

Thursday, 24th February, 1927

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OF THE

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# COUNCIL OF STATE

Thursday, 24th February, 1927.

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

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THE HONOURABLE THE PRESIDENT: I have to inform the House that the Honourable Members in whose names Resolutions Nos. 1, 2 and 4 stand in to-day's list of business have informed me that for various reasons they are not moving those Resolutions to-day. The only business therefore before the House is Resolution No. 3.

Mr. Ramadas Pantulu.

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## RESOLUTION *RE* REDUCTION OF AGRICULTURAL INDEBTEDNESS.

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

"This Council recommends to the Governor General in Council to adopt measures for the reduction of agricultural indebtedness in India and to establish Land Mortgage Banks to provide agriculturists with long term, easy and productive credit."

Sir, the aim of this Resolution is to draw pointed attention to the low economic condition of the agriculturists in this country and to urge upon the Government and my Honourable colleagues here the imperative necessity of improving the efficiency of the agriculturist. 78 per cent. of our population live in villages and depend for their sustenance upon agricultural incomes. So any attempt to uplift this country cannot succeed unless and until the condition of the vast agricultural population of this country is improved. At present the ryot is actually weighed down and is groaning under the heavy burden he carries on his shoulders, the heavy loads of agricultural indebtedness and traditional illiteracy. The consequence is that the rural population now lives in an atmosphere of utter depression. The poverty of the Indian ryot is proverbial. This poverty with its concomitants is eating into the vitals of the rural body economic. Unless its ruinous course is arrested, Sir, I am painfully conscious that it is bound to lead to economic paralysis, if not to economic death. The causes of this poverty are many and varied. They are actually working in a vicious circle. They can be summed up in one word, namely, chronic poverty leads to low agricultural production and low agricultural production in its turn leads to poverty. This low agricultural production conveys with it three important significations. *First* of all it means that the quantity of produce raised by the people in this country per head of population is considerably less than what is required for the economic needs of the people. It is

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well known that a vast majority of the people of this country are underfed and are ill-clothed; many of them go without a full meal a day and many more without two meals. The *second* significance of low production is that the unit of produce obtained from land in India is less than the unit of produce got from an equal area of land in other countries. I have been looking at some very interesting agricultural statistics collected in the International Year Book of Agricultural Statistics for 1909 to 1921, and a perusal of those figures has disclosed some startling facts. Take for instance the two staple crops, wheat and rice, and the two commercial crops, oil seeds and cotton. What I find from those figures is that the unit in the case of wheat is 23.8 in the United Kingdom, 16.5 in France, 17.1 in Egypt, while it is so low as 6.5 in India. Then in the case of rice, as against 19.6 in the United States of America and 27.2 in Egypt, India's figure is only 15.7. With regard to oilseeds, as against 4.4 in the United States and 8.7 in Egypt, our unit is 3. Our figure for cotton is 1.1, as against 2.7 in Egypt and 1.4 in the United States. With nearly half the acreage of the world under sugarcane, India produces about one-fifth of the cane sugar of the world. I believe it was Sir Visvesvraya Aiyer who drew pointed attention to the fact that Japan with a population of 56 millions is able to give them sustenance with a cultivated area of 17 million acres, while in British India a population of 200 millions is hardly sustained on a cultivated area of about 220 million acres. The *third* significance of this low agricultural production is the low quality of the products and the consequent disadvantage which Indian products suffer in the world's markets in comparison with the products of other countries. Indian products not only fetch a low price, but as they are inferior in quality they are being literally driven out of the markets. So that even in this field of hereditary occupation in India the competition of the more advanced countries is telling very injuriously.

This poverty has been the subject of investigation by the Government of India and Local Governments on various occasions, but so far as I know no organized attempt has been made to consider the question with respect to India as a whole, and I am unable to find any reliable figures which will show the exact amount of indebtedness or the causes of and remedies for indebtedness. It is generally computed, Sir, that the agricultural indebtedness in India at present is about 600 crores, and in my province some investigations were made which disclosed the fact that the agricultural debt in Madras is somewhere between 90 and 100 crores. The question was considered at some length by the Commission appointed to investigate into the causes of the agrarian riots which occurred in the Deccan in 1875, and the findings of that Committee would seem to me to be of very real value even now, because Sir Frederick Nicholson, who investigated the causes of poverty in my province, has pointed out that the findings of the Commission are of general applicability in spite of the fact that the inquiries of the Committee were confined only to a small restricted area. Sir Frederick Nicholson summarized the findings of the Committee as to the causes of agricultural indebtedness thus. The causes were:

First, poverty with unproductive soil, precarious climate, and irregularity of income;

Second, ignorance and improvidence;

Third, extravagance;

- Fourth, ancestral debt;
- Fifth, expansion of credit;
- Sixth, increase of population without corresponding increase of return;
- Seventh, facilities for borrowing owing to influence of moneylenders;
- Eighth, the limitation laws, as leading to renewals on unwholesome terms including compound interest;
- Ninth, revenue system of a fixed demand.

If we examine the conditions of other provinces, perhaps it will be found that all these causes are operative in varying degrees. Some of the causes will be more predominant in one province, others in other provinces. The excessive fragmentation of holdings which has led to the uneconomic character of the holdings and some other factors were not mentioned in the findings of the Commission; but they can be brought perhaps under one or other of the heads summarized by Sir Frederick Nicholson. But I think the findings of the Committee have omitted to mention a very potent cause which appears to have contributed very largely to the increase of indebtedness: it is the destruction of cottage industries and the consequent loss of income to the ryot by a subsidiary occupation in times of off-season.

Then with regard to the question whether the indebtedness is increasing or decreasing, I think there is general agreement on the question that this indebtedness is increasing and, not decreasing. I shall quote one very good authority, Sir Edward Maclagan, to whom we are all indebted for a brief but illuminating conspectus of the situation as it stood in 1911. He observed as follows:

"It has long been recognized that indebtedness is no new thing in India. The writings of Munro, Elphinstone and others make it clear that there was much debt even at the beginning of our rule. But it is also acknowledged that the indebtedness has risen considerably during our rule and more especially during the last half a century. The reports received from time to time and the evidence of annual sale and mortgage data show clearly that there has been a very considerable increase of debt during the last half a century."

