those views. A Government-servant—a pensioner in fact—is not so simple and unsophisticated as my friend the Honourable Mr. Bell thinks that after 25 years of laborious service he does not know where to invest a paltry sum which he gets by way of commutation of his pension or as provident fund. It is the younger men who are generally caught in a snare and who have to dread the company promoter of Bengal and Bombay more than the Government pensioners. I therefore think that the time has come to devise some scheme on the lines indicated by my friend, the Honourable Mr. Khaparde, which will bring a little ray of hope and a small measure of comfort to the unhappy lives of many distressed and ill-provided people who retire after several years of Government service. It must also be borne in mind that many of these men when they retire have other calls of duty and obligations to fulfil. They have got grown up children, they have to incur expenses for their marriage, they have to incur expenses in various other directions, and tiny sums which come by way of commutation or by way of provident fund become very useful and handy in the hands of these people. They are able to escape the tragedy of going to Marwaris and other moneylenders for their immediate requirements and are able to avoid payment of interest, which would attenuate their slender resources. It is true that pensions are not attachable, but it must also be borne in mind that a pensioner does not always get with ease and celerity loans from bankers and moneylenders which other classes of people are likely to obtain. It is in view of these circumstances that I think it necessary that Government should give their best thought to this important matter so as to relieve distress in many a household. I therefore heartily endorse what has been said by my friend, Mr. Khaparde.

There is one remark, however, which has fallen from my Honourable friend, Mr. McWatters that has caused me a little concern and disappointment. He has told us that it is not possible in the case of men already in the existing services to introduce this system of contributory provident fund.

THE HONOURABLE MR. A. C. MCWATTERS: I said probably without financial loss to Government.

THE HONOURABLE SIR MANECKJI DADABHOY: Thank you, I think it would be possible to devise means which will obviate any financial obstacle. I do not possess the same knowledge and information as the Members of the Finance Department. Perhaps, the scheme of annuity suggested by my Honourable friend, Mr. Sethna, might help to solve this problem. It may be safely urged that men who have been in service for 5 or 10 years be called upon to declare their option by being allowed to contribute on their past salaries the required percentage and thus be permitted to join the scheme of contributory provident fund. In that case there would be no financial loss to Government. The Government at present under certain conditions do allow commutation of one-third of the pension earned, and such amount is handed over to these indigent pensioners. As I understand, the average life of these pensioners on retirement does not ordinarily exceed about 10 years and in very many cases they are not fortunate enough to earn and enjoy their pensions even over two or three years. In their cases a contributory provident fund system would be very welcome and useful. Measures may also be



devised to place the present commutation scheme on some better, wider and more remunerative basis, and some measure of tangible relief ought to be extended to these unfortunate people by the application or introduction of some more suitable scheme. However, I am glad that Government have forestalled this proposition and an inquiry has been made and certain proposals have already been sent up to the Secretary of State. That is what I understood Mr. McWatters to say. I hope when these proposals are returned by the Imperial Government, the Finance Department will see the advisability of taking the Legislature into their confidence and giving them an opportunity of discussing these measures before they are finally sanctioned and accepted by the Secretary of State. With these remarks, Sir, I support the amendment of my Honourable friend, Mr. Khaparde.

**THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN** (West Punjab : Muhammadan) : Sir, I think that generally speaking in my part of the country, our people are more hardy than the rest and are the fittest. Owing to climatic effects of extreme cold and heat all those who are weak die and only the strong ones remain. So they draw their pensions very much longer than people in other parts of the country. In that way, Sir, I think pension for Punjabees is better than a provident fund. Pensioners are not financiers. If they draw a lump sum, first there is the question of where to keep it. If they keep it in their houses, there is the danger of its being stolen; dacoits may come and take it away. If they deposit it in the banks, there is the danger of those going bankrupt. Again, when in service, they have got a certain standard of life and when they retire they cannot very well change it. They go on spending money just as they did when they were getting their full pay and a time may come before they die when they will be absolutely penniless. In that way, too, Sir, it is better that they may not draw a lump sum allowance like that. Even after the death of a pensioner, if he has got a young son, it will not be wise to entrust a lump sum to him. It will be a very bad thing, especially with a widow also. I was thinking of opposing the Resolution, but an amendment has been moved to it. If the Resolution is opposed, of course then there will be no amendment. So, it is for that reason that I am for the amended Resolution. There are, Sir, hard cases no doubt. But if there is some scheme like this that, if a man dies and cannot get pension for a long time as if he had lived and it cannot be continued for some years after he has died, it would be much better to continue the pension for the welfare of the bereaved family than giving a lump sum. With these few remarks, Sir, I support the amendment.

**THE HONOURABLE SIR ARTHUR FROMM** : I move, Sir, that the question be now put.

**THE HONOURABLE MR. S. VEDAMURTI** : I also must thank, Sir, the Honourable Mr. McWatters for his sympathetic attitude towards my Resolution. I must thank all those Honourable friends who have spoken on the Resolution for their support of the principle that is embodied in the Resolution. I have never shut my eyes to the fact that there are difficulties, financial and otherwise, in the way. I have not shut my eyes to the fact that there is a difficulty with regard to the existing Government servants. But what I maintain is that, even if financial considerations are standing in the way of the Government, they must incur the cost for the sake of the loyalty and devotedness of their servants. A system which has worked so successfully in the Railways, both State and Company-managed, is sure to

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be successfully worked in the case of Government officers as well. The pensionary system, as it is, is a mere lottery. The men who get pension are fewer, and the race is to the strong and the long-lived. I still maintain that only very few people live to enjoy their pension in spite of my Honourable friend Mr. Ball. As matters are, those who die young leave their families in a helpless condition. The State owes a duty to such families and it is their duty to support their families when these members die early. Although it was my impression that the Honourable Mr. Khaparde's amendment was neither fish nor flesh nor red herring, I would like to accept it now, for I would welcome any inquiry whether on the lines of the amendment moved by the Honourable Mr. Khaparde or on the lines of the amendment such the Honourable Mr. McWatters has not pressed.

THE HONOURABLE MR. A. C. MCWATTERS: Sir, I need merely say that the Resolution, if amended as suggested by the Honourable Mr. Khaparde, is one which the Government is prepared to accept. They recognise that this question is of great importance to all Government servants and to Government and that a comprehensive inquiry is needed. Such an inquiry is really in progress already. The first steps will be taken after we have received the advice of the Public Services Commission and after that, if it is decided to proceed, we shall have to consult Local Governments. The Government's attitude is, as I have said, not one of opposition. They have an entirely open mind on the subject. It is possible that a system on a contributory Provident Fund basis can be devised which will be attractive to Government officers and at the same time will not impose an undue liability on the State. The Resolution as amended does not commit the House to any premature statement on the subject. It simply emphasises the desirability of an inquiry, which Government themselves accept.

THE HONOURABLE THE PRESIDENT: The original Resolution moved was as follows:—

"This Council recommends to the Governor General in Council that a scheme of granting Provident Fund, on the Railway system or some such analogous system, be substituted, as far as possible, for the existing Pension system for Government employees, gazetted and non-gazetted, under the Government of India and the Provincial Governments and Administrations."

To that Resolution an amendment has been moved:

"That for the words 'that a scheme of granting Provident Fund, on the Railway system or some such analogous system, be substituted, as far as possible', the following words be substituted, namely: 'to consider the practicability of substituting, either wholly, or in moiety, or in such proportion as may be found desirable, a scheme on a contributory Provident Fund basis'."

The question is that that amendment be made.

The motion was adopted.

THE HONOURABLE THE PRESIDENT: The further question therefore is that the amended Resolution which runs as follows be adopted.

