

Wednesday, 25th January, 1922

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

---

**SECOND SESSION**  
OF THE  
**COUNCIL OF STATE, 1922**



SIMLA  
SUPERINTENDENT, GOVERNMENT CENTRAL PRESS  
1922

# CONTENTS.

---

	PAGE
<b>TUESDAY, 17TH JANUARY, 1922</b> . . . . .	521-584
Oath.	
Death of Mr. Malcolm Macgregor Hadow.	
Congratulations on Knighthood conferred on the President.	
New Council Chamber.	
Business for the day.	
Questions and Answers.	
Announcement regarding Address of Welcome to H. R. H.	
Statements laid on the Table.	
Bill: as passed in Legislative Assembly.	
Message from Legislative Assembly.	
Address of Welcome to H. R. H. the Prince of Wales	
Benares Hindu University (Amendment) Bill.	
Official Business during January 1922.	
Adjournment of Council.	
 <b>WEDNESDAY, 18TH JANUARY, 1922</b> . . . . .	 585-645
Resolution <i>re</i> : Conference of Representatives to consider Political Situation.	
Resolution <i>re</i> : Separation of Burma from the rest of the Indian Empire.	
Resolution <i>re</i> : Exemptions under the Indian Arms Act, 1878.	
Resolution <i>re</i> : Round-table Conference.	
 <b>MONDAY, 23RD JANUARY, 1922</b> . . . . .	 647-660
Oath.	
Bills assented to by H. E. the Viceroy.	
Report of Joint Committee on Indian Income-tax Bill.	
Benares Hindu University (Amendment) Bill.	
Indian Electricity (Amendment) Bill.	
Indian Factories (Amendment) Bill.	
Electric Heaters for Council Chamber.	
 <b>WEDNESDAY, 25TH JANUARY, 1922</b> . . . . .	 661-689
Council Chamber, McKelvie House.	
Resolution <i>re</i> : present unrest.	
Resolution <i>re</i> : retrenchment and economy in national expenditure.	
Adjournment of Council.	
 Vol. II—Pt. II.	

# COUNCIL OF STATE.

*Wednesday, the 25th January, 1922.*

---

The Council assembled at Metcalfe House at Eleven of the Clock. The Honourable the President was in the Chair.

---

## COUNCIL CHAMBER, METCALFE HOUSE.

The HONOURABLE THE PRESIDENT: Before we proceed to the business of the day I wish to inform the Council generally and the Honourable Sir Arthur Froom in particular that, owing to the efforts of the Department presided over by my Honourable Friend, Mr. Sarma, some attempt has been made to mitigate the Arctic chill in this Council Chamber. I am informed that further progress in this direction will be effected by to-morrow. In the meantime, I am asked to convey a warning and that is, that Honourable Members will do their best to avoid the wires, as otherwise we may have a case of involuntary electrocution.

---

## RESOLUTION *RE* PRESENT UNREST.

The HONOURABLE MR. BHURGRI: Sir, in view of the debate on the 18th instant, I beg to withdraw the Resolution \*that stands in my name, and which runs as follows:—

\* 'This Council recommends to the Governor General in Council that all papers and correspondence in the possession of the Government of India relating to the present unrest which have passed between the Government of India and the Local Governments on the one hand, and the Government of India and the Secretary of State on the other, be laid on the table of the Council.'

---

## RESOLUTION *RE* RETRENCHMENT AND ECONOMY IN NATIONAL EXPENDITURE.

The HONOURABLE MR. V. G. KALE: Sir, the Resolution which I have to move runs as follows:—

'This Council recommends to the Governor General in Council that a committee consisting of members of the two Houses of the Legislature be immediately appointed to explore all possibilities of retrenchment and economy in national expenditure, and to make concrete proposals regarding the same.'

Sir, next to the political situation, the financial position in India presents to the Government and the people the most difficult and anxious problem for early solution. In considering this question of Indian finance, I do not want to say anything with regard to the position of currency and exchange, or with regard to the position of the Indian Government relating to its public debt, though all these matters have a very important bearing upon the problem involved in my Resolution. I do not, likewise, propose to anticipate a discussion of the Budget for the next year. I do not want to say much with respect to the position of revenue and expenditure, or

[Mr V. G. Kale.]

with regard to the prospects of taxation in the coming year. All I want to say at the very outset is, that there are three or four facts of outstanding importance, which, I think, are indisputable. The first fact is that of increased expenditure. The expenditure of India has steadily increased during the last few years. Secondly, even at the present time in spite of all increased revenues, in spite of the fact that we are passing away from the extraordinary conditions which prevailed during the time of war, we are faced in the Central Government, as well as in the Provinces, with the prospect of a deficit. Thirdly, everywhere anxiety is being felt with regard to additional taxation which seems to the people to be inevitable. Under these circumstances, fourthly and finally, before we can make up our minds with respect to the level of taxation that must be maintained in this country, the time has come when a vigorous effort ought to be made to find out where retrenchment and economy in national expenditure are possible. In discussing this question, there are two difficulties which we meet in the very beginning. If we try to compare the revenue and expenditure of the country at the present moment with what they were, say, eight or nine years ago, the comparison is likely to be misleading, first owing to the fact that our accounts are now maintained on the basis of a rupee which is valued at 24d. and secondly, because the income and expenditure on the Central Government have been entirely dissociated, for all practical purposes, from the revenue and expenditure of the Provincial Governments. Decentralization of finance,—the new financial arrangements which have been recently introduced—and the new method of keeping accounts on a new basis, these two are difficulties in the way of instituting a fruitful comparison with regard to the finances of the country for, say, the current year and any year previous to the outbreak of the war. I will, however, try to place before this House, without going into details, what appears to me to have been the development of the finances so far as expenditure and taxation are concerned. I will give you rough figures which will be approximately correct. Previous to the outbreak of the war, say, in the year 1913-14, the total income and expenditure of the Government of India, together with those of the Provincial Governments, may be put down at about Rs. 125 crores. I am speaking of rupees, and I will leave aside the question of the conversion of the rupees into sterling which is not necessary for my purposes. So, we may take the total pre-war income and expenditure of the Government of India, including those of the Provincial Governments, at Rs. 125 to Rs. 130 crores. Of this amount, Rs. 80 crores constituted the revenue and expenditure of the Central Government, and about Rs. 45 to Rs. 50 crores the revenue and expenditure of the Provincial Governments. During the time of war, the Provincial Governments were not allowed, and could not be allowed, to increase their expenditure. But the expenditure of the Central Government and along with that expenditure, the revenues of the Central Government, went on steadily increasing, till at last what we have been landed into the position of to-day. The position may be summed up by saying that to-day the income and expenditure of the Government of India alone, independent of the income and expenditure of the Provincial Governments, are equivalent to what were the revenues and expenditure of the whole country, of the Central Government and the Provincial Government taken together, in the year 1913-14: In that year the income and expenditure of the whole country were, say, Rs. 125 crores. To-day the expenditure of the Government of India alone exceeds that figure, the Provincial Governments spending Rs. 70 crores in addition. That will give the House some idea of the increase which has

taken place in national expenditure. The increase may be put down roughly at Rs. 60 crores in the Central Government. Now, what are the sources which have contributed to this increase? So far as the Central Government is concerned, they are chiefly the Customs and the Income-tax. Between these two, an increase of Rs. 42 crores has taken place during the last few years. The Customs and the Income-tax are between them thus responsible for this large increase. Then additional taxation has been levied also in other forms. The House is aware how there has been a surtax upon railway goods traffic, and how during the current year the special additional increase in the rates is expected to contribute no less a sum than Rs. 5½ crores. I will not speak of the increases which have likewise taken place elsewhere. For my purposes these two or three heads are enough to show that there has been an increase which may be put down roughly at, say, 60 per cent. between 1913-14 and the present time. Now, the bulk of this increase in revenue has been absorbed by expenditure upon the Army. Increases have also taken place on Civil charges, on salaries and allowances and other matters. Similarly, the interest charge has also gone up on account of the increased indebtedness of the Government. So the military expenditure, the civil expenditure and the interest charge are mainly responsible for most of the increase which has taken place in national expenditure. On account of this increased expenditure, which even during the current year has been maintained on a high scale, the burden of taxation has been heavy, and during the next year, people believe, the expenditure will remain at an equally high level and so will taxation, if they will not rise to even greater heights. A few weeks before the Budget comes out, speculation is, every year, generally rife about these matters, and everybody is believing to-day that fresh taxation is coming as there is going to be a very large deficit. Whatever that may be, the fact is there, namely, expenditure has not yet seen the last stage of increase. One does not know when we shall be in a position to say that the highest limits of taxation have been reached and that the time has come for retracing our steps towards the normal. It must be borne in mind that there are deficits in the accounts of the Provincial Governments also; and in considering the finances of the Central Government, we cannot altogether leave out of account the position of provincial finance. We are concerned with it because Provincial contributions, which are now being made to the Central Government, will have to cease in the course of the next few years. In fact, the Provinces are demanding that these contributions shall cease forthwith. But knowing as we do the financial situation of the Central Government, we cannot hope that these contributions will come to an end in the course of the next year or two. Look at the position of the Provinces. In almost all of them, there is a deficit apprehended. In Madras, in Bengal there are deficits, and even in Bombay which is regarded as very wealthy and as having a large revenue, and therefore a large amount of money to spend, I am told that even there, there is the unwelcome prospect of a deficit of no less than 1½ crores. The question that the Governments in the Provinces have to consider, is how this deficit can be met. Some of the Governments say: "Relieve us of our responsibility of making Provincial contributions, and we shall be able to make the two ends meet." It is a demand that has come forth not only from the Legislative Councils, but also from the Heads of the Executive Governments in the Provinces. How is the situation being met in the Provinces? In the first place, they are trying to cut down expenditure as far as they can. Some of my Honourable Friends must have read an account of the proceedings of the Bengal Legislative Council. There, the Honourable Mr. Kerr recently gave a lucid account of the financial position of Bengal.