Before I proceed, Sir, to suggest the ways and means for reducing this debt, let me guard myself against a possible misapprehension. I must not be understood as stating that indebtedness is in itself an alarming feature. Indebtedness, when productive, is really helpful. A productive debt is as helpful to an agriculturist as capital advanced to an industrialist. Therefore such portion of a debt as is really productive is not a cause for any anxiety. Secondly, let me also make it clear that I am not denying that the agricultural population of this country have had their share of the benefits which have accrued to the country at large by the improvement of communications, by vast irrigation schemes, by the opening of trade, by the maintenance of law and order and such other facilities, which have developed in the last fifty years. Indeed it has been asked very often why indebtedness has not decreased in spite of all this prosperity. One probable answer perhaps is that the indebtedness has not decreased, and is there, *not in spite of* these things but *because of* these things. These factors have contributed to impart an enhanced value to the land as well as to agricultural products. And the system of land settlement and record of rights has invested individual ownership with an authoritative estimate of value, and therefore the land has become a very coveted security and it has enhanced the borrowing power of the ryot. So debt is perhaps increasing on account

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of the facilities which these factors have contributed to the borrowing capacity of the ryot. But the tragedy of the situation is that these facilities are not used by the ryot to improve his economic condition; on the other hand, he is faced with difficulties which have led to the increase of unproductive debt. The consequence is that to-day he is in a very low state of economic efficiency and is unable to produce enough for the people of this country.

Sir, the next question is, assuming that there is all this indebtedness, how is the Government interested, how is the Government bound, to look into this matter? Is it not a matter between creditor and debtors? Why should Government be asked to reduce this debt? To my mind the answer is very simple. The low economic efficiency of the ryot will lead to a deterioration of the soil and impair the productivity of the land. Land is a national asset, and the State is bound to preserve it in an efficient condition and in an economic state for the benefit of future generations. The State also derives most of its income from the land. Therefore, these considerations ought to be sufficient to induce the State to see that the economic condition of the ryot, which is the cause of his poverty and low efficiency, is improved. Sir Edward Maclagan has given other very good reasons for the State being interested or being under an obligation to reduce the agricultural indebtedness of the country. He says:

"It is necessary for the Government, not only in the interests of the people but also in its own interests, to see that the evil does not spread too far and that its consequences are mitigated as much as possible. It must in the first place be remembered that if a large body of people is oppressed by a load of debt, they must necessarily become dispirited and discontented not only with the load of the debt itself, but also with the classes to whom debt is owing and with the agencies to whom the severity of the debt is attributed. It is further impossible for the Government to view with equanimity any large increase in wasteful and unnecessary expenditure by which the balance at the disposal of the peasant for improving agriculture is seriously reduced. There are also certain consequences of indebtedness such as mortgage or sale of land which lead directly to class discontent and occasions will arise when the intervention of Government is necessary to prevent the growth of a large body of discontented agriculturists who have lost possession of their ancestral properties."

He proceeded to illustrate these dangers thus:

"The Sonthal rebellion of 1855 was due to an outburst of the peasant debtors against their creditors and there was a good deal of the same sort of thing in the United Provinces during the course of the Mutiny in 1857. The same cause was the origin of the Deccan riots of 1875 and of the riots at Ajmer in 1891. It was therefore held by many competent authorities that the constant transfer of lands from the peasants to the creditor class entailed a political danger and that the Government could not afford to wait till the danger came to a crisis."

Therefore, it is the interest and the duty of the State to see that the indebtedness does not grow to alarming proportions.

The next question is, what has the Government done and what do the people want Government to do? Various remedies have been adopted by the people and the Government have also tried several methods of reducing indebtedness. Broadly speaking these remedies can be grouped under five heads. *Firstly*, removing from the peasant, as far as possible, all causes for uneconomic borrowings and inducing him to confine his wants as far as possible to legitimate objects. *Secondly*, adoption of measures to ensure for the peasant fair treatment in the determination and recovery of debts claimed against him by the improvement of the provisions of processual and contractual laws. *Thirdly*, adoption of measures calculated to prevent the

peasant from experiencing the more serious consequences of indebtedness, such as the loss of land or the permanent impairment of capital by restricting the power of alienation over the land. *Fourthly*, relieving pressure on the land by promoting schemes for the reclamation of fresh land and creation of subsidiary occupations; and *fifthly*, devising means by which the peasant may obtain such money as he really wants for economic objects on easier terms than are now available and with less disastrous results; in other words, measures undertaken with the object of providing and maintaining credit or redeeming debt.

I shall confine myself to the last of these remedies and say nothing about the others which are all in operation in some degree. It is perhaps not so well known as it ought to be that agriculture like every other industry requires capital and credit for its being carried on. Mr. Wolff puts it very well when he says:

"Under pressure of advancing times agriculture has long since become from the easy self-rewarding occupation which it is understood to have once been, a business of money and enterprise like all other business, having the same tasks set to it but not the same means at its disposal wherewith to accomplish the task."

So credit is indispensable. But where does it come from? It usually comes from moneylenders and other sources which do not pay any attention to the purposes for which the agriculturist borrows money or the purposes upon which he spends it. Moreover, the doors of agencies like joint stock banks and other institutions which are expected to lend money on easy terms are practically closed to the agriculturist and the landholder for causes which it is not necessary for me here to enter into. Rural credit has several complications with which I have no time to deal. But it is of two varieties as all of you know—what is called short-term credit and what is called long-term credit. Short-term credit is an advance made to the agriculturist for carrying on his profession for purchasing seeds, fertilisers, for the cost of repairs, payment of *kist* and so on, which are recurring needs. Long-term credit is intended not only for lifting his old debts, but also for the purpose of making permanent improvements to land by sinking wells and so on, or by turning uneconomic holdings into more profitable economic ones by executing costly repairs, purchasing lands and so on. It has been the practice with the State in India from ancient times to advance money for both these kinds of needs, and the British Government have accepted in theory this responsibility and have been advancing monies under two legal enactments, namely, the Agricultural Loans Act of 1883 and the Land Improvement Loans Act of 1884. But the money advanced is not claimed by anybody to be sufficient or adequate. In recent times the organisation of co-operative credit societies has added another source of supplying short-term credit to the agriculturist. But the fringe of the problem of long-term credit has not yet been touched. There are certain peculiarities with regard to long-term credit which deserves special mention. The *first* feature of it is that this credit ought to be under a system of controlled borrowing wherein the purposes for which the loan and the manner in which it is spent are controlled by the creditor. *Secondly*, we should advance a sufficiently large sum of money to the agriculturist to enable him not only to lift his old debt but also to leave a sufficient surplus in his hands to effect permanent improvements to the land so that it may yield an increased return out of which he can pay back the loan. *Thirdly*, the money should be recovered in such a manner that it does not compel the debtor to borrow from other sources or to sell his land for paying back the money;

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in other words, it must be recovered from the margin of profit of his holdings in small dribblets spread over a long period of time. From this it follows that few individuals and few joint stock banks who hold their funds at call can afford to tie up their capital and take it back in dribblets as it is refunded bit by bit out of the earnings or savings from the soil during a long series of years. Therefore, a very special type of institutions has got to be improvised to satisfy the needs of the agriculturist. This type of institutions is called land credit associations or land mortgage banks. I have no time to go into the features of these banks. Various schemes have been propounded as to the most suitable forms of land mortgage banks for India.