"This Council recommends to the Governor General in Council to consider the practicability of substituting, either wholly, or in moiety, or in such proportion as may be found desirable, a scheme on a contributory Provident Fund basis, for the existing Pension system for Government employees, gazetted and non-gazetted, under the Government of India and the Provincial Governments and Administrations."

The motion was adopted.

## RESOLUTION *RE* UNEMPLOYMENT IN INDIA.

THE HONOURABLE MR. K. V. RANGASWAMY AYYANGAR (Madras : Non-Muhammadan) : Sir, I beg to move the Resolution which stands in my name :

" This Council recommends to the Governor General in Council that the problem of unemployment in India be seriously considered and satisfactory remedial measures be adopted."

Sir, I gave notice of this Resolution a year back, but I did not move it as some friends, whom I then consulted in Council did not appear very enthusiastic about the subject. But the opinion in the country was that there was acute distress in the country owing to unemployment then, and it was a mistake that the Resolution was not moved. I wanted to move it before the Committee of Lord Inchcape had finished their labours so that it might go a certain way to prevent the axe of Lord Inchcape working the havoc it has done in the land. A vast number of poor Indians have been thrown out of service and the suffering caused by retrenchment of £20 millions has affected mostly the poor Indian employees, and this would have been restricted to some extent had a protest been made then. I do not mean to confine my Resolution to the unemployment of the labouring classes alone, but I intend to include in it the educated classes and what is called the "*Bhadralog*" class. In one way I should say that I have not waited in vain for a year to move this Resolution. A state of misery due to unemployment has actually been caused, as was feared, by the recommendations of the Inchcape Committee and at the present moment many of the mills of Bombay and other places have had to be closed down, thereby throwing a large number of mill hands out of work and adding to the number of the unemployed. I am privileged to introduce this Resolution at an auspicious time when a party most vitally interested in the welfare of labour is in office in England.

Sir, the one reproach which is based on a real foundation against the British Government is the growing economic distress in the country, while practically no steps are being taken to relieve destitution and unemployment in the country. While the protagonists of the British Government take pride in the security of person and property, they seem to forget that the culpable indifference of the Government towards the question of unemployment exposes the poor people of this country to a lingering death by the slow torture of hunger. I do not belong to the class which says that all humane sentiments are confined to any one particular nation. In my political life I am proud to say that I have come in contact with many men of the white races with as good and large hearts as are possessed by any one and what I want now is to persuade Government to bestow some thought upon the urgent problem of unemployment and to try to forestall a growing menace. We have seen in foreign countries how Governments come to grief if they do not take timely steps to meet the question of unemployment in the land. We have seen it in Russia, France, and other countries, and we have seen it in a constitutional way in England where the Government has passed into the hands of a party which stands committed to the policy of finding a solution for the unemployed. I am asking this Government to take up this question in right earnest. I regard this question to be of greater importance than may be claimed for any other subject. Sir, we want autonomy and full enjoyment of our political rights chiefly because this question has not been handled by this Government. The principal reason Mahatma Gandhi

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gave in Court when he was sentenced two years back, was that he could not bear the sight of a half-clad nation with not even a full meal a day and that the misery and utter destitution of the people due to unemployment was really unbearable. The youth of the nation with infinite capacity either for manual work or for brain work do not find a market-value for their intelligence or for their strength even for a living wage.

I agree with Sir Visveswarayya that no reliable statistics regarding the number of the unemployed are available although some census reports give elaborate information about the fauna and flora of the country. Is there any country in the world where men are emigrating to distant lands in search of labour, even to countries where they are ill-treated and treated like cattle and helots? Yet this is done under the flag of the British Government who in the past were the pioneers in abolishing slavery in other lands. I appeal to that nation to turn the light of its magnanimous heart upon suffering humanity in India also.