[Mr. V. G. Kale.]

There he was able to show that the Province was confronted with a deficit of about 1½ crores of rupees in spite of the fact that the Government of India had gone to the relief of Bengal and had granted them exemption from payment of the Provincial contribution for three years. In spite of that special concession, there is a huge deficit. The Bengal Government, in the first instance, has, therefore, tried to cut down expenditure as far as possible. The Honourable Mr. Kerr described the remaining deficit as a bedrock deficit. The question arose how it should be met, and three additional taxes are being proposed, taxes upon amusements and betting and an increase in the stamp duty. Similar taxes are being contemplated elsewhere also. But what will be the use to which these taxes will be put? Will the proceeds of these taxes enable the Government of Bengal or Bombay to undertake reforms which are so badly and urgently needed? No. The taxes are needed to enable the Governments to meet normal expenditure. The Governments cannot think of financing any progress, industrial, social and material. What they have to grapple with, is the deficit arising from normal expenditure. The situation in Bombay is similar to that in Bengal. I am told that the Government there is contemplating additional taxation. I have to remind Honourable Members here that whoever the taxing authority may be,—it may be the Central Government, it may be the Provincial Government, it may be the Local Government, the Municipality or the local authority—ultimately it is the poor tax-payer who has to find the money. The Government of India has taxed luxuries. The Provincial Governments say, whenever they want more money, “tax luxuries.” The Municipal body that wants more money, says “tax luxuries.” Luxuries cannot be taxed thrice. Necessities and comforts have, therefore, come to be the objects of taxation.

My Honourable Friend (Mr. Annamalai Chettiyar) reminds me that it is being proposed to tax betel leaves in Madras. We are coming now to betel leaves which are regarded as a great necessity in Madras, I believe. So that, we are reduced to these shifts of taxing small commodities of ordinary consumption, many of them necessities of life. And it is the poor tax-payer on whose back all this burden is to fall. Consequently, the Provincial Governments have thought it necessary, in the first instance, to explore all possibilities of retrenchment and economy. In some Provinces committees have been appointed, and some of these committees have already made concrete proposals as to where the pruning knife should be applied. In Bombay, there is such a committee carrying on inquiries at the present moment. I cannot say what reductions in expenditure that committee will be in a position to recommend, but I have reason to believe that reductions in expenditure, which is to-day regarded as absolutely necessary and which Government would ordinarily never consent even to touch, are going to be proposed, and even Government, I am told, will be favourable to the adoption of a recommendation of that character. I give this illustration merely to show that every effort is being made in the Provinces to cut down expenditure, to find out where it is possible to reduce expenditure and to bring about economies. In these circumstances, it becomes the duty of the Government of India to do the same. It is not my purpose to-day to point out where such reductions can be made. I might have given a few instances, but I do not want to go into details and raise issues with regard to expenditure in different Departments or on different heads of charges. My main object is to call attention to the fact that the time has come when we cannot think of additional taxation, when we cannot think even of maintaining the present level of taxation

unless and until we have convinced ourselves that every possible reduction in expenditure has been effected. In fact, the cry in the country, and I believe it is a perfectly reasonable cry, is—

‘No additional taxation without retrenchment and economy.’ ‘Show us,’ the public says, ‘that you have sincerely attempted to curtail every possible item of expenditure which can be avoided, and we are prepared to pay whatever additional money you want.’

It is indeed no use believing that expenditure will ever go back to pre-war levels. You cannot restore the normal expenditure of this country to the figure of the year 1913-14 for example.

Expenditure upon a larger scale will have to be maintained. And as we go on, if we want material, economic and social progress, more money will have to be found for various purposes. But, at the same time, it cannot be doubted that there are many directions in which you can and must cut down expenditure. Therefore, an inquiry is needed in the first instance. Government itself is certainly aware of the necessity for such an inquiry. I may refer, in this connection, to what Sir James Meston, as Finance Member, observed on the 1st of March, 1919. Having reviewed the financial situation of the country, having pointed out what the Government’s liabilities in the near future were, and having also pointed out how expenditure upon a higher scale had to be maintained, he observed:—

‘If this teaches us anything it is that our watchword must be rigid economy both in the Government and in the lives of individual citizens. We shall want a relatively high scale of taxation to get rid of our superfluous obligations. If the taxes are to be paid, the people must save; and unless the taxes are to be oppressive the Government must economise. You may think that economy is a threadbare motto in our financial statements, but I am convinced that, coupled with courageous outlay on the essentials of progress, a strict economy in all non-essentials will in the near future be more necessary than it has ever been.’

Now, this was the principle which Sir James Meston in his capacity as Finance Member laid down for the guidance of his own Government. As the representatives of the public, we are responsible to our constituencies; and as people knowing what is passing to-day in the minds of the public, it is our duty to ask Government to see that immediate retrenchment and economy are effected. And in order to enable this House and the other House to know exactly what the Government itself is doing, and in order to enable the Legislature to point out to Government the directions in which economy and retrenchment can be effected, a committee is absolutely necessary. Similar committees have been appointed, for example, in England. Many of you are aware how persistent agitation has been carried on in that country, which has been characterised as an ‘anti-waste’ agitation. You are aware how even some elections are being fought out on the anti-waste issue, how time after time the Chancellor of the Exchequer has been asked to appoint committees, and how committees have been actually appointed. I can give you instances to show how during the last two years numerous committees have been appointed in England. For example, seven different committees consisting of three members each were appointed more than a year ago to inquire into the expenditure of seven different Departments, each committee consisting of one Member of Parliament, one Member of the Government and one Member of a Department other than the one whose affairs were being investigated. Recently two other committees, the newspapers state, have issued their reports, which unfortunately are not yet out for public information. All that only goes to prove how in England the Parliament feels—the people who are responsible to their constituents

[Mr. V. G. Kale.]

feel—that retrenchment is absolutely necessary. And in to-day's newspapers you will find a declaration made by Mr. Chamberlain in which it is said that a reduction of at least 150 to 200 million pounds is absolutely essential in the expenditure of England. We cannot certainly compare the revenue and expenditure of England with the revenue and expenditure of India, but the fact underlying the position of the two countries is the same, namely, that you cannot go on indefinitely taxing and taxing; you cannot go on indefinitely increasing your revenues by means of taxation; a time must come, and the time has already come in this country, when an impartial inquiry and a strict scrutiny must be made into national expenditure. Well, it may be said that such an inquiry is not likely to be very helpful; that already there is a Finance Committee of the other House which is entrusted with the scrutiny of the expenditure of the Government. It will also be pointed out that there is a Public Accounts Committee. These are bodies consisting of elected members who have been appointed for doing this very business, and if a committee of the kind which is proposed by me, were to be appointed, it would only be a sort of fifth wheel in the coach; it would only be interfering with the smooth working of the machinery which has already been provided, and consequently it would be futile and ought not to be conceded. Now, my answer to this is, that the committee I propose is not calculated in any way to interfere with the work either of the Government, which may be thinking of reductions in expenditure, or of the Finance Committee or the Public Accounts Committee. The committee proposed will not concern itself with immediate reductions in view of the next year's budget. That is not my object at all. The object of my committee will be to take a large view of Government expenditure as a whole; it will take time; it will go into the various items of expenditure of the various Departments, and it will point out where economies are possible. In certain cases recommendations may have to be made to the Secretary of State. Those recommendations will be made by this committee, and consequently the hands of the Government of India will be strengthened to that extent. There is a feeling in the provinces that in certain matters the Provincial Governments cannot reduce expenditure because the matter has to be referred every time to the Government of India and the Secretary of State. We, in this Council, represent the provinces very largely and are responsible to the people in the provinces; we have to see to it that the interests of the Provincial Governments and of the people of the provinces are properly safeguarded. Now, as the committee which I propose will make recommendations of this nature and will go into the larger issues of Government expenditure and consider even the policy underlying all expenditure, it will have its work cut out—work which will be entirely independent of the work which is being done at the present time by Government Departments or by other bodies. Consequently, Sir, I feel that the Honourable Members of this House will support me in the request which I am making to the Government. They know, each one of them, the feeling in the minds of the public in their own provinces. They know what their constituents feel in the matter. They know how public sentiment is inclined to take the view that the highest limits of expenditure and taxation have been reached and that there is a lot of unnecessary expenditure, some may call it even extravagance; they think at any rate that a great deal of unnecessary expenditure is being incurred, and unless the pruning knife is vigorously applied, it is not possible for them to cheerfully consent to additional taxation. All reasonable people will agree, as I have already

said, that for a progressive country some additional expenditure may be needed; but that additional expenditure can be supported by reasonable people only if they are convinced by Government that no reduction is possible and no economies are possible. Grave responsibility therefore attaches to every one of us in this regard.

I have now a word to say to the Government. I want that the Government should not look upon the committee I am asking for as something in the nature of an unnecessary interference. The inquiry I am asking for, is an inquiry which is calculated, in my humble opinion, to support Government and to strengthen their hands. When the Government wants to go before the country and say to the people:—

‘These are the charges we have got to meet; these are the additional funds that we want.’

Government must, at the same time, be in a position to tell the public—

‘Well, we have listened to the advice of the members of the Legislature; we have allowed them every opportunity to scrutinise our expenditure; and the Legislature has found that there is not much room now for further reductions of expenditure, and consequently we are thoroughly entitled to demand from the people more money for the ordinary conduct of Government and for the purpose of financing reforms.’

In order to strengthen the hands of Government for this purpose, I am making this proposal, and I hope that the Government will take my proposal in the spirit in which I have made it. With these words, Sir, I move my Resolution.