The common feature of them all is that money is raised by floating debentures on the security of mortgages executed by ultimate borrowers to whom money is lent to the extent of 50 to 75 per cent. of the value of their holdings, and debenture holders hold as security a floating charge upon the mortgages. That is the general feature of it; but in various provinces various schemes have been set on foot which differ widely from each other. But which ever of these schemes may be adopted, I am of opinion that these land banks cannot be effectively started without some kind of State aid. I am not asking Government to lend any appreciable amount of money to these banks—it is unnecessary. There is enough money in the country forthcoming for the purpose, but only the State must give its initiative and aid in some form or another. The forms in which the State may usefully aid were stated by me to the Royal Commission on Agriculture before whom I gave evidence and I shall merely enumerate them here :

“(1) The State should contribute to the cost of inspecting and valuating land and assessing the credit of borrowers. (That is the most important function of a land mortgage bank).

(2) The interest on the debentures should be guaranteed by the State till they become popular in the market.

(3) The State should also invest in the mortgage banks monies lying in deposit with it at little or no interest.

(4) The Trust Act should be so amended as to permit the investment of trust funds in debentures of land mortgage banks.

(5) The right of summary recovery and other statutory facilities, under proper safeguards, should be given to these banks.”

I am glad to acknowledge that the Royal Commission on Agriculture is devoting attention to this question of land mortgage banks and the noble Marquis who presides over it has been taking a great deal of trouble to ascertain the way in which these institutions where they exist are working and the manner of improving them. I am hopeful that they will give a definite lead to this country by making some practical suggestions in their report when it is published, and that it will prove a real boon to the agriculturists. I have detained the House long, but I know that you will pardon me for being on my legs so long, because I am pleading the cause of the agriculturist which is so dear to you all. It is but bare truth to assert that what promotes agriculture benefits mankind, and that the progress of agriculture and the progress of civilisation go hand in hand. With these words I commend the Resolution to the acceptance of the Council.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN (Punjab : Nominated Non-Official): The reason why I hasten to get on my legs is

that whenever any question like this which affects the welfare of the zamindars has come before the House I have never lagged behind in supporting it. The House knows that extremes meet and though generally my Honourable friend the Mover and I do not see eye to eye this thing to-day brings him nearer to my heart. The Agricultural Commission who are here cannot do anything to help us if this Resolution was not adopted. I will be amazed to see if any Indian or any man connected with India or any public servant who eats the salt of India were to get up and oppose this Resolution. About 90 to 95 per cent. of the population is suffering from indebtedness and they ought to be thankful to our friend the Honourable Mr. Ramadas Pantulu for the Resolution that he has brought in to-day. I not only give him my wholehearted support, but I think the only solution to uplift India lies in this Resolution and I do hope that that great statesman whom we have been praising yesterday with all our emphasis will rise to the occasion and say that the Government Benches are on our side to-day and adopt the Resolution. I cannot see, Sir, how any one can possibly go against this Resolution and I hope my conviction will be all right.

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR (Education, Health and Lands Member): Sir, I think it will minimise discussion if I intervene at this stage and explain the position of the Government of India in respect of their attitude towards this Resolution, and I may assure my Honourable and gallant friend Colonel Sir Umar Hayat Khan that I am at one with him in my sympathy for the interest of the ryot population. At the same time let me assure the House that I feel it somewhat of an impediment to have to enter into the discussion of the Resolution moved by my Honourable friend from Madras on the floor of this House. If this Resolution had been debated in a provincial Legislative Council, it would undoubtedly have received a fuller, a more exhaustive and a more favourable discussion. The Resolution in fact asks for an expansion of the co-operative movement with a view to the extension of land mortgage banks in the provinces so that the agricultural population may thus be enabled to obtain long-term loans. It therefore obviously deals with two branches of the administration, namely, the co-operative credit movement and agriculture. Need I remind Honourable Members of the fact that both these departments of administration are, according to the present constitution under which we are working, provincial transferred subjects and therefore under the control of provincial Ministers. It was not very long ago that a Resolution dealing with the co-operative movement in India was discussed in this very House on the motion of my Honourable friend Sir Ebrahim Haroon Jaffer. I then tried to make it clear to the House that this was not the proper place where a Resolution of that description could be discussed, much less adopted, and I then tried to show what the respective functions of the Provincial Government and the Government of India were in regard to the administration of provincial transferred subjects. Even at the risk of tiring the patience of my Honourable friends I shall quote from that speech of mine a passage which I think will clear the position. I then said:

“When therefore we realise that this is an entirely provincial transferred subject what should be the attitude of this House? The Joint Parliamentary Committee which examined the Government of India Bill laid down a very wholesome rule in regard to the relations which should exist between the Secretary of State in Council and the Governor General in Council and those who are in charge of transferred subjects. They laid down as an axiom which I shall read for the information of the House and that axiom was ‘Over Transferred subjects the control of the Governor

[Sir Muhammad Habibullah.]

General in Council and thus of the Secretary of State in Council should be restricted in future within the narrowest limits possible which will be defined by rules under sub-clause (f) of clause 1 of the Bill, and in pursuance of it the Secretary of State has made the rules. They are as follows :

The powers of superintendence, direction and control under the Act or otherwise shall in relation to transferred subjects be exercised only for the following purposes : to safeguard the administration of Central subjects, to decide questions arising between two provinces in cases where the provinces concerned failed to arrive at an agreement, to safeguard imperial interest and to determine the position of the Government of India in respect of questions arising between India and other parts of the British Empire."