Although my friends in the Council dissuaded me from moving this Resolution last year one of them saw it fit to bring a similar Resolution a fortnight back in this Council, and I am glad to say that that Resolution was ably moved and received the best of attention in the Council. The Resolution I have the honour to move, confines its scope to able bodied men who want work but who cannot get it. While that was aimed at by the appointment of a Committee for ascertaining the average annual income of the people and seeking remedial measures to remove destitution, I want the labour department of the Imperial Government to find out the exact number of the unemployed and exert itself to solve the problems of unemployment and consistently and constantly endeavour to eliminate the causes which lead to the misery of indigence and secure the happiness of the millions of the unemployed. Let me suggest some remedial measures that are not outside the province of the Imperial Government. The lakhs of men thrown out of employment by the Inchcape retrenchment scheme should be given the first preference when any vacancy under Government or a railway is to be filled up. The ex-employees are not only assured of a continuity of their services but their pensions also. But while military men, on being disbanded, are given an assurance that they will be taken back, men thrown out of civil departments even after three or four years of service are assured of no preference when Government want men of the same qualifications again. The retrenchment proposals were only a plea in a province like Madras to throw out old employees and employ in their stead new men belonging to the party in power. I should like to know by what conceptions of justice or fairness such a state of affairs is to be regarded as tolerable. I could not understand how politicians viewed with favour the retrenchment proposals. They have caused a thousand times more misery than the salt tax or any other tax. Besides helping the unemployed, who are thrown out of employment, in this way the Government when they open up new irrigation projects or when granting *Dharkats* can assign lands and make them intensive cultivators. The Department of Industries has been doing something by way of introducing new occupations for intelligent men and I think it should have done more. A country which abounds in raw produce should be made self-reliant in every need and everything from a pin to huge machinery should be made here. This in its turn makes us ask for the protection of our industries. In England we saw that in face of the question of unemployment the remedy of protection of Industries

was the one uppermost in the minds of the politicians. Protection or Imperial Preference was the one solution offered by a responsible Government anxious to safeguard the welfare of the people. This proposal, if made in India, should not be deemed as anti-British but as an inevitable measure for relieving unemployment in the land. I want protection to be secured to all the Indian industries that employ a large number of labourers. The protection should be in the form of discouraging foreign competition by prohibitive tariffs and also in the form of giving bounties to Indian Industries or giving them a guaranteed dividend. This is being done in foreign countries. Last year a critical situation arose when the Japanese yarn was sold at six annas and eight annas a pound in the Bombay market. This year again the method of raising the prices of Indian cotton was such that many mills had to close down. If the Government showed any solicitude for the interest of the people of this country, they would take effective steps to put a check to such competition. It may be said that the interests of the unemployed in England have to be protected before any action is taken to protect the interests of the Indian unemployed and the policy of protection in India must not be allowed to affect the solution of the unemployment problem in England. But we have the promises of three great Sovereigns of England that both the Indian and English subjects will be equally protected and we ask for no more than the fulfilment of those promises. Let it not be said, Sir, that principles propounded in Royal proclamations must not be expected to be applied to grim problems of life, and that this country has been conquered and is ruled for the benefit of England. If you suffer this to be said, all your Councils and insistence on constitutional methods become a mere cloak for usurping our rights. I venture to move this Resolution only because there has been the assurance of equality of treatment and there is the theory of trust and "the White Man's Burden" seriously believed by many English and Indian gentlemen. What have the Government been doing till now to solve the question of unemployment? Are all the people who are fit to be employed in the different parts of the country engaged in some occupation? One has only to walk into a busy town to find oneself besieged by paupers and bare-limbed caricatures of human beings. I cannot imagine how they protect themselves from cold when costly overcoats barely suffice in our case. Famine or no famine, the tale of famished men and women and those who have not enough to clothe their nakedness is a familiar one in our country and with all the resources of the country, which are daily exploited by and for the benefit of those who are rolling in plenty, where must the blame for this heart-rending misery be laid if not at the door of the Government which has it in its power so to develop India's resources so as to provide enough and to spare for the poverty stricken masses of the country?