The HONOURABLE SIR ARTHUR FROOM: Sir, I consider that this Resolution is one which might well commend itself to Government. As the Honourable Mover has pointed out, it is not a Resolution of adverse criticism, but, as I read it, it is a genuine offer of assistance to the Finance Department in the extremely difficult period through which India, in common with other countries, is passing at the present time, the difficulty being that of trying to make both ends meet in the matter of expenditure and receipts. When the revenue side of a profit and loss account is falling away one naturally turns to the expenditure side, and it is here that a committee, such as that suggested by the Honourable Mover of this Resolution, might be of considerable assistance to Government. The Finance Department, no doubt, is considering and bringing into practice retrenchment in every possible direction, and I have also no doubt that we shall hear the result of their deliberations on this point when the Budget is introduced. A policy of retrenchment, however—and it is here again where I think a committee might be of considerable assistance—has to be handled with the greatest care. I for one am no believer in cutting expenditure on certain items to relieve the immediate present when the result brings about in the future very much heavier payments to re-establish what has been sacrificed as a temporary expedient. Also it is quite conceivable that retrenchment is possible in the administration of some Government Departments, and one can hardly expect Government to sit in judgment on itself with the same clearness of vision that an outsider might possess; and a committee, such as that suggested by the Honourable Mover of this Resolution, might prove of considerable benefit in this direction also. I will not detain the Council any longer in going over the ground that my Honourable Friend has travelled with such ability; but I should like to emphasise one point in his speech and that is, he clearly stated, and we all recognise that what he stated is correct, that the object of his Resolution is to induce confidence in this country that there is no culpable waste. Once that confidence is felt throughout the country, then I consider

[Sir Arthur Froom.]

that any fresh taxation which the Finance Department might find it necessary to introduce would be less unpalatable to, and less resented by, all concerned. Sir, with these few words, I commend this Resolution to Government.

The HONOURABLE MR. ANNAMALAI CHETTIYAR: Sir, it has become a common thing in India for the past few years with the general public to look with more than ordinary interest to the Budget proposals, for they believe and with reason that every fresh year brings with it its fresh taxation. Everybody admits that there has been an enormous increase of expenditure in almost every Department of Government. There has also been too much talk of retrenchment, but unfortunately the talk has not been followed up by any substantial action. Side by side with that, there is also the demand among the services for increases in their salaries. Between the cry for reduction of expenditure on the one hand and the demand for the increase in salaries on the other, the Financial Members of both the Local and Central Governments experience difficulties in finding out ways and means of satisfying both. In this connection, Sir, I may be allowed to say here that there is some justification for increasing the salaries of men of the lower grades in order to meet the increased cost of living; but there can be no justification for following the same in the case of the higher grades. Of course much has been said about the maintenance of status and prestige of those who are in the higher grades. To this let me at once say that when thousands of men of the subordinate services are loudly clamouring for increased salaries just to make both ends meet, and when the general tax-payer says that he has reached his limit and when there is every likelihood of fresh taxation being so interpreted as to set up the people against the Government, we need not bother ourselves about the so-called status and prestige. Sir, there is then the Provincial contribution to the Central Exchequer. Here Bengal has given a lead which other provinces will not be slow to adopt. My own province, Madras, is already in difficulties. We have there a deficit of more than a crore and half, and long ago the Madras Government addressed the Government of India representing their financial difficulties. It was practically settled to send a deputation. When I left Madras there was a feeling that the Government of India are taking an unusually long time in replying to their representation. But, at the same time, it was also felt that the delay meant a favourable consideration, and I hope my Honourable Friend, Mr. Cook, will be in a position to enlighten this Council on the subject. I believe, Sir, that in most other provinces also the same is the case. Sooner or later all the provinces may be expected to approach the Central Government for a re-adjustment of their provincial contributions. Here there is a possibility of the central revenue growing less and less year by year. How to meet the central expenditure with a falling revenue is a difficult problem to solve. Unless there is a cutting down of expenditure to the maximum limit, I am afraid we may have to land ourselves in bankruptcy. Hitherto, Sir, the policy of the Government has been to resort to fresh taxation and loans. It is to be regretted that much attention was not given to the reduction of expenditure. While it should be admitted that when there is a deficit fresh taxation and loans must be resorted to. Those who are responsible for the good government of this country must take seriously into consideration the different conditions prevailing in the country and the popular cry for retrenchment and try, as far as possible, not to go in for loans and fresh taxation.

Therefore, I think the appointment of a committee as suggested by the Honourable Mover of this Resolution is not a superfluous one, but I should like to add that, unless there is a determination on the part of the Government to reduce expenditure, there will be no use in having a committee like this.

One word more, Sir. Last night the "Eastern Mail" brings us the news of the formation of a party in England called the 'Coalition Liberals.' The President of this party is Mr. Lloyd George, our Prime Minister, and the Vice-President is the Right Honourable Mr. Winston Churchill. Reduction of expenditure and remittance of taxation are the definite policies of this party. Though the party is not the Government yet inasmuch as the Premier is the President and another prominent member is the Vice-President, we may take it that this is the policy of the Home Government. Will the Government of India follow the Home policy? The air is thick with rumours of fresh taxation.

The HONOURABLE RAJA SIR HARNAM SINGH: Sir, I cannot exaggerate the importance of the motion before the House. The time has come when the utmost economy should be tried in the national expenditure. The Honourable Mr. Cook spoke rather gloomily, in the last Simia Session on the financial prospect. Disquieting rumours are afloat of a big deficit in the budget. Although it is premature to make a forecast now, and we must wait till the statement of accounts and the budget do actually come before us, there is however no doubt that expenditure has gone up everywhere and it is becoming increasingly difficult indeed to cope with it. The Honourable the Finance Member, I am sure, has been doing all that is possible for the solvency of the Government. But it is beyond the power of a human financier to meet increasing demands on the national purse when the national resources are limited. During the last few years there has been a continuous increase in taxation, chiefly in the form of a higher income-tax and super-tax, export duties, and a general increase in the customs tariff. Taxation in India, I am afraid, has reached the breaking point. Further taxation will inevitably lead to great hardship on the people of India, and may cause a depression in the Indian industries. If we cannot safely increase the income, it is only proper that we should try and cut down the expenditure, wherever possible. It is incumbent on the Government, therefore, to explore all possibilities of retrenchment in national expenditure. There are in this House, also in the Legislative Assembly, expert financiers who can be of great service to the Government and to their country. I shall, therefore, strongly support the idea of a Committee consisting of members of the two Houses of the Legislature to be appointed for the purpose. The Government ought to take such men into their confidence as may be of true service and help at a time when a financial crisis is feared in all quarters.

The HONOURABLE MR. SETHNA: Sir, I rise in response to the appeal with which the Honourable Mover concluded his speech and asked his Colleagues to support the Resolution. In the first place, I congratulate him for bringing forward this Resolution which I consider most timely, and I also congratulate him for the very lucid presentation of his case. I say the Resolution is timely, because not only is our expenditure considerably exceeding our revenues, but according to the telegram which he quoted and which we have seen in this morning's papers, it is equally the case at Home and we learn therefrom what is the feeling there. He did not however

[Mr. Sethna.]

give the reason which is stated in the telegram as to why Mr. Chamberlain said that the expenditure should be reduced by about 150 to 200 millions. The reason he gave for the reduction of the expenditure in the United Kingdom was not in order to bring down taxation, but to make both ends meet. That our finances are by no means in a strong position to-day is an open secret, and I am sure that my friend opposite, the Honourable Mr. Cook, as well as his distinguished chief, the Finance Member, must at present be at their wits ends and racking their brains as to how best to meet the deficit with which they will have to face the Legislature when they present the Budget, a few weeks hence.

Sir, when the reforms came into existence, it was expected that Departments like Education, Sanitation and the like, which help to  
 12 noon. raise the condition of the people of this country, would profit very largely by the grants which the reformed Governments would be able to give to these particular Departments. If these grants are not large to-day it is, as we know, because the revenues do not cope with the expenditure. If the revenues and expenditure are to balance, this can only be done, so far as we can see, by one of two courses,—either a reduction in the military expenditure or a considerable increase in the rate of taxation.

The question of military expenditure, I admit, is a very thorny subject, a subject upon which Government and the public have not been able to see eye to eye. Government are of opinion that they could not possibly reduce the military expenditure or the strength of the army with safety to the country. That the country as a whole thinks differently, I venture to show by quoting the opinions of Members of the two Houses as expressed in the motions they intended to bring forward. Notice of a Resolution was given by the Honourable Sir Dinshaw Wacha in September at the Simla Session, which however was not ballotted for. This is the view he expressed in his Resolution, which was to the following effect:—

'To make a strong and reasoned appeal to His Majesty's Government for the total repeal of the Army amalgamation scheme at an early date, and substitute for it one which shall in every way satisfy the Indian tax-payer and besides empower the Government of India to exercise a full right of determining all matters of Indian Army organisation and requirements involving expenditure from the revenues of India.'

That is so far as regards this House. In the other place, as recently as yesterday, there stood an amendment in the name of a very distinguished member, Sir P. S. Sivaswamy Aiyer, which however was not reached. It reads as follows:—

'This Assembly further recommends that, in view of the strain upon the financial resources of the country, the Government will be pleased to steadily carry out a policy of reduction of the strength of the British troops in India with due regard to the safety of the country.'

I have quoted these to show that the country and the country's representatives in the Legislature hold a different view in regard to the military expenditure from that held by Government. However, Sir, this is a subject on which I need not enlarge, but I do hope that the time will come and come soon when the Legislature will be placed in a position to express an opinion which it will be binding on the Government of India to carry out.

As I have observed either a decrease in military expenditure or an increase in taxation could meet the present situation. In regard to an increase in taxation, opinion has already been expressed that we cannot go

much further without a general howl and cry from the tax-paying public. But let us examine the sources which could be tapped so far as increase of taxation is concerned. The Honourable Mover has told us that since the war, Customs and Income-tax have brought in an additional revenue of Rs. 42 crores. I wonder if we could go any further, at any rate in the present times. So far as Customs are concerned, only last year, the duties were raised from 7½ to 11 per cent. and for luxuries to 20 per cent. and I doubt very much if, to meet the present deficiency, the Finance Department will endeavour to raise the Customs duty even by a further half per cent, particularly in view of the fact that there is a Fiscal Committee sitting, and it will not be wise to prejudge its decisions. So much in regard to the Customs duty.