I then maintained that none of these conditions existed, and I therefore pleaded before the House that that Resolution could not well be discussed in this House, and I am glad to say that the Honourable Mover of the Resolution, when he saw the constitutional position involved, withdrew his Resolution with the permission of the House. We are to-day asked to discuss a Resolution which is more or less on the same lines, and I would once more submit for the consideration of the House the impropriety of discussing it here. But let me not be understood as meaning that the Government of India have no interest in or sympathy for the substance of the Resolution as moved by my Honourable friend. Indeed, I can assure the House on behalf of Government that there is no matter in which they would take greater interest than the upliftment of the agricultural population, which in this purely agricultural country is something like 80 per cent. of the entire population. I would ask the House to hold patience until this very important question has been thoroughly examined, carefully considered and reported on by the Royal Commission on Agriculture. My Honourable friend Mr. Ramadas Pantulu has already told the House that he has appeared as a witness before the same Commission and given his evidence before it, and I was indeed gratified to hear from him that he hopes that, as a result of the investigation which the Royal Commission is now making, very important results advantageous to the agricultural community will necessarily follow. I can assure the Honourable Member that, when the recommendations of the Royal Commission on this very vital matter are received, the Government of India will examine them with that attention and with that sympathy which the importance of the subject demand. But even so, it ought to be apparent to Honourable Members that any direct action which might be necessitated on the recommendations of that Commission will have to be taken by the Provincial Governments concerned; for as I have stated already, this is a provincial transferred subject. It was only in January of last year that a conference was held in Bombay consisting of the Registrars of Co-operative Societies employed in the various provinces and a large number of officials and non-officials who were interested in the co-operative movement. One of the recommendations that was made by that conference runs thus :

"Mortgage banks based on co-operative principles are desirable in many parts of India. No transaction should be undertaken which is not economically profitable to the borrower."

And then they defined the objects of such mortgage banks. The principal objects should be—

- (a) redemption of land and houses of agriculturists,
- (b) improvement of land and methods of cultivation and the building of houses of agriculturists,

- (c) liquidation of old debts, and
- (d) purchase of land in special cases.

The conference then went on to make suggestions regarding the area and management of such banks, the method of raising finances and of granting loans to members. In view of the constitutional position to which I have so often adverted, the Government of India, on receipt of the proceedings of this Conference, have communicated this Resolution to the various Provincial Governments, drawing their attention to it and asking them to take such action as they can.

Then I think I must say a word as regards the activities of the various Provincial Governments in this direction. It may be that the improvement in the development of this much-needed reform has not kept pace with expectations, but let me plead on their behalf that there are certain inherent difficulties in pushing this scheme through with such rapidity as one may desire or to hasten its pace. I shall not enter into all the difficulties which crop up in the successful working of land mortgage banks. I do not say they are insuperable, but the difficulties are there and have to be taken note of. In spite of that fact I am glad to acknowledge that certain Governments are applying themselves wholeheartedly and with all seriousness to the development of this movement in their respective provinces and I cannot omit to mention on this occasion the names of a few provinces which have started these movements already, notably, Madras, Punjab, Bengal and Burma. Other Governments, I am credibly informed, have applied their mind in this direction, and I fervently hope that they will also start similar banks in their respective provinces and thereby fall in line with this very necessary activity. I am not, as my Honourable friend, Colonel Sir Umar Hayat Khan feared, opposing the Resolution, but I am standing here merely for the purpose of explaining the constitutional position and trying to show to the House that this Resolution, in its present form, cannot be regarded as a concern of the Governor General in Council, for it asks us, if the Resolution is accepted, to adopt measures for the reduction of agricultural indebtedness in India and to establish land mortgage banks. The adoption of measures for the reduction of agricultural indebtedness is entirely a matter within the cognizance of Provincial Governments, and, similarly, the establishment of land mortgage banks in the various provinces is also a matter which is within the cognizance of Provincial Governments. By the adoption of a Resolution like this, the Government of India could take no direct action beyond referring this Resolution back to the Provincial Governments for such measures as they may consider necessary to adopt. Let me repeat we have done that already and on the strength of the Resolution passed at the Conference of Registrars in Bombay in January last, we have taken that action. There is therefore nothing more that the Government of India could do at this stage. Further, they would not like to take any action until they are in possession of the considered recommendations of a Royal Commission which they have themselves brought into existence the other day and which, as has been admitted, is applying itself wholeheartedly and very seriously to a solution of this very important question. I would therefore, in the light of these few remarks, ask my friend, Mr. Ramadas Pantulu, whether he cannot see his way to withdraw his Resolution at this stage.

THE HONOURABLE MR. P. C. DESIKA CHARI (Burma: General): Sir, the Resolution in the main is only a request for the extension of banking facilities in India. Though the word "agriculture" occurs in this Resolution, I hope any narrow or technical or restricted interpretation of the various rules, which has been the fashion with the Members of the Government here to adopt, would not be acceptable to the Members of this House. Sir, no doubt agriculture is a transferred subject, but I do not think banking in India is a transferred subject.

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR: May I at once enlighten the Honourable Member by saying that land mortgage banks are a transferred subject.

THE HONOURABLE MR. P. C. DESIKA CHARI: Sir, so far as the first portion of the Resolution goes, there is no objection, and that is, to adopt measures for the reduction of agricultural indebtedness. No doubt the objection which has actually been put forward for the extension of co-operative banking facilities would not apply to this case, because I think, on the whole, the extension of co-operative banking would not solve the problem of agricultural indebtedness. Co-operative banking excludes land mortgages, because co-operative banking as worked in India will be unsuitable to the conditions of India. The agriculturist can be benefited only by long-term loans, and it is not possible for the co-operative societies to give long-term loans as they are at present. Unless these co-operative societies are thoroughly overhauled and given an altogether different basis of working, they will not function as land mortgage banks. Sir, after all, the Honourable Mover has it in his mind, by putting forward this Resolution, only to request the Governor General in Council to apply their minds to agricultural indebtedness; and I find, Sir, that on some ground or other which may be available to the Members of the Government, they refuse to apply their minds to this vital question. Sir, after all, the adoption of a Resolution of this kind is not likely to be objected to even by those people who want to uphold the fiscal autonomy of the provinces like my Honourable friend, the Mover. Sir, after all, we are not trying to hamper the activities of the provinces; this Resolution only asks Government to co-ordinate the activities of the various provinces in the matter of the reduction of agricultural indebtedness, and, as a matter of fact, they have seen their way to accede to the request for co-ordinating the action of the various provinces in this respect by the appointment of the Agricultural Commission. No doubt the Agricultural Commission will collect a good deal of information and they are bound to make some sort of a report. But is it any reason that we ought not to discuss and come to a definite conclusion on a Resolution of this kind? I should think the fact that the Agricultural Commission is going to report on this aspect of the matter is the very reason why I would ask the Honourable Members of this House to support the Resolution and to give the considered opinion of this Association on this question in which the Agricultural Commission is directly interested in making a report. Sir, the acceptance of this Resolution may indicate that the representatives of the people are in favour of adopting practical measures for the reduction of agricultural indebtedness, and this would go a long way to support any recommendation which may be made by the Royal Commission on Agriculture for the reduction of agricultural indebtedness.