We acknowledge the valuable services rendered by the State in remedying unemployment, when it takes the shape of famines, but is it impossible to take action to blot out famines from India while so much remains to be done in extending irrigation works? But I am not thinking of unemployment during famines, but of the distress which exists in India every day and which is not styled as 'famines' by the Government. The problem I have in view is no other than what England is trying to grapple with there to-day. Since sending my Resolution last year, I am glad, there is a growth of public feeling on this point and many a public man has moved in this matter. Colonel Gidney had even moved an adjournment of the other House because some members of his community were-

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thrown out of service. To whatever community one may belong if only he is out to find work there should be no 'not wanted' and no one should suffer from hunger especially when he is fit to work. The primary duty of the State is to find out a market-value for the brain as well as for the manual labour of its subjects. Mr. T. V. Sheshagiri Iyer has been doing something in this direction by way of requisitioning the Zamindars to provide agricultural holdings and I am glad to note the following news from Bengal.

This is a cutting from the "Pioneer" dated Calcutta, 14th February, I received yesterday.

"An Association, called the Modern Co-operative Agricultural Association, Ltd., has been registered, with Sir Ashutosh Mookerjee as President, to carry out the Calcutta University scheme to deal with middle class unemployment. Briefly, the plan is to organise a central industry in which young men of the middle class shall be able to find suitable industrial employment for a short time each day, spending the rest of the day cultivating a small holding to produce a great deal of their own food in a systematic and organised manner. The main feature of the scheme is that this industrial educational organisation is to be developed as an 'educational colony' so that the middle-class man shall become a trainer of the young and thus members of the industrial staff of an educational establishment. The Association has arranged for land in and around Paresnath Hills, where the climate is excellent, irrigation easy, labour cheap and the soil most suitable for all valuable crops."

Cannot Government help such enterprises? Of what avail is the present education that gives no food to our young men. What can society do without the aid of the State? Even in advanced countries we see it is only the State that has solved unemployment. There are some advanced communities as the Parsis or the Marwaris or the Chetties, who, I think, have found a solution of the problem of unemployment in their communities, for one does not come across street beggars belonging to those communities. The past rulers have solved this problem and an ideal system of poor houses existed in those days. Even to-day there are many endowments, which, if properly controlled, would relieve the misery of many a hungry man. To admire the ideal system of the old days one has only to go to Travancore now to see its generous nature. Labour-giving industries like hand spinning and hand weaving should be subsidised by the State and this would give employment to many. The remedial measures, I have suggested, are not impracticable and once more I say with all the emphasis I can command that it is the duty of the State to consider this problem and seek remedies to alleviate the distress caused by unemployment. The capitalists and mill owners need not be alarmed at this Resolution. My Resolution if carried will cheapen labour. If only the Labour Department of the Government of India would take stock of the unemployed and exert itself in the direction of giving employment for a long time to come, this reserve of the unemployed will help the mill owners. It is only the worse position of the unemployed that will make the labourers in the mills to be contented with their better lot. So I appeal to the capitalists to view this Resolution with favour. There were suggestions that this Resolution should be moved elsewhere, but I have confidence in the Government that they will sympathise with the unfortunate and the hungry, and in this House that it will possess the imagination, to bestow a thought upon them. We are taken to task by our English friends for not having moved to solve the problem of the poor and this Council is described by them as merely "Bourgeois." I do not think that they would oppose this when we ourselves bring it. If this is not

favoured by the Government we can treat the reproach they have been levelling at us as an invention for withholding further political reforms.