Then, Sir, we come to the other head referred to by the Honourable Mover, namely, Income-tax. This nightmare tax, as it is now called in England, was raised last March to 16 pies in the rupee for maximum incomes. This 16 pies in the rupee, we are told, is by no means as much as what the British tax-payer has to pay. We know that capitalists at Home have to pay as much as 6s. in the £, and 16 pies in the rupee is equivalent to only 1s. 8d. in the £, but I would point out to this Council that 16 pies in the rupee in India, all things considered, goes perhaps as long a way as does 6s. in the £ in Great Britain. Therefore, I wonder if the Finance Department will try to raise income-tax to any further extent. If they do so, the situation here will become the same as it is said to be in England, where it is said that the continuance of the payment of 6s. in the £ will bankrupt business-men if they go on paying at this rate, and in the alternative, if they do not go on paying 6s. in the £, it will bankrupt the country. Of course, my Honourable Friends in the Finance Department with their fertile brains will certainly try to find out ways and means, but it will not be without, as I have said, raising a howl and cry in the country.

In these circumstances, what shall we fall back upon? Certainly there is no better course than what is prescribed by our friend the Honourable Mover of this Resolution, namely, retrenchment in expenditure, and the appointment of a committee to suggest ways and means to bring about such retrenchment. The Honourable Mover has not told us in what particular Departments or directions he would welcome such a reduction, but another Honourable Speaker on my right referred in particular to the question of salaries in high appointments. I beg to differ strongly from him. I know that there is a Resolution in another House recommending that in the case of all fresh appointments, the salaries should be only two-thirds of what they are to-day. I say I differ, for, I believe, that every labourer is worthy of his hire, and I know that conditions have so greatly altered that it would not suit people to take up Government service if they were paid any less than what they could get elsewhere. There was a time when we could get young men from Europe to come out here on a start of Rs. 250. They will not now do so for less than double that amount. There was a time when the Secretariats here laid down the minimum pay of a clerk at Rs. 25. This has now been altered to perhaps Rs. 50 or Rs. 60. I understand from the Honourable Mr. Cook it is Rs. 80. I am told, however, by my Honourable Friend on my right that the figure is lower than Rs. 80 in Provincial Secretariats. Whatever it be, my argument is that conditions have so greatly altered that the higher salaries which Government are paying to-day are by no means higher than what the same men would get if they sought employment in commercial and other organizations. And consequently, even if a committee is appointed, I am sure that, so far as

[Mr. Sethna.]

the majority of cases are concerned, such a committee would not think it right to bring about any reduction in salaries. But, Sir, they certainly will be able to effect very many changes. My friend the Honourable Mover observed that he might have quoted instances where such reductions could be brought about, but he did not do so. I am not in a position to quote any specific instances, but I do believe that Government are so hide-bound in the manner of their working their Departments, so conservative in their ways, so accustomed to work in a set groove from year to year, that it cannot occur to them to bring about a reduction without impairing efficiency in the same way as it would occur to business-men. I believe that if the committee were composed of capable business-men who were themselves in charge of large concerns, it would certainly be able to suggest ways and means whereby considerable reduction could be effected. It may be argued that even if a reduction of a crore or two is effected, what would that avail in an expenditure of 175 crores or more? My reply to that is, that if you are able to effect a saving of a crore or two, that saving is not for a year or two, but it is a recurring saving; and, consequently, a committee which could recommend even that much reduction without impairing the efficiency of the work to be done ought certainly to be appointed.

With these words, Sir, I very heartily support the Resolution.

The HONOURABLE MR. E. M. COOK: Sir, it goes to my heart to have to say it, but I am afraid I must resist the temptation to follow my Honourable Friend Mr. Sethna in his interesting, though I think, somewhat premature, discussions of the pros and cons of certain kinds of additional taxation.

In speaking on this Resolution, I think that I can fairly claim the indulgence of the Council, and that for two reasons. In the first place, this is a very important Resolution, and of such a character, that it could be dealt with very much more appropriately by a Member of the Government, and by that Member of the Government who is in charge of the portfolio of Finance. Unfortunately, the Finance Member informed me yesterday that he would almost certainly be detained in another place on pressing financial business. Secondly, it is, as I am sure the Council will realise, just a little awkward to deal with a Resolution of this kind before March. One cannot speak with quite the same freedom, and for that reason I hope the Council will excuse me if my remarks perhaps lack a little preciseness and if I seem to indulge somewhat in generalities. I need hardly say, Sir, that any Resolution which seeks to reduce public expenditure is, so far as its underlying principle is concerned, entirely welcome to the Department which I represent, even if we cannot, for the present, completely identify ourselves with the procedure which my Honourable Friend asks us to follow, as to which I shall have a few words to say later on.

But before I come to the actual wording of the Resolution I should like, if the House will bear with me, to say a few words about retrenchment in general. In the first place, I should like to emphasise the great and essential difference between economy and retrenchment. Economy is one thing, retrenchment is another; or rather, I should say, retrenchment goes very much farther than economy. I will explain what I mean. Economy, as I conceive it, consists in attaining one's object with the minimum expenditure possible; and every Finance Department that is worth its salt must keep the enforcement of economy before it as its watchword

every day of its existence. It must do that equally when times are good as when they are bad. Because, even if a country's finances are in a prosperous state, as ours are not, even then, I submit, there is no justification for spending one pice more of the tax-payers' money than is absolutely necessary. Taxation is not a good thing in itself, and, if there is any surplus, then that should go in the remission of taxation and not in unnecessary expenditure. I think that the Finance Department can claim, and might indeed bring into Court as witnesses some of my Official Colleagues here, that it does its best, and not without some measure of success, to enforce economy and to secure that on each object, each branch of the administration, no more expenditure is incurred than is necessary. I need hardly say, Sir, that at a time like the present the Finance Department exercises that pressure as strongly as it possibly can, more particularly when proposals for new expenditure come before it. It is no great secret—any intelligent reader of the newspapers who looks at our monthly returns of revenue and expenditure knows very well—that we are working to a substantial deficit in the current year. And deficits have a very inconvenient habit of repeating themselves. I need, therefore, hardly say that at the present moment we are doing all we can to exercise economy, to cut and clip and trim wherever we can. I hold in my hand a lengthy list, which I shall be very glad to show to any Honourable Member who likes to see it, of a very large number of items which the Finance Department has cut out of the Departmental estimates, on the ground that expenditure thereon would not be consistent with the tax-payers' interests in the coming year. That is what I understand by economy. I do not say that by going carefully into every detail, and by cutting out a clerk on Rs. 40 here and Rs. 1,000 from contingencies there, the total might not be to a limited extent further reduced; but we have done all that a Finance Department can by itself be reasonably expected to do; and that is what I mean by economy.

Once you go further than the mere restriction of expenditure on existing objects to a minimum, then you begin to touch on the sphere of retrenchment. For, obviously, there must come a time, sooner or later, when you have reduced expenditure on existing objects to the minimum, and the question then arises whether it is justifiable to continue to incur expenditure on those objects at all, whether you ought not to draw in your horns and reduce the number of objects on which you incur expenditure. I do not wish to harrow the feelings of any representatives of the Departments here by giving instances of how retrenchment would and, I may say will, affect their Departments. But let us take the case of some hypothetical office. You can economise on that office. You can reduce the establishment to the bare minimum for carrying on the work; you can cheapen the wages bill, so that the people employed there get no more than a living wage. Once you go further, then you have to consider whether you are going to keep that office on at all, whether you will restrict its sphere of activity or even abolish it altogether. That is what I call retrenchment. Now—and this is my next point—I admit that a time may come in the history of a country's finances when it has to consider whether, after all, it is not aiming too high, and whether it is possible, without actually becoming insolvent, or without raising taxation to a level which would seriously hamper trade and industry, to maintain an administration of so complex a nature, or even at such a high level of efficiency, as was possible at a time when prices were lower and the expense of carrying on the administration was less. Let me say, at once

[Mr. E. M. Cook.]

that the Government consider, and have indeed for some time felt themselves driven to the conclusion, that such a time has arrived in the case of India.

But before I say exactly what Government proposes to do in this matter, I should like, if I may for a few minutes, to examine the actual sphere of retrenchment which exists in the expenditure of the Central Government. I think I can show that the position is fundamentally different from that of any Provincial Government. If we take the figures in the Budget for the current year, we find that our total gross expenditure budgetted for was Rs. 196½ crores; that is a gross figure, as in our actual budget estimate we show the figures net and take the working expenses of railways as a deduction from receipts. Let us see what this figure is composed of. First of all we have the working expenses of commercial Departments, *viz.*, Railways, Posts and Telegraphs—Rs. 68½ crores. Now, I admit you may be able to economise there, but you cannot actually retrench on the working expenses, otherwise you will not get your revenue. I say, therefore, that there is no real sphere for retrenchment there. What is the next item? Interest, Annuities and Sinking Funds—Rs. 36 crores. There is no sphere for retrenchment there; it is all obligatory. Then we have Rs. 3½ crores. Exchange on the expenditure of the non-commercial department; that is merely to bring the accounts back to reality instead of leaving them on the artificial basis of 2 shillings. The next item is Pensions, including territorial and political pensions, about 2½ crores. There is no sphere for retrenchment there. Then we have adjustments with Provincial Governments—Rs. 63 lakhs, which represents payments for services rendered to the Central Government. I do not think there is any sphere for retrenchment there. What have we got left? Only two items. There is the Military expenditure—66½ crores; that of course is gross, there are some military receipts, and we usually speak of the current year's military budget as 62.2 crores. Finally, the ordinary civil expenditure is 18½ crores, or less than 1-10th of the total expenditure. Now I think, Sir, that what I have said proves that the problem we have to face here is very different, fundamentally different, from the problem which Provincial Governments have to face. Their possible sphere of retrenchment is well nigh 100 per cent. of their expenditure; they can have their committees of retrenchment, and those committees can roam over the whole field of administration; they can go and examine the arrangements of each district; they can, for example, examine the work of two neighbouring Munsifis and say:

'These two men have not enough work; we will double them up and have one.'