Sir, coming to the various aspects of the case, I find that in India the various provinces of India are ground down by a net-work of money-lenders, and especially in Burma we have got a very large net-work of moneylenders extending to the villages of our Chetties and *Shahukars*.

12 Noon. No doubt, they offer a good deal of assistance to the agriculturists, but from the way in which they work the agriculturists are likely to disappear giving place to the moneylending landowning classes. Sir, it is very necessary to take up measures in giving facilities for relieving agricultural indebtedness by starting banks not directly under State control but by a system whereby the State would guarantee the loans made to the agriculturists. It is necessary that the agriculturist should be in a position to wipe off his indebtedness and to apply a portion of the money that may be available to him from these loans to adopt improved methods of agriculture, and the system of long-term loans which has been advocated by my Honourable friend would come in handy for the solution of the indebtedness of the agriculturist. I think that, if under proper guidance and under proper guarantees the State comes forward to help the agriculturist to-day, they will have reason to congratulate themselves on their action because the sources of central as well as provincial revenue would be considerably improved and the adoption of the Resolution would directly accelerate the improvement of the central revenues in various directions. We very often find this theory trotted out that the State is the owner of the land in India, and if this theory is acceptable—and I see it is acceptable to the Government, and it is very careful to put forward that theory—it is but necessary that the State through its agency the Central Government should take steps to do its duty as the supreme landlord all over India, and it would serve no useful purpose to say that this function can very well be done by other people who have got restricted resources, who in fact find it almost impossible to carry on the administration with the rigid sources of income which are allowed to them under the system of Devolution Rules. With these words I commend this Resolution to your acceptance.

**THE HONOURABLE MAHARAJADHIRAJA SIR BIJAY CHAND MAHTAB OF BURDWAN (Bengal: Nominated Non-Official):** Sir, I do not know how you like the position to become the President of an association, as my Honourable friend Mr. Desika Chari likened the Council of State to a moment ago. We have rather travelled far in the discussion of this Resolution. For instance, the Honourable Mr. Desika Chari has given up all the lands and all the titles of superior landlords in this country to the Government in spite of what the Taxation Committee have said on this subject in their exhaustive report . . . . .

**THE HONOURABLE MR. P. C. DESIKA CHARI:** I only said that they put forward that claim and they ought to act according to their profession.

**THE HONOURABLE MAHARAJADHIRAJA SIR BIJAY CHAND MAHTAB OF BURDWAN:** He says he has put forward a claim on behalf of the Government . . . . .

**THE HONOURABLE MR. P. C. DESIKA CHARI:** Not I. The Government put forward the claim.

**THE HONOURABLE MAHARAJADHIRAJA SIR BIJAY CHAND MAHTAB OF BURDWAN:** However, I think on that point the Taxation Committee's Report is quite clear and what I wish to say at this stage is this. There can

[Sir Bijay Chand Mahtab.]

be no question that when a Resolution is brought forward which relates to agriculture generally and to the agricultural indebtedness of agriculturists, every one in this House will accord his support to that idea on principle and on theory. But when we have seriously to consider as to whether we should recommend to the Governor General in Council to take immediate steps to start a particular class of land mortgage banks which will help to minimise the indebtedness of agriculturists, we have got to take stock of not only what the constitutional position is of the Government of India, as has been so clearly stated by the Honourable the Leader of the House and the Member in charge of agricultural subjects in the Government of India, but also what are the reasons for this agricultural indebtedness in the country. I think, therefore, that if I may, I should in all seriousness ask the Honourable Mover to withdraw his Resolution at the present moment, firstly, because I do not think that Members of this House would be justified in precipitating any action on the part of the Government until the Government of India have had the Report of the Royal Commission on Agriculture which is now holding its sittings in India and which has, I believe, got to hold further sittings next cold weather. The second reason why I think we should not press this Resolution to-day is this. I come from a province where the agricultural indebtedness of the ryots is very great. There is a Member of the Council of State here whose father was a great friend of mine and was one of the pioneers of what has now come to be known as the co-operative credit movement. He started in Rangpur a system known as *Dharmagolas* which was to help the agriculturist with the loan of paddy. We all know that in Bengal the real curse of agriculture lies in the fact that there is so much sub-infeudation. Sub-infeudation goes on in my province to such an extent that, although we may call the Bengal ryot an agriculturist in name, I have often felt that the poorer ryots in Bengal would really do better financially if they had other occupation than agriculture and that there were bigger farmers in the province to carry on the farming. That is where the real problem of the future of agriculture lies in this country, namely, that, whereas those in Bengal, for instance, who are known as the great zamindars like my humble self, are not a menace, are not in any way an impediment to the improvement of agricultural prospects in the province, there can be no doubt that the power that lies in the hands of the tenure holders does impede the progress of the lower agriculturists. On the other hand, the smallest agriculturists by means of sub-infeudation have got into a position by which they are only agriculturists in name or in fact paid labourers of their immediate superior landlords. It is therefore, that I say that the question is not free from difficulties and if we were to be carried away purely by sentiment and give support to this Resolution we would not be benefiting the country generally, nor would we be helping the cause of agriculture in the way we would like to. For all these reasons I do think that the Resolution is premature, in view of the fact that there is this Royal Commission on Agriculture going about the country.

THE HONOURABLE RAO SAHIB DR. U. RAMA RAU (Madras: Non-Muhammadan): Sir, I welcome any Resolution which has for its object the improvement of the lot of the agricultural population of this country, and I all the more welcome this Resolution, because it aims at redeeming the agriculturists from a condition of misery and starvation and freeing them from the relentless hands of usurers and money-lenders. Agricultural indebtedness has become a chronic sore, something like a cancer, eating into