Sir, the acute misery and distress now prevalent in the country owing to unemployment can leave no sincere well-wisher of the country unaffected. I have been witness to deeply touching scenes and have had to deal with cases which would move stones to tears. Genteel poverty has always been the theme for moving eloquence of humanitarians, sociologists and politicians but none who has witnessed it in its acutest form in the case of starving families of educated men, as I have done, can ever remain unmoved. In one pathetic instance one educated young man with a famishing family appealed to me to employ him for bare full meals and in another case an educated man addressed me his heart-rending appeal in words which I shall repeat within the hearing of the Council. He said : " Sir, I wish I were a saleable animal, but as a man I cannot be sold either; I wish I were born at least among cannibals so that some use were found for me and the price for which I could be sold went to my starving family." With these words of a human being born and educated in India ringing in your ears I leave the Resolution in your hands.

THE HONOURABLE LALA RAM SARAN DAS (Punjab: Non-Muhammadan): Sir, I rise to support the principle of the Resolution. As far as the Punjab is concerned, I might say that the unemployment of the uneducated classes does not at all arise. With these big canal projects going on, I mean the Sutlej Valley canals, and so forth, the demand for labour is so great that the earthworks in the various canals are being delayed on account of not finding the requisite labour. But, as far as the educated people are concerned, there is certainly a great deal of unemployment among those people, and therefore an inquiry into the subject of employing the educated classes in particular and the class of Anglo-Indians who have been thrown out of employment as well requires consideration. Unemployment adds to the unrest of the country, and I think therefore that it is the duty of the State to solve this difficult problem. This is already engaging the attention of the Home Government for the unemployed there, and I think that the Government of India would do well to solve the question here. With these few words, I support the principle underlying the Resolution.

THE HONOURABLE MAJOR NAWAB MOHAMED AKBAR KHAN (North-West Frontier Province: Nominated Non-Official): There can be no denial, Sir, of the fact that demobilization in the Army and reductions in the Military Departments as a result of the recommendations of the Retrenchment Committee have brought much affliction and distress to many families in India. The fact is, Sir, that several of the educated people who have been thrown out of their billets have to blame themselves for being idle, for their laziness and for not finding suitable employment for themselves in some other sphere. To my mind, Government cannot provide 333 million Indians with billets. The question is, Sir, that an educated man, if he exerts himself, can go and join some agricultural college, and if he qualifies himself there, I do not think, Sir, that there can be much difficulty. If he comes out with good qualifications from those institutions, he will surely find some employment with some big land-owner who would quite welcome a highly educated man from an expert agricultural college. Then again, Sir, some of the unemployed educated people can go and join a commercial college; where they can qualify themselves, and after

[Major Nawab Mohamed Akbar Khan.]

having been qualified I do not doubt that several employers would be willing to take these people on good salaries. Again, Sir, when the masses of uneducated people are earning their livelihood through commerce or any other line of business what is there to stop an educated man from taking to a business which can very easily bring him sufficient money to live upon and where he can rise to any position on account of his better education? But the only difficulty is that all educated people have got one objective, and that one objective is to find some billet in Government employment. As I have said already, Government cannot procure for everybody a billet, because the budget of the country would not permit such an expensive experiment to be made. I do not say that Government should not extend some patronage to these people. Of course Government can do something, but they should also form associations of their own after qualifying themselves in different examinations, for different spheres of work, and through their own private associations they can advertise and people, such as owners of large factories, or land owners, will be willing to take them. I do not think they will be unwelcome either there or in any other spheres of life. But Government cannot take on the whole of them. They must form private associations of their own, and they could help themselves a good deal by forming such associations. With these remarks, Sir, I am sorry to say that I oppose the Resolution but I do so most emphatically.