They can reduce the number of patwaris in the province. They can remove a police station from a certain place because the people there are not sufficiently criminal. There are heaps of things they can do, and they can spend a nice happy year wandering over the whole field of administration, retrenching right and left. It is a very different thing when you come to consider the expenditure for which, under the Reforms Scheme, the Central Government is responsible. I am not begging the question and I am not saying we ought not to retrench in the Government of India; but I do want to indicate the nature of the problem when you come and try to do it. It may be a matter of abolishing half a dozen regiments. It may be a matter affecting some important question of our relations with Indian States. It may be some big question of frontier policy. Or even it may

be a question affecting our relations with His Majesty's Government. I want the Council to think that over, and understand that retrenchment in the Central Government is not so easy a matter as it may look at first sight.

Now let me just examine these two items, military and civil, which afford in theory some sphere for retrenchment. In the first place, we have 66½ crores of military expenditure. I do not think that I need say very much about that at present; it will be in the recollection of Honourable Members that there was, sitting at Army Headquarters in Simla, very unobtrusively, a Committee which was known as the Military Requirements Committee; and I think I am right in saying that at least two of the members of that Committee were non-officials, certainly one of them was a very prominent and respected member of the other House. That committee, I believe, has presented a unanimous report and I understand that that report is now before the Home authorities. The origin of that committee, I think I am correct in saying, was financial pressure. It was in fact for all practical purposes a retrenchment committee. It did an immense amount of spade work; it sat, I think, throughout the greater part of the summer and carefully considered the whole problem of military expenditure; its idea was how to ensure safety with the minimum expenditure possible.

Now let me turn to the civil side. It is responsible for 18½ crores, or less than 1-10th of our whole gross expenditure. The Honourable Mr. Sethna stated that, if we could save one or two crores, it would be something; I quite agree, and I should be very grateful for a crore or two. But to save a crore out of 18½ crores means a retrenchment of between 5 per cent. and 6 per cent. I do not say it cannot be done, personally I think it can be done, but it is not going to be an easy business. From what I have already said it will be clear to Honourable Members that this is a matter which the Government have been considering very anxiously for some time; and I am in a position to say that His Excellency the Viceroy, who has for sometime had this matter under his personal consideration, has decided to issue an order calling on all Department to point out directions in which retrenchment can be effected, and making it clear that it is the intention of the Government to effect retrenchment in every direction possible, excepting only where it can be shown that a really vital service would be hampered thereby or that there would be a contingent loss of revenue. At the same time, an experienced financial officer will, simultaneously and independently, review the expenditure of the various Departments, in order to point out where there is a *prima facie* case for retrenchment. In the vast majority of cases it is highly probable that questions of policy will arise and, if so, every such case will thereupon be at once considered by the Governor General in Council. We have some precedent for action of this sort in the action which has been taken at Home, to which certain Honourable Members have referred. As we know, the Departments at Home were first of all called upon to produce retrenchment, and they were told to get a certain sum of money; I think they were able to reduce expenditure by something like £70 millions. The Prime Minister was not satisfied with that, and thereupon—I admit—they did have a committee; but I must point out that it was not a committee of the Legislature—you had the famous Super-Axe Committee. But let us for a moment consider what scope for retrenchment exists at Home. Let me give the Council an instance. You have got there a Ministry of Pensions. In that Ministry of Pensions the number of clerks on the

[Mr. E. M. Cook.]

establishment is no less than 36,000, and, even after the post-war reductions that were made they have had to build in London a building, to house all these people, which, I understand, is the biggest office in the world

The HONOURABLE MR. LALUBHAI SAMALDAS: Did you say 36,000 clerks?

The HONOURABLE MR. E. M. COOK: Yes, 36,000. Now look at the Disposals Commission at Home. They have got 23,000 clerks. I say it is no wonder that they have such a large field for retrenchment when you have a state of affairs like that.

I have indicated the action that Government proposes to take, and I do want to make it quite clear to Honourable Members that Government are not shirking or shelving this matter. This procedure which the Government have decided on is not some hasty improvisation got up in order to meet my Honourable Friend's Resolution. There is no intention whatever, as I have said, of shelving the question or of running away from retrenchment. Indeed, I think I may fairly say, Sir, that if the Government of India wanted merely to keep the matter going and to show that they were doing something without being really in earnest about it, they would have a committee and then sit down and see what happened. But I guarantee to the Council that, by adopting the procedure which I have just sketched, you are going to get more retrenchment, and quicker retrenchment, than if you had a Committee; and that is why, very much to my regret, I am afraid I cannot accept the Resolution as regards the exact terms of the procedure contemplated by it. I shall have spoken in vain if I have not made it clear to the Council that Government are wholeheartedly committed to a policy of retrenchment.

The HONOURABLE MR. E. S. LLOYD: Sir, I wish to confine myself to only one of the reasons given for the appointment of this committee, and that is, the question of the Provincial contributions. I am aware that this is not quite the time to raise the question of the *proportion* of the contribution paid by the various Provinces to the Government of India, though I suppose the House knows that this is a very sore point from the Madras point of view, and in season and out of season the Madras Government have pressed, and wish to press, the injustice of the proportion that they have to pay. That however is not quite the point that I wish to press to-day. I wish to emphasise what the Honourable Mover said and what my Honourable Friend to my right said, that the Government of India must realise,—they probably do realise, but they must, I think, realise more and more,—that these Provincial contributions must be abolished at the very earliest possible moment, and if they cannot be abolished in a year of deficit like the present, they must somehow or other be reduced. I do not quite know if the House realises how very strong the feeling is, at any rate, in the Madras Presidency, and I have no doubt in the other Presidencies too. The Provincial Governments have done and are doing everything they can to retrench, to economise, and not only to cut down expenditure, but to take steps to impose extra taxation. They have to do this almost entirely, because they are being strangled by this contribution which they have to pay to the Central Government. I do not say that the Central Government can altogether help this; they may have to continue these Provincial contributions for some time more. But they must realise,

and as I have said they do probably realise, the terrible stringency which is being thereby imposed on the provinces. It is not by any means only one section of the community that has a grievance about these contributions. The feeling is insistent.

The HONOURABLE THE PRESIDENT: Order, order. I do not desire to interrupt the Honourable Member, but he must really confine his remarks more closely to the terms of the Resolution. The Honourable Mover used his arguments regarding Provincial contributions very skilfully in support of his main proposition. I cannot let the debate degenerate into a discussion as to whether there should or should not be a Provincial contribution.

The HONOURABLE MR. E. S. LLOYD: Certainly, Sir, but the existence of these contributions is surely one of the strong reasons for the appointment of this committee. However, I bow to your ruling. If the Government of India can assure the provinces that there is some hope of reduction of the contributions, possibly the feeling will be less strong, but if they cannot do so, I think that there will be, and there is, a very strong feeling in the provinces that the Government of India should not necessarily appoint a committee, but at any rate give some indication that they are setting their own house in order and taking every step possible to reduce their expenditure. They cannot expect the provinces to do so unless they make it absolutely clear to the country at large that they are doing the same thing in the Central Government. That is the point I wish to press. I do not say that a committee is the only possibility, or is possibly even the right way of approaching the problem. But it is the feeling not only among the non-officials, but among the officials also, that we must economise, and if we have got to do it in the provinces, we certainly ought to do it in the Central Government as well.

The HONOURABLE MR. G. S. KHAPARDE: Sir, I rise to support the Resolution that has been brought forward for the appointment of a Retrenchment Committee. My object in supporting the Resolution is three-fold. One is that there is a sort of a general notion—I do not say that the general notion is justified, but there is a general feeling that a good deal of money is spent needlessly, and this committee will for once set at rest, I think, in the public mind all doubts of that kind. But there is a further reason, and that a stronger one, and that occurred to me while my Honourable Friend, Mr. Cook, was speaking. It happened in my younger days that our master prescribed a long lesson, and then we had an argument with him. He said:

‘Look here, you ought to get through this lesson.’

We said—

‘Look here, Sir, so much time is necessary for sleep, so much time is necessary for food, and so much time is necessary for play, and when we put these three things together there is no time to prepare this long lesson.’

Then the master said:

‘Look here, I quite agree that you do require so much time for sleep, so much time for food and so much time for play and for this and that, but I want that you should do this, because there is a fourth factor.’

We asked him—

‘Sir, what is that fourth factor.’

He said:

‘This is the fourth factor. I will add also that of punishment. Let us see how these four factors work and whether you prepare your lessons or not.’

[Mr. G. S. Khaparde.]

So saying, he put the cane on the table. He was a pleasant gentleman. The result of it was that in consequence of the fright of the cane we prepared our lessons the next day. It is true that Government requires so much money for this, and so much money for that, that they have gone through all the items and they have been reduced to what we call the irreducible minimum. Yet, there is this consideration. In mercantile offices the fight is between the business and the profit to be made. In Government offices the fight is as to how efficiency can be increased. These two factors work differently. I think that on this committee there will be some business gentlemen from both the Houses, and they will bring in that necessary screw which the desire for profit brings in. Government offices have no such screw on them. Government offices have been brought up in a particular groove which becomes a rule in course of time even with the best of intentions and with the highest desire to economise or retrench as a distinction has been made between the two. Government offices have been taught in a particular manner. They cannot see where retrenchment or economy can be applied, whereas the business-man, with a limited income and having great liabilities, and considering also the maintenance of his family, will always look to the profit side. He employs his brain and all his intelligence to see how he can increase the profit. Government offices apply all their mind to see how efficiency can be lettered and how they will be able to show better results. I should like this committee to be a combination of business-men and men with official experience. Efficiency will not then be sacrificed, and, at the same time, the business-men will see to the profit side of the question, that is to say, where economy or retrenchment can be made. This, Sir, is my second reason for supporting this Resolution.