the very vitals of village life. Sir, this pitiable state of affairs is not entirely of the agriculturists' own seeking. The Government of India have also an equal, if not greater, share in bringing about this climax. The first appearance of the cancerous condition of the Indian agriculturist can be traced to the ruinous Land Revenue Policy of the British Administration in this country. The land-tax in India has almost reached the breaking point, and what with the frequent settlements and re-settlements as in the Madras Presidency, which helped the Government considerably to enhance the land-tax from time to time and what with the vicissitudes of the weather which brought about famine conditions every now and then, the agriculturist had perforce to contract debt and lead a life of chronic poverty and perpetual misery. Irrigation facilities are woefully wanting in many parts of the country still, transport facilities, such as roads, railways, etc., are poor, facilities for technical and vocational training and compulsory mass education are absent, and yet, Sir, the poor agriculturist is saddled with water cess, road cess, educational cess and a number of other cesses which add to his burden. Secondly, Sir, the defective educational policy of the Government, I mean secondary and collegiate education, is responsible also for the deplorable condition of the modern villager. I do not question for one moment the sincerity of these statesmen like Lord Macaulay, who had carried out the educational policy of India, which was calculated to the advancement of the Indian nation, morally, materially, intellectually and politically. But, Sir, in the practical application of this policy, by later day British statesmen, who were responsible for the governance of India, this broad and liberal policy had been whittled down and brought within very narrow limits, and our Indian universities to-day are more engaged in the manufacture of a countless host of quill-drivers, lawyers, doctors, engineers and other professionals who are necessary for administrative purposes, than in the production of technical and scientific men who could advance the industrial and agricultural regeneration of India. The net result of this short-sighted policy is that we have at the present day an army of unemployed middle class men, who had pawned their lands and spent their all in costly English education and had been left to their fate without any means of subsistence. The indebtedness of the agricultural population and the present deserted condition of the villages, where we find only naked walls and encumbered lands, emaciated peasants and ill-looking live stock, are but the outcome of the craze for study and service and consequent migration to towns and cities. The Government have since found out the folly of their educational policy, and now goes forth the incessant cry to the unemployed "Back to your village homes and back to your agricultural pursuits"; but it is already too late to effect it. The dearth of agricultural labour in the villages, due to the disastrous emigration policy of the Government, of which the less said the better, is also another contributory cause to the high cost and low yield of produce, and consequent necessity for the agriculturist to place himself under the mercy of the money-lender. Lastly, Sir, the social evils of the people themselves, such as marriage and funeral ceremonies and the high standard of living copied from the townfolk, who in turn have copied from the west, have added largely to their burden of debt. The *sowcar* is ever ready to receive the poor ryots with open arms and waits at their very doors to advance money with exorbitant interest, say 24, 36 and even 48 per cent. The banks in towns and cities which are meant exclusively for the commercial classes, and where large Government balances are available for speculators in trade, are closed to the poor ryots. The co-operative

[Rao Sahib Dr. U. Rama Rau.]

societies which have been recently started in various Provinces are more useful to the urban population than to the agriculturists in rural tracts. The establishment, therefore, of land mortgage banks within easy reach of villagers and with less of red-tapeism about them, which will lend, on the security of their lands, long-term loans at a cheap rate of interest and short-term loans, on the security of their produce, to meet their *kists*, to purchase seedlings and to meet the expenses of agricultural operations generally, would, I think, form the first step in village construction work, by which the Government attempt to solve the unemployment problem. Until the villager is redeemed from his indebtedness and poverty and until village life is made attractive and cultivation shown to be remunerative, the unemployment problem will remain unsolved for ever and village reconstruction will only be a pious wish, impossible of realization. I know the Government are going to say in reply to this Resolution, they are sure to say, "Why all this fuss and haste about land mortgage banks and the like. We are going to have Reserve Banks, as per recommendations of the Currency Commission, which would meet the needs of the agricultural population as well. Let us also await the recommendations of the Agricultural Commission, which is now sitting" and so on and so forth. Thus postponing indefinitely this very useful measure. But I, for my part, am not quite sanguine about these Commissions. What the agriculturist sadly wants now, Sir, is not Reserve Banks, or scientific methods of agriculture, but some agency to replace the *Sowcar* and easy flow of money into his hands for the redemption of debt and development of agriculture in his own way, which has been long neglected. Slowly he may be induced thereafter to pursue scientific and modern methods of agriculture to improve the soil and better his position. To put the whole thing in a nutshell, Government must undertake to subsidise the agricultural industry, through banks established by them and redeem the agriculturists from their present chronic indebtedness. Until that is done, there can be no salvation for them. Commissions may come and Commissions may go, but the poor agriculturists must go on for ever with their mournful thoughts for the morrow and the nightmare of the money-lender. With these few words, Sir, I strongly support this Resolution.

THE HONOURABLE MAJOR NAWAB MAHOMED AKBAR KHAN (North-West Frontier Province: Nominated Non-Official): Sir, I did not know that the discussion of this Resolution would be in any way against the constitution, because I think we are not discussing this Resolution here in order to take away powers from the Local Governments, but by way of a reminder to some of the Local Governments who have not yet taken any action in the matter. I heard the Maharaja Sahib of Burdwan say that the land-owners in the various provinces are not an impediment. I would rather go further than that, Sir, and say that in the North-West Frontier Province and in the Punjab, as my friend Colonel Nawab Sir Umar Hayat Khan will bear me out, landlords generally advance money which is called *takavi* to their tenants, and when there are bad harvests the landlords there feed, look after and clothe their tenants. They take a paternal care of their tenants.

THE HONOURABLE MAHARAJADEHIRAJA SIR BIJAY CHAND MAHTAB OF BURDWAN: May I inquire if my friend says landlords were an impediment? I did not say they were.

THE HONOURABLE THE PRESIDENT: The Honourable Member is explaining that he would go even further than the Honourable Maharajadhiraja.

THE HONOURABLE MAJOR NAWAB MAHOMED AKBAR KHAN: I was not saying anything by way of criticism. What I say is that the landlords in these two provinces, the conditions in which I know, take good care of their tenants. I heartily appreciate the motive of the Honourable Member in bringing forward this Resolution, which concerns the major portion of the population of this country, and I do not think any Honourable Member of this House would like to take exception to its being carried through. India is an agricultural country in which I had thought that 75 per cent. of the population were agriculturists; but I find from the speech of the Leader of the House that the percentage is 80; 80 per cent. of the population are agriculturists forming the chief source of life in it.

With such a vast majority, the agriculturists ought to have been the most prosperous and wealthiest class of people in comparison with their neighbours of other professions, whereas, as a matter of fact, they are the poorest, the most needy and the most oppressed of all the other communities inhabiting this vast country. It is simply this class of people that deserve the utmost sympathy of the Government to relieve it of the numerous miseries confronting it from all sides. These are largely due to their indebtedness to the bankers, from whom they are compelled to borrow money on interest under unavoidable circumstances. For instance, the agriculturists have greatly to depend upon the fairness of the elements; in the first place there is the question of rainfall which, if it comes at the proper time, proves advantageous and if not the agriculturists generally go bankrupt. In the second place, there is the fear of unfairness of weather which proves greatly detrimental to the interest of the agriculturists. Last though not least, are the ever increasing demands of Government in the form of land revenue and water rates imposed on the agriculturists by virtue of settlements after every 30 years. The agriculturists accustomed to certain expenditure cannot reduce their expenditure and the consequence is that they have no alternative but to borrow money from the bankers in order to satisfy the demands thus recalculated by every fresh Settlement. Lucky are those who do not find themselves under the imperative necessity of sharing half of their income with the Government after every 30 years—I mean the zamindars of Bengal.