**THE HONOURABLE SIR ARTHUR FROMM** (Bombay Chamber of Commerce): Sir, while the Honourable Mover of this Resolution has my entire sympathy in his declamations of horror of the distress arising out of unemployment, I cannot support his Resolution. The Government of India's shoulders are very broad and many burdens are laid upon them, but I think this question of unemployment in the various provinces of India must be, and rightly should be, considered a matter for the concern of the various Provincial Governments. Each Government in this respect should set its own house in order. Having said this much, Sir, it might be expected that I should at once resume my seat, but there are just one or two points in the Honourable Mover's speech to which I would like to draw the attention of this Council. The first is the Honourable Mover mentioned that he first drafted this Resolution rather more than a year ago, but he did not move it then for some purposes which I did not quite follow. He then went on to emphasise the havoc brought about by the Retrenchment Committee's report. Now, the Retrenchment Committee's report and the action thereon has taken place since he first put his Resolution on paper. Therefore, I cannot follow his arguments in that respect. Unemployment must have been rife according to the Honourable Mover of this Resolution in this country before any effect was given to the Retrenchment Committee's report. Again, the Retrenchment Committee was constituted on the recommendation both of this Council and from another place. Honourable Members of both Houses expressed their fear of the ever increasing expenditure of this country. A Retrenchment Committee was formed and their advice in many respects, if not in all, has been followed and the result has been—I think all Members will agree—a considerable reduction in expenditure. Having achieved this reduction of expenditure, we have now one Honourable Member of this Council standing forth and speaking against the unemployment arising from it. In fact, I think he went so far as to say that we should re-introduce in the staff of many departments those clerks who have been axed as being in excess of what is required. That is hardly an economical proposition.



We are all very sorry that those clerks are out of employment, but the Honourable Member's suggestion to inflate the clerical staff of the various departments seems to me at once ridiculous and unpracticable. Again, the Honourable Member referred to the present very unfortunate mill strike in Bombay. The reasons he suggested for the strike I did not quite gather, but he mentioned something about the high price of cotton. He went on to say that if the various proposals he put forward to reduce unemployment were adopted the mill-owners of Bombay would find that their labour would cheerfully accept lower wages. I would like to point out to this Honourable Council that the whole and sole reason of the mill strike in Bombay is that labour is objecting to accept lower wages at the present time. The point at issue in connection with the mill strike in Bombay was that in their prosperous years the mills have been in the habit of giving a month's bonus a year to their employees. The mills in Bombay consider they are not having prosperous years now and they have withheld the month's bonus with the result that the men say they are entitled to it. That is the long and short of the mill strike in Bombay. The men object to forego their bonus. Their actual wages have not been reduced, but they consider they have a claim to the bonus which was given to them in prosperous years. I hold no brief for the mill-owners of Bombay, but I thought the Council would like to know the exact state of affairs there. Again, the Honourable Member suggested that industries should be bolstered up and that dividends should be guaranteed by Government. I ask the Honourable Members of this Council if that is a practical proposition. Are we going to keep down the expenditure of the Central Government by adopting such suggestions? As I have said in the beginning of my few remarks, I sympathise with the Honourable Member in his horror of unemployment. Unfortunately, there is unemployment in many other countries. We have got very serious unemployment in my own country. It is a problem which is before many Governments. It is a most difficult problem. I cannot see its solution from any of the suggestions made by the Honourable Member from Madras, and I cannot see that he can rightly lay the burden of its solution on the Central Government. It is a matter for the Provincial Governments to inquire into and to set their own house in order as soon as they can as regards unemployment in the provinces.

THE HONOURABLE SIR ZULFIQAR ALI KHAN (East Punjab : Muhammadan): Sir, it is difficult to exaggerate the good intentions of the Mover of this the one philanthropic Resolution which has ever been moved in this Council. But, Sir, he deals with a subject which forms the problem of the age; the question of unemployment is a problem with which practically all countries are affected. If the Honourable Member suggests any measures for the amelioration of the condition of the poor, I think he may be congratulated on finding a solution for the disease which is afflicting the modern age. But during the course of his speech he failed to suggest any remedy for the evil which he has described. It is all very well to read a kind of essay in the Council or elsewhere and to accuse the mill-owners—the long-suffering mill-owners—or the Government. But when it comes to the suggestion of practical measures the Honourable Member fails to devise any means or suggest measures. Government may be accused of not finding any means for bringing down the rains from the skies when the monsoon fails and the mill-owners may be accused of not employing more men in their factories. But Honourable Members ought to understand, specially the Mover, that Government have limited resour-