There is also a third reason why I support this proposition. That reason, if not as important as the second, at any rate comes very near to it. That reason is that we have got to learn and we have got to be associated with all the Departments. I quite agree that His Excellency the Viceroy is deeply thinking about retrenchment now, and I have no doubt that all the papers and figures that are necessary have been brought up before him and that everything possible will be done. But I also like to be present there to see how they work, so that, hereafter, if it becomes necessary for me to do it, I shall know how to do it. Otherwise it will always be my being told:

'Look here, you have no official experience. You go on talking about it, but the difficulty is how to do it.'

I must learn what that difficulty is. If I am to do anything at all hereafter, I must not only know what is right to be done, but I should also know how it is to be done. This committee, which if appointed will go into this matter, will have the advantage of having official experience present on it, and business experience present on it. It will further have the advantage of our knowing what the deliberations are and how they are carried on. The Committee will be able to know on what points importance is laid, which points are considered of minor importance, and so on. Both from the educative point of view and from the economic point of view, and also from the point of view which I have put forth by telling the story of the school master—and the school master in this case will of course be public opinion—all these three things working together and concentrating upon this point will certainly produce better results than the official routine by which proposals are sent up, and they are either

accepted or not accepted. There should be what you may call fresh blood. I call it a little common sense of our own. There is a great deal of efficiency; there is a great deal of skill; there is everything in Government offices; and yet there is nothing like what has been acquired by a long course of business. That has got to be brought to bear upon public affairs. That is the reason why even in England at this time this question of retrenchment is not left entirely to Departments, nor is it undertaken entirely by officials. You know that in war time business people were associated with the Government, and these people pointed out the way to make savings, increase the efficiency and carry on the war to a successful termination. These are the reasons, Sir, why I say that a committee ought to be appointed as proposed by the Honourable Mover. Not that less strenuous efforts will be made by officials. They will certainly do everything possible. But I would like to add to that public opinion, or common sense as I would call it—the sanction of the action in the school master's case—in this case, the sanction will be of public opinion. For these reasons, Sir, I strongly support the Resolution that has been brought forward.

The HONOURABLE LALA SUKHBIR SINHA: Sir, I give my full support to this Resolution. The time has come when the Government of India and the Local Governments should see how far retrenchment can be made. Taxation has gone up very much. In this country, the average tax per head, as we find, is about Rs. 3 a year, while the income per head is about Rs. 30 a year. It is said that the tax per head of the population here is very light when compared with other countries. But, Sir, when we compare the income per head of other countries with the income per head of this country, we find that the tax here is not light, but much more than the other countries pay. Therefore, I think that the time has come when the Government of India should find out how expenditure can be met from the present receipts. Sir, I was a member of the Finance Committee in the United Provinces for ten years, and I can say from my experience in that Council that we tried our best to stand in the way of the Departments in having their demands, but we could not succeed. There was a tendency for Departments to get as much money out of the Provincial funds as was possible. We find that in every Province, expenditure has gone up by leaps and bounds, and so is the case in the Government of India, where also the expenditure has gone up by leaps and bounds. The Honourable Mr. Cook has, I am very glad to find, quoted a letter or an order from His Excellency the Viceroy to all Heads of Departments to see that retrenchment is made. He has also pointed out that the Viceroy has appointed a Retrenchment Officer to find out how retrenchment can be made in all these Departments. Therefore, it is quite appropriate that a small committee of non-officials is associated with this special officer. I think that the hands of the Government of India will be strengthened much more if they will agree to have a small committee of both Houses associated with this special officer who is going to make inquiries for retrenchment. I thought that the Honourable Mr. Cook would be able to accept this Resolution. But it is a surprise to me, and it may be a surprise to many Honourable Members of this Council, to find that he has not found his way to accept the Resolution. I think that if a small committee is appointed to help the Finance Department, it will be very useful to them. There is a rumour—I do not know how far it is true—that this year also there will be a great deficit in the Government of India. In that case, the Finance Member will have to find out ways and means how to meet that deficit. It is possible that he may propose some new taxation or an increase of

[Lala Sukhbir Sinha.]

taxation which the country will take with much resentment. Last year there was a deficit of about Rs. 20 crores, and the rates of taxation had to be increased. Some new taxes had to be imposed in order to meet that deficit of Rs. 20 crores. The Honourable the Finance Member will have to do some such thing again this year. But, Sir, I submit very strongly that instead of having new taxation, instead of raising the rates of taxation, it is much wiser to make retrenchment in our expenditure. Sir, the success of an administration depends upon its credit. If the expenditure is in proportion to the receipts the administration will be successful. If the expenditure is more than the receipts, then the administration cannot be successful. It is a common saying that we must cut our coat according to our cloth. If that principle were adopted in the Central as well as in the Provincial Governments, I think the deficits would vanish and the administration of the country would be more successful than it is at present. I, therefore, strongly support this Resolution, and I hope that the Honourable Mr. Cook will find his way to accept it and to have this committee associated with the special officer whom the Governor General is going shortly to appoint.

The HONOURABLE COLONEL SIR UMAR HAYAT KHAN: Sir, I have been trying to get up several times, because I think that the subject has not been exhausted. No public man can be against the principle of retrenchment, but I am against the proposal of appointing a small committee. The Members of both Houses of the Legislature represent certain constituencies, and I think that the best way for each member to make the weight of public opinion in his constituency felt, is for him to object to any particular item which he thinks is unnecessary when the budget comes before each House in turn—happily this year we also are being allowed to discuss the budget—for at that time the Government has to place all its cards on the table, and it is open to any member to challenge any item he likes. I, therefore, suggest that we should consider both Houses as a committee when the budget comes before them and discuss how economy and retrenchment can best be effected.

Then there is another point, Sir. The expenditure of Government being already what it is, would not the appointment of this committee add to that burden? It is sure to add something. Another reason why, I am against this proposal is, that I belong to a constituency which consists very largely of soldiers. There has already been so much retrenchment in the Army that out of every three regiments two have been disbanded. The same thing has happened nearly everywhere in the Army, and I want to impress upon the House that people are already discontented, and if in the future you want to raise additional troops from those areas the people would not be willing to join, for the experience of their fathers and brothers has shown them that after being called up they have been thrown out into the world without funds or means of occupation. That is a point which I want particularly to put before this House. Then, Sir, as the House knows, my active service is something like 8½ years in various campaigns. I have seen what the requirements of an army are. It has been said, again and again, that the Indian Army was the worst clad. When prices are rising universally it is natural that the expenditure on the army must also rise, and if it is to be kept, I think it ought to be kept in a state of efficiency. With that I think every one will agree. Then, Sir, it must be further considered that great changes are taking place in the matter of military equipment by the

introduction of mechanical transport, aeroplanes, etc., and it is very necessary that we should keep pace with those changes or the efficiency of the Army will suffer greatly. The consequence is of course that we must face the expenditure involved. Finally, it has to be borne in mind that the curtailments already effected have unsettled the minds of officers and men alike, and they do not know what will happen next. I hope the House will consider all these points. It is for these reasons, Sir, that I am against the Resolution.

The HONOURABLE MR. LALUBHAI SAMALDAS: Sir, I join the Honourable Mr. Cook in expressing regret that the Honourable the Finance Member's other duties have not allowed him to honour us and to give us a lead in this matter. But when the Honourable Mr. Cook said that he could not perform the duty of speaking on this Resolution as well as the Honourable the Finance Member would have done, I believe he was being too modest; because, as you have seen, he has discharged the duty practically as well as the Honourable the Finance Member would have been able to do.

Coming now, Sir, to the Resolution that is before us, the Honourable Mr. Cook defined the two methods of reducing national expenditure, both of which have been raised in the Resolution of my Honourable Friend Mr. Kale. He gave us—I will not call it a lecture—but he told us what was the difference between retrenchment and economy. I entirely agree as to the distinction drawn by him between those two terms. But I do not think that he was quite justified in saying that the Finance Department has always been practising economy. He said that at the present time and in times of stress they have to do so. I believe they do. But he went a little further and said that even in prosperous times there would be no justification for spending a single pice more of the general tax-payer's money than was absolutely necessary. I quite agree with him on the principle that there can be no justification for spending any more money than is absolutely necessary. But can every Finance Member lay his hand on his heart and say that in prosperous years he has always abided by that rule, and that he has not relaxed his scrutiny of the demands of other Departments? The Honourable Mr. Cook referred us to his Official Colleagues as witnesses in his behalf. I have been among his Official Colleagues and I have heard complaints against the Finance Department. I have been told that they are—I will not say miserly—such strict economists that the Departments have to suffer in consequence. That is true enough of this year, of the last year also, but can it be said that even in prosperous years the Finance Department has not winked at various items of expenditure? That is the reason why we should go in for retrenchment now. We want to economise and we do want to have the opportunity of suggesting measures for effecting economy in various Departments; but we cannot stop there; we may have to go in for retrenchment. I do not agree that the Government in the Finance Department have always looked only to the interests of the general tax-payer and have not at times allowed the Departments to increase their costs unnecessarily. Now my Honourable Friend, Mr. Cook, gave us figures—very interesting figures—of the various items of expenditure. His idea was to floor my friend Mr. Kale and those who supported him by saying here 'these are the figures, can you show us any method of reducing them?' I am prepared to accept the challenge and I will take item by item and show how we can, if a committee is appointed, reduce the amount. The first item, which is the most important, of 68½ crores for the working expenses of Railways, Posts and Telegraphs, which it is said were required if we were to keep up the efficiency of those services. My point

[Mr. Lalubhai Samaldas.]

is that a committee composed of strong business-men would be able to go into this item and find out whether it was not possible to have retrenchment or economy in those three Departments. . . .

The HONOURABLE MR. E. M. COOK: Sir, I would like to make a personal explanation. I said as regards those working expenses that we might perhaps be able to economise, but we certainly could not retrench without a loss of revenue.