I need not to go into any further details of the calamities attending the harvest of the agriculturists so long as they are not gathered and sold in the market, for these are no secrets to Honourable Members of the House. Suffice it to say that such calamities have always compelled the agriculturists to borrow money on interest which has proved fatal to them not very long afterwards. It is this worry of interest that the agriculturists have no way to escape from and it is a matter of everyday occurrence that a small amount of money taken, on interest has resulted, after a space of three years, in a life-long bondage to the banker. Now, Sir, it is this way of business and consequently lack of funds with the agriculturists that has proved a great impediment in the way of an improvement in agriculture; for when an agriculturist has not sufficient means to satisfy the demands of his creditor, he cannot be expected to

[Major Nawab Mahomed Akbar Khan.]

possess surplus money enabling him to devise any improvement in his work. It is because this lack of funds with the agriculturists that has generally to account for the deterioration of the growth of crops in India, so much so that it stands at one-third of that of Egypt. Apart from this the amount of debt owed by the agriculturists in India is increasing every day, so much so that it is said to be roughly estimated at 600 crores of rupees in the last year. Under the circumstances it would be in the fitness of things if some measures are adopted to relieve the agriculturists of their every-day-increasing afflictions especially those of accruing debts. The measure proposed in the Resolution brought forward by the Honourable Mr. V. Ramadas Pantulu is highly commendable, and it is to be hoped that the Government will very kindly see its way to act up thereto at an early date. The establishment of banks proposed would greatly lighten the burden of the agriculturists as it will advance money to them at comparative lower rates of interest and with no hasty demands for prompt payment but by way of easy instalments.

THE HONOURABLE MR. V. RAMADAS PANTULU: Sir, I am very thankful to Sir Muhammad Habibullah for having expressed general sympathy with the substance of my Resolution and the object of it, but I am sorry to say that I do not see my way to withdraw it. I shall very briefly answer the constitutional point raised by him. I regret to say that my Honourable friend has overlooked a very material fact in raising that point. He has evidently forgotten that there are administrations under the direct control of the Government of India to which the reforms adumbrated by the Government of India Act have no application, and there is no question in regard to these administrations of any subjects being Provincial or Imperial. The irony of the situation is that the very place where we are sitting, the Imperial Capital of Delhi and its surroundings, are not a province to which the Government of India Act applies. If we have got to start mortgage banks here and to relieve the indebtedness of the ryot here, it is Sir Muhammad Habibullah's Department that has got to do it. Then the province from which my Honourable friend Major Akbar Khan, who supported me comes, has not got the benefits or the alleged benefits of the Reforms. The North-West Frontier Province is subject to the Central Government in this matter. If Sir Muhammad Habibullah wants to tell me that the indebtedness of the ryot in these provinces can be relieved by the local administrations, and that mortgage banks can be started by them, then I am constrained to say he is wrong. Therefore, the provinces of Delhi, Ajmer-Merwara, Baluchistan, Coorg, and the North-West Frontier Province are provinces to which my Resolution still applies, and, speaking in an Imperial Council like this, I am entitled to urge this proposition which relates to the whole of India. The second point is that the Act under which these societies are started and conducted is the Act known as the Co-operative Societies Act, which is an Imperial Act, passed by the Government of India in 1904 and amended and consolidated in 1912. It is still on the Statute-book though local Legislatures can amend it and pass Acts which may suit their convenience. The co-operative societies in the provinces, at any rate in my province, are still administered under the Imperial Act of 1912 and not under any local Act: and therefore the policy underlying that Act and the procedure to be adopted under that Act are essentially

central subjects. The *third* point is this. I have asked in my speech for certain forms of State aid to relieve agricultural indebtedness and to promote agricultural banks which cannot by any stretch of imagination be undertaken by Provincial Governments. I have asked the Government of India to improve processual and contractual laws and to amend the Trust Act. I have also asked the Government of India to invest in these banks some trust-funds and various kinds of other funds which are lying with them idle without carrying interest. There are some sinking funds, deposits of the Insurance Companies, and other monies lying idle with them which amount to crores of rupees—and the land mortgage banks suggested, will pay on those investments a very handsome interest. The Government of India are at present allowing others outside India to get all the benefits of some of these funds. Such are the forms of State aid I have asked for, and these are matters which are directly under the Government of India; and no agricultural bank, I can assure this House, can ever be started in this country, not one of them can be started in this country, without the Central Government moving in the matter. *Fourthly*, Sir, my Honourable friend, the Leader of the House, has himself admitted that the existence of a Member for Revenue and a Central department of Agriculture here are intended for the purpose of co-ordinating the activities of the provinces, and co-ordinating the activities of the provinces with those of the Government of India, which is all that I am asking for. May I read an extract from a speech which he delivered in this House only last year. He said :

“Am I saying too much when I say that for agriculture what is essentially needed is not merely provincial energy or provincial activity but something more than that? I take it that for the agricultural development of the country something like a co-ordination of effort is absolutely necessary. There is needed a spirit of co-operation between Province and Province, and above, all, there is also needed a spirit of co-operation between the provinces on the one hand and the Government of India on the other. Need I enumerate those cases in which the importance of a particular activity does not begin and end with a province? May I not remind the House of the fact that cotton, which is now such an important produce in India, would not have assumed the importance that it has done but for the help, the succour and the encouragement which the Government of India gave by the establishment of a Central Cotton Committee, by lending their own officers of experience to conduct the affairs of that Association, and by passing an Act authorising the levy of a cess for that purpose? Do we not know what part the Central Institute at Pusa is playing for the purpose of encouraging profitable varieties of wheat which yield large profits to the growers?”