[Sir Zulfikar Ali Khan.]

ees and also, I daresay, the mill-owners. How can either the Government or the mill-owners employ the whole population? I think the problem of unemployment is the least urgent in India. In Great Britain this great problem is now agitating the minds of the Government and the country. But there also we have seen that one Government has fallen on this question and even the other Government, the very Government of Labour, for whose amelioration this present Government has come, has failed so far to suggest practical means for the reduction of unemployment. The Honourable Mover is a land-holder himself and I maintain that in those provinces where landholders are middlemen between the Government and the poor subjects, the poor agriculturist suffers most. I do not think that the middleman, that is, the landholder, has done anything to show his sympathy with the poor people. Take the case of the United Provinces or Eastern Bengal or perhaps Madras itself. I am not conversant with the conditions obtaining in Madras; but I have seen myself in the United Provinces and Eastern Bengal that the poor subjects and the poor agriculturists are so emaciated and are so miserable that they excite the sympathy and commiseration of all sympathetic people. But there, Sir, is it Government who is to blame or is it the middleman who is to blame? The Government certainly takes its share of revenue but the middleman tries to squeeze as much out of the poor men as he can. Has the Honourable Mover done anything practical to show his sympathy with these poor men? He is a middleman himself. Sir, the question of unemployment amongst the educated classes is certainly acute. But these educated men voluntarily rush to the Universities or schools and come out with a meagre knowledge. They would not go to the mines to work there. They would rather cast their eyes—greedy eyes—on the offices of Government. (*The Honourable Sir Maneckji Dadabhoy*: “On politics”.) Perhaps politics too. The offices of Government, which are already crammed, cannot give any promise of employing all educated men. The Inchcape Committee was appointed to reduce the expenditure of Government, and as a result some of these people were thrown out of employment. As the Honourable Sir Arthur Froom said, one of the Honourable Members stands up and accuses Government of reducing the expenses. I must say that the Honourable Members must draw the line somewhere. On the one hand they accuse Government of having increased the expenditure; and when the Government reduces its expenditure they blame Government for dismissing or reducing its establishment. If the Honourable Mover wants Government to find employment for the poor people, would he suggest that some other capital, whether provincial or otherwise, may be built somewhere else? Delhi has employed so many people for so many years and there is an outcry in the whole of India that Government are spending money here without any utilitarian purpose. I daresay Madras may require some better capital and the Honourable Mover may move a Resolution there for improving the looks of his own province. Sir, with these few remarks I oppose the Resolution.

THE HONOURABLE THE PRESIDENT: I suggest to the Council that further discussion on this Resolution had better be postponed till Wednesday next, if the Member in charge has no objection. It is a non-official day and there is only one item on the Paper.

THE HONOURABLE MR. A. H. LEY (Secretary, Department of Industries and Labour): I have no objection.

## STATEMENT OF OFFICIAL BUSINESS FOR 21st FEBRUARY.

THE HONOURABLE DR. MIAN SIR MUHAMMAD SHAFI (Law Member): Sir, there is a small statement which I have to make. The next meeting of this Council for official business was provisionally fixed for to-morrow, but as no Government Bills are ready to be brought forward, it is proposed, with your permission, that there should be no meeting to-morrow. Thereafter, the next day for official business will be Thursday, the 21st February, when the discussion on the motions, namely, the Indian Tolls Bill and the Criminal Tribes Bill, which was postponed by the Council on the 5th February, will be resumed.

THE HONOURABLE THE PRESIDENT: The Leader of the House has announced that there will be no official business for to-morrow, and I therefore adjourn the Council until Wednesday, 11 A.M. •

The Council then adjourned till Eleven of the Clock on Wednesday, the 20th February, 1924.