The HONOURABLE MR. LALUBHAI SAMALDAS: My Honourable Friend, Mr. Cook, says that you could not retrench. I say we may. I do not say that we shall be able to do so, but it is just possible that we may be able to show methods of retrenchment without in any way impairing the efficiency of the Department. Let the Departments concerned lay all their cards on the table and let the committee examine them, and then it will be our duty to say—

'Here are methods by which retrenchments can be effected without in any way impairing efficiency;'

if we cannot do it we will say that expenses have gone on quite well; and then as my Honourable Friend, Mr. Khaparde and others have said you could go to the public and say—

'We have the support of these business-men. They have gone into all these Departments' expenditure and they say it cannot be reduced without impairing the efficiency, that is, impairing the income-raising power of those Departments.'

Then, Sir, the next item is Military. My Honourable Friend, Colonel Sir Umar Hayat Khan, said that there was a grievance in the Punjab amongst the military classes, due to the disbanding of two regiments. I quite sympathise with what the . . . . .

The HONOURABLE COLONEL SIR UMAR HAYAT KHAN: May I just say, Sir, that I did not say two; I said two out of every three, that two-thirds had been disbanded and one-third left.

The HONOURABLE MR. LALUBHAI SAMALDAS: The military requirements have been considered, as my Honourable Friend, Mr. Cook, said by the Military Requirements Committee. But I do not know whether that committee had the power to examine the whole of the policy of the Military Department in the country. If it was not the case, is it not time that the whole question of the policy underlying the military service should be examined by a committee composed of His Excellency the Commander-in-Chief and some of his best military men and assisted by business-men who could advise as to where economies could be effected? That is a large question. It has been suggested, as My Honourable Friend, Mr. Sethna, said, is suggested by two eminent members, one of whom was a member of the other House at . . . . .

The HONOURABLE THE PRESIDENT: With reference to that, I have no recollection that any Resolution of the kind was moved in this Chamber.

The HONOURABLE MR. LALUBHAI SAMALDAS: Not moved, but was to be moved . . . . .

The HONOURABLE MR. SETHNA: On a point of personal explanation, Sir, I said it was not reached.

The HONOURABLE MR. LALUBHAI SAMALDAS: That shows that the country is really very anxious to have this question examined very thoroughly by its representatives. There is a feeling among students of that

question that it is just possible—not perhaps to reduce the army, because that is a question on which we laymen have no right to pass an opinion—but that it is just possible, for instance, to reduce some of the British Army and have instead an Indian Army; that is a question that will have to be gone into, whether the number of British officers should be the same, for instance; and all these questions of policy will have to be examined. Will it not be better if one committee went through all these questions of economy and had an opportunity of studying this subject?

Then, the third item is Interest and Annuities. My Honourable Friend Mr. Cook said that we have to incur these charges; I see of course that we cannot reduce it, but a committee can give a lead as to how future loans should be raised. I had a Resolution, Sir, which was not reached, where I said that the sterling loan of 7 per cent. was a mistake by the Secretary of State and his advisers. We do not want such mistakes to be repeated; and a committee appointed to go into this question might suggest as to what should be the best lines on which future loans should be raised. In that connection, Sir, may I refer to an opening remark of my Honourable Friend, Mr. Kale? He said he did not want to refer to the question of currency and exchange. I think he did aright, because if he had spoken on it he would have exceeded the half-hour, since as we saw in the other House the debate took three hours yesterday. But that is also a question on which we non-official members who are business-men and who suffer the most by Government's manipulating the exchange ought to have a right to give some opinion on the subject.

The last item, Sir, is Civil. My Honourable Friend, Mr. Cook, said:

'Are you going to reduce departments? Are you going to interfere with the relations with the Indian States? What about frontier policy? And what about the relations with the British Government?'

These are questions which are very big questions. As regards Departments, I do not know why a committee like that might not be able to say—I hope my Honourable Friends who are sitting here will not misunderstand me when I say that—that departments which are transferred and provincial should not have Executive Members of Council in the Central Government. That is a question that may have to be gone through. Why should Revenue and Agriculture or Education and Sanitation, which are purely provincial and transferred subjects, be represented here? Revenue may not be a transferred subject yet, but agriculture is; and if Members of Council are not here, why should there be those departments? It is a question of policy. And why should we not be given an opportunity of expressing our opinion on such policy?

Now, Sir, I refer lastly to one point. My Honourable Friend said that His Excellency the Viceroy had taken up the matter personally. We are very grateful to His Excellency because it is really a matter of very great importance. You cannot go on increasing taxation without hitting industries and commerce; and hitting industries and commerce means lowering of wages all round; and lowering of wages all round means reducing the consuming capacity of the population and that also reacts on the consumer who will not be able to order things. It goes on in a vicious circle and if we go on like that, it will be making the country poorer and poorer. I am quite sure that His Excellency the Viceroy and Members of the Executive Council have realised the importance of this subject, and having realised it have decided to make an appeal to all the Departments concerned to find out ways as to how expenditure should be

[Mr. Lalubhai Samaldas.]

reduced. A special officer with strong financial experience is to be appointed, as my Honourable Friend, Mr. Cook said. My Honourable Friend, Lala Sukhbir Sinha said:

'Why should not our committee be associated with this officer?'

That will meet the demand made by my Honourable Friend, Mr. Kale, for a committee and at the same time, it will merely be a little addition to the expense, as my Honourable Friend, Sir Umar Hayat Khan, said in carrying out this work of making inquiries and retrenchments and economy in the administration. Excepting that the committee might lead to delay or might lead to further extra expense, my friend, the Honourable Mr. Cook, has not shown any reason why a committee should not be appointed. I myself may say that I have not very great faith in committees, but in the absence of any other alternative, I think the best alternative is to have a small committee associated with the special officer appointed under the orders of His Excellency the Viceroy to find out in what way economy should be introduced into the administration. With these words, Sir, I support the Resolution.

The HONOURABLE RAI BAHADUR LALA RAMSARAN DAS: Sir, I rise to support the Resolution which has so ably been moved by my Honourable Friend Mr. Kale. I will not take much time of the Council, as what I wanted to say has already been said by some of my Honourable Colleagues who spoke in its support. My Honourable Friend, Mr. Sethna, has compared the tax on incomes in England with the tax on incomes in India, and in this connection I should like to mention that in India we have got land-revenue which means land tax, and this, as far as I know, does not exist in England. In India, we are assessed at practically 50 per cent. on our net agricultural incomes, and I think Government, if they do consider the question of enhancing the income-tax, will bear this point also in mind. In considering the present situation, I think it will be unwise to launch on a scheme of very high taxation. It will give another tool in the hands of the agitators who are at present creating and fostering discontent. When this Council offers its help to the Government in trying to solve the present financial stringency, I do not see why Government should not take advantage of the offer. There should be a limit to taxation, and that limit, as far as I think, has already been reached.

The HONOURABLE MR. BOROAH: Sir, I am very glad to hear that His Excellency the Viceroy is trying his very best to find out means to reduce expenditure. But I am of opinion that the proposed committee, if appointed, will greatly strengthen His Excellency's hands. I, therefore, beg to support this Resolution. The Honourable Mr. Kale has made only a very modest demand. He does not want the Government to cut down expenditure arbitrarily or at once. He simply wants a small committee to make inquiries and make proposals. These proposals again are to be concrete, which shows that he makes quite a business-like and practical suggestion. Again, Sir, he does not ask for a purely non-official committee or even one with a non-official majority. It is open to the Government to put on the committee their own members and also their experts. Perhaps, all that the Resolution aims at is, that there should be a strong non-official element in the committee. Sir, I need hardly submit that the non-official members in both the Houses of the Legislature are as much anxious for good and efficient government as their Official Colleagues, and that there is, therefore, absolutely no reason whatever to suppose that they will

embarrass the Government by making unreasonable and impracticable proposals in the committee.

Now, Sir, the reforms have caused an enormous increase in the expenditure, without bringing about a corresponding increase in the income. Some of the Local Governments are working at a considerable loss. Look at Bengal, look at Madras, look at Assam. It is the same everywhere.

Again, as an effect of the great war everybody has been compelled to cut down expenditure. Every business, every industry has drastically cut down expenditure and is practising strict economy. I am not aware of the Government ever being able to do much in this direction. I assure this House that there is a very large section of the cautious, considerate and intelligent people in the country, both officials and non-officials, who hold that there is vast room for economy almost in every department of Government. The remark of some of these gentlemen, when put in modest language, comes to something like this, that economy can be learnt with greater advantage in some of the big business firms than in any Department under Government.

I must also point out here that want of economy and the recent increase in expenditure in Government Departments are some of the causes of the present unrest; and this leads me to believe that the Honourable Mover has put in his Resolution at a most opportune moment.

With these words, I support the Resolution, and I hope, considering the above circumstances, and considering also the modest nature of its demands, there will be very little opposition in the House to the Resolution.

The HONOURABLE MR. V. G. KALE: Sir, I am very thankful to my Honourable Colleagues who have supported, by their speeches, the request that I have made in the Resolution for the appointment of a committee. The attitude which the Honourable Mr. Cook has taken up, on behalf of the Government has come—I cannot say—as a surprise upon me. I must congratulate the Honourable Mr. Cook on the doggedness he has shown in resisting a popular demand for a committee of inquiry. He has thrown down a challenge to me and asked me if it is possible for me to put my finger upon items of expenditure where either economy or retrenchment can be brought about. I do not think, Sir, that it is a very fair challenge to make.

The HONOURABLE MR. E. M. COOK: Sir, I did not make any such challenge at all.

The HONOURABLE MR. V. G. KALE: I am very glad that no such challenge has been thrown down. Had it been thrown down, I would have very gladly taken it up. Government who are in possession of all facts and statistics relating to expenditure are certainly in a position of advantage when compared with their critics. It is easy for Government to come down upon their critics and say: 'well, you are suggesting to us economy and retrenchment, do you think this is practicable?' My reply is that it is practicable. Give us all your facts and figures; allow us to have a glimpse at all your items of expenditure, and I am certainly prepared to show where a large reduction in expenditure can be made. It has also been suggested that we may try to make reductions in expenditure which will stumble upon matters of policy. Now, Sir, I am not afraid of matters of policy. I do not see why the representatives of the people should not be allowed to discuss even questions of policy. In England and other countries the position is otherwise. When a complaint was recently made

[Mr. V. G. Kale.]

in the House of Commons about the growth of expenditure, the Chancellor of the Exchequer, Mr. Chamberlain, could say :

' I am not here to say that there is no expenditure which might not be prevented. We ought to be striving all the time for this. I am not here to say that there are not small savings to be made, but I do say that a large amount of money is in policy. The problems which involve large expenditure have not been forced upon an unwilling House by an arbitrary Government. They have been called for by the House, and in many cases perhaps forced upon the Government which was reluctant to adopt the measures.'

Now the position in India is quite the opposite. We have not forced any policies upon the Government: we are not allowed to do so. The Government are themselves responsible for the policies which are at the back of many of their items of expenditure. We should very much like to discuss even these questions of policy, policy for example, which is at the back of the expansion of the railways, policy which is at the back of the incurring of a public debt, policy which is at the back even of the organization of the Army. I see no reason why the public should not be taken into their confidence by Government and given an opportunity of discussing such questions. It is upon questions of policy that public opinion is very sore. Public opinion does want that the policy should or should not take a particular turn, because it is upon the direction of policy that public expenditure depends. That being so, I think that Government should not resist a request for a committee. I am very glad that the Viceroy has issued orders to different Departments that they should explore all scope for economy; but I shall not be satisfied with these orders. Such orders have been issued in England by the Prime Minister and the Chancellor of the Exchequer. They have issued orders to different Departments, but over and above that, there have been independent committees. Numerous committees have thus been appointed as I have already pointed out. After all, the administration can be successfully carried on if it inspires confidence in the public mind. What is most urgently needed at the present moment is, therefore, that public confidence in the policy of Government and in the actions of Government, and especially in the financial policy and measures of Government, should be enlisted by Government; and I do not think that Government will be acting very wisely in opposing a request of this character. So far as I see, it is a very modest and a reasonable request, and if it is opposed, the feeling will be created in the public mind that the Government do not want the public to be taken into their confidence. Promises have been made in the past about curtailment of expenditure; those promises have not been carried out, and the present promise will be like those others in the past which did not fructify. I do not want that such an impression should be created in the public mind. Consequently, if a committee is appointed and is associated with the officer that is going to make inquiries into the question—it may be a small committee; I have not named the number; I have not prescribed the composition of the committee;—if a small committee were associated with the officer who is going to make an inquiry, I shall certainly be satisfied and even the public will be satisfied.

With these words, Sir, I request my Honourable Friends to support my Resolution.

The HONOURABLE MR. E. M. COOK: Honourable Members have gone thoroughly into this question, and I really think that there is not very much more to be said. We have, if I may say so, had a most interesting debate, on one of those matters on which, if it is not impertinent for me

to say so, this Council always shows itself at its best. Whatever the result may be, it certainly will have one consequence, and that is, it will very much strengthen the hands of the Government in their policy of retrenchment. I am very sorry indeed that the Honourable Mr. Kale has not found it possible to meet us half way. I am very sorry that he is not willing to accept the view that Government should make the first attempt at retrenchment. I am sorry that he has not been able to give weight to the reasons which I gave to the Council as to why it is, on the whole, preferable, if you are trying to achieve retrenchment, that this should be carried out by the method that I have described to the Council. I think I have showed the Council, and I think that it was convinced by what I said, that we are absolutely sincere in this. Now, it is a very unthankful task to seem to be refusing such a request, or to create any impression in the country that Government are not earnest about this matter. If that impression is created, I do not think it will be the fault of the Government. If, as I said in my first speech, we were really not in earnest, if we wanted to shelve this matter, we should undoubtedly have agreed to the appointment of a committee. It is because His Excellency the Governor General in Council is so determined to effect retrenchment to the maximum extent in the shortest possible time that he has decided upon this procedure. I appeal to my Honourable Friend, and I appeal to the Council, to give Government a chance in this matter. Let us see what we can do. If you are not satisfied, then you are of course at liberty to come up again for a committee. It is not that we do not want to retrench; it is not that we have got anything to conceal; it is not that we despise non-official advice or despise business advice; it is because we want to get on with the job; it is because we want to get it done. I take it that my Honourable Friend would have felt better to withdraw this Resolution if there had been some sort of non-official association with the procedure which Government contemplate. I take it that it is also the wish of the Council that, as far as possible, Members of the Legislature and non-officials should be associated with this work which is now shortly to commence. I need hardly say that that view will be brought before His Excellency the Governor General, and I think we can be quite sure that he will attach the greatest possible weight thereto. If it is found possible to associate non-officials with this inquiry that is about to begin, I for one will be pleased. But we want to start it and get on with it. There is one argument that has found its way here, and that is;

'It will set the public mind at rest to have a joint committee of the two Chambers. We shall then be able to go to our constituencies and say: Look here, we have got something'

The HONOURABLE MR. LALUBHAI SAMALDAS: Nothing of the kind.

The HONOURABLE MR. E. M. COOK: At least one Honourable Member said that it would set the public mind at rest. Well, Sir, I admit that that is a very important consideration. But I came here to-day supposing that we were going to discuss the quickest, the best and the most effective method of retrenchment, and not any matter of tactics. I am sure that the public will be convinced, when it reads this discussion, that the Council and Government are of one mind in this matter. I am sorry there has been a difference over this matter of procedure, but I can assure my Honourable Friend, and I can assure the Council, that it does not arise in any way from Government being lukewarm on this vital matter of retrenchment. I, therefore, must conclude by appealing to the Council

[Mr. E. M. Cook.]

to be patient, and in view of what Government itself intends to do, to wait and see what we accomplish.

The HONOURABLE MR. SETHNA: On a point of order, Sir. In view of the suggestion that has fallen from the Honourable Mr. Cook, will it be right to request you, Mr. President, to postpone the voting on this Resolution until to-morrow when we meet? The Honourable Mr. Cook has told us that the views of this Council in regard to one or two members of either House being associated with the Government officer who is to look after the retrenchment in the Departments as decided upon by His Excellency the Viceroy will be duly conveyed and the Honourable Mr. Cook has hinted that His Excellency might accept the suggestion and perhaps Mr. Cook will be able to let us know His Excellency's decision to-morrow.

The HONOURABLE THE PRESIDENT: That is not a point of order. The matter is now ripe for decision after full discussion, and the Council must take its decision. There can be no question of postponing the voting while negotiations are going on. If it is a question of negotiations, the negotiations should have been carried on before the termination of the discussion.

The question is that the following Resolution be adopted:—

'This Council recommends to the Governor General in Council that a committee consisting of members of the two Houses of the Legislature be immediately appointed to explore all possibilities of retrenchment and economy in national expenditure, and to make concrete proposals regarding the same.'

The Council divided as follows:

#### AYES—13.

Ayyangar, Mr. K. V. R.  
Bhurgri, Mr. G. M.  
Borooh, Mr. C.  
Chettiyar, Rao Bahadur S. Rm. M. A. A.  
Froom, Sir A.  
Harnam Singh, Raja Sir.  
Kale, Mr. V. G.

Keshava Prasad Singh, Maharaja Bahadur.  
Lalubhai Samaldas, Mr.  
Ram Saran Das, Rai Bahadur Lala.  
Sethna, Mr. P. C.  
Sukhbir Sinha, Iala.  
Zulfiqar Ali Khan, Sir.

#### NOES—19.

Akbar Khan, Major Mohamed.  
Amin-ul-Islam, Khan Bahadur.  
Bahram Khan, Nawab Sir.  
Baker, Mr. C. M.  
Barron, Mr. C. A.  
Cook, Mr. E. M.  
Edwards, Major General Sir W.  
Forrest, Mr. H. S.  
Lindsay, Mr. H. A. F.  
Lloyd, Mr. E. S.

Mayhew, Mr. A. I.  
O'Donnell, Mr. S. P.  
Rawlinson, His Excellency Lord.  
Sarma, Rao Bahadur B. N.  
Shafi, Mian Sir M.  
Smith, Mr. H. Moncrieff.  
Tek Chand, Diwan.  
Wood, Sir J. B.  
Zahir-ud-din, Khan Bahadur S.

The Resolution was therefore rejected.

#### ADJOURNMENT OF COUNCIL.

The HONOURABLE THE PRESIDENT: Before I adjourn the Council, I should like to ask Honourable Members a question. There is one more Resolution on the paper for to-day. To-morrow there is very little work

and this Resolution might perhaps be taken to-morrow instead of this afternoon.

(The proposal was agreed to).

I think then that the view of the House is that the remaining \*Resolution, which runs as follows, be taken to-morrow:—

\* 'This Council recommends to the Governor General in Council that steps be taken to increase the number of Indians in the higher grades in the service of the Port Trusts and to lay down a definite policy in regard to the same for the future.'

The HONOURABLE MIAN SIR MUHAMMAD SHAFI: Sir, with regard to the proposal which you have been pleased to place before the Council there is one observation I should like to make. Under the Rules of Business on days other than those which have been allotted by the Governor General in Council for non-official work, no non-official work can be taken without the consent of the Governor General in Council. The rule which lays this down is rule 20. On behalf of the Governor General in Council, however, I am agreeable to this postponement.

The HONOURABLE THE PRESIDENT: I am much obliged to the Honourable Member for drawing my attention to that rule. The rule is a new one and was not included in the rules framed by the Parliamentary Committee. I much regret that it escaped my attention and thank the Honourable Member for bringing it to my notice. It is possibly a matter which will subsequently come before the House in another form.

The Council then adjourned till Thursday, the 26th January, 1922, at Eleven of the Clock.