Have I not also alluded to wheat and cotton, in my speech? Can anything then be done really without the Government of India moving in the matter? There is one other matter which was urged, namely, that the Royal Commission on Agriculture is sitting and therefore we must wait. What I want is that the Commission should have our opinion, and not we their opinion. Our conclusion would materially aid the Commission, and, if they thought that agricultural indebtedness might be relieved by the establishment of land mortgage banks, our opinion would materially aid the labours of the Commission and this House would be conferring a lasting benefit on agriculture in this country. If we do not do that, I am constrained to say that we shall write ourselves down not as the enemies of the agriculturist. Therefore, I ask for the considered opinion of this House as it will materially help the Commission in their deliberations. I am very sorry to say that in this matter Sir Muhammad Habibullah has put the cart before the horse. Instead of supplying

[Mr. V. Ramadas Pantulu.]

the Royal Commission with the opinion of this House, he has asked this House to wait for their opinion. I really cannot understand this. Of course I do not wish to answer the arguments of the Maharaja of Burdwan because he has merely echoed the arguments of the Government: But in regard to the advice which he has given me for a third time in this Session to withdraw my propositions, I may tell my Honourable friend that, as a member of the legal profession, as a lawyer, I am never accustomed to take advice from the opposite side. I know my business, and if I am worth my brief, I know what to do for my constituency. Therefore I would request him on future occasions not to tender me such gratuitous advice.

**THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR:** Sir, before I attempt to briefly reply to the observations made by my Honourable friend, Mr. Ramadas Pantulu, I would venture to add a few remarks in respect of some of the criticisms which were made by the other Honourable Members who have joined in this discussion.

The Honourable Mr. Desika Chari twitted us with the remark that we always sought shelter under some Statute or Regulation by putting a narrow and restricted interpretation thereon and thereby tried to escape responsibility. He belongs to the same profession to which I had the honour to belong, and I would challenge my Honourable friend with his present legal knowledge to tell me whether he would have put a different interpretation upon the quotations that I read from the Report of the Joint Parliamentary Committee and the rules framed by the Secretary of State thereunder, and whether he would maintain that, in the face of those clear and unequivocal instructions in regard to the administration of provincial transferred subjects, he would still argue that they are the concern of the Governor General in Council. Then Dr. Rama Rau, with the usual enthusiasm which he displays in this House, asked us why we were afraid of accepting the Resolution. May I tell him that it is not fear that has seized us on this occasion, but it is the constitutional position which we have tried to explain. If we had regarded this matter as coming within the purview of the Governor General in Council, we would have gladly accepted it for, as I have emphasized, and emphasized more than once, this is a subject in which the Government of India evince a very great interest and for which they have the greatest sympathy. Then the Honourable Nawab of Hoti tried to interpret the Resolution in a way different from what its language could possibly imply. He stated that this Resolution was no more than a reminder by the House to those Local Governments who had not taken any action whatsoever in regard to the establishment of land mortgage banks in their respective areas. But I would ask my Honourable friend once more to read the Resolution and see whether his interpretation is correct . . . .

**THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN:** Change it and adopt it.

**THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR:** Now, coming to the Honourable Mover's observations let me admit that there are certain areas in India which are directly administered by the Government of India. If he had intended seriously that the Government of India should set the example themselves by displaying activity in the direction of land mortgage banks in respect of areas which

are directly administered by them, I am sure he would have worded the Resolution to imply that meaning. But as the Resolution now stands, it is a tall order to issue to the Governor General in Council, inasmuch as it embraces within its ambit the whole of India, and it is impossible for the Governor General in Council to assume the responsibility of taking any direct action in that matter in view of the fact that this subject is directly administered by the Provincial Governments. I admit that the Act under which the co-operative societies were started and are being worked is an Imperial Act. I need not offer any further explanation of that fact inasmuch as the Honourable Member himself confessed that the Provincial Governments have got the power to frame their own laws on that subject . . .

THE HONOURABLE MR. V. RAMADAS PANTULU: They have not done so yet.

THE HONOURABLE PANDIT SHYAM BIHARI MISRA (United Provinces: Nominated Official): Yes, Bombay has.

THE HONOURABLE MR. V. RAMADAS PANTULU: Only Bombay, but not Madras.

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH SAHIB BAHADUR: I have heard with very great interest indeed the speech of the Honourable Mover when he made various suggestions as regards the directions in which he would ask improvements to be made and how he would expect the Government of India to devise means for the purpose of encouraging the growth of land mortgage banks in India. I need not enter into a discussion of those questions, for I made it sufficiently clear at the very outset that I was not going to oppose the Resolution on its merits, but that I felt myself constrained not to accept the Resolution inasmuch as, worded as it is, it did not concern the Governor General in Council. But I may at the same time tell him that if he expects those suggestions to be taken note of by the Government of India and action taken thereon in respect of areas which are under their direct administration, I shall certainly be glad to do so. It is true that my official designation carries with it the Membership of Agriculture also, and it is equally true that while opposing the Resolution of my Honourable friend, Sir Haroon Jaffer, last year, when he asked for further inquiries into the working of the co-operative movement in India and when he asked why the Government of India had established a Commission for the investigation of agriculture while that also was a transferred subject, I tried to explain the difference between co-operation and agriculture as it affected the masses of the Indian people. And I tried to show that while in the matter of co-operation the Government of India had no direct hand, did not maintain any institutions and did not take part in its administration, so far as agriculture was concerned its contribution towards the development of agricultural wealth in India was great and that was the reason which I urged in justification of the appointment of the Royal Commission on Agriculture. But to-day we are being asked to take a definite step in the direction of the extension of the co-operative movement in India. The argument which I urged on the previous occasion against that course still holds good and I, therefore, am unable to see how it will be possible for the Government of India to take any direct action in the matter. The Honourable Member confesses that there is now a Royal Commission investigating into the needs of the agriculturists in India, to

[Sir Muhammad Habibullah.]

whom is also entrusted the task of making specific recommendations which embrace the matter that we are now discussing. Two specific terms of reference to the Royal Commission are:

"The methods by which agricultural operations are financed and credit afforded to agriculturists, and the main factors affecting rural prosperity and the welfare of the agricultural population."

These are the terms of reference on which the Royal Commission is now conducting its investigations so far as this aspect of the matter is concerned. The Honourable Member considers that it will be an advantage to the Royal Commission to be in possession of the views of this House while it makes its recommendations. To that view I have no objections to urge. If the Honourable Member thinks that the proceedings of this House today should be communicated to the Royal Commission on Agriculture I have not the least objection to do so, but my difficulty is to accept the Resolution over the heads of Local Governments who are in direct charge and who are responsible for the administration of this subject. I would, therefore, in spite of the fact that he is a lawyer and that he would not act on the briefs supplied by others, ask him once more whether it would not be serving the purpose which he has in view—a purpose with which I entirely sympathise—if he withdrew the Resolution on the understanding that I shall communicate these proceedings to the Royal Commission on Agriculture.

THE HONOURABLE THE PRESIDENT: The question is that the following Resolution be adopted:

"This Council recommends to the Governor General in Council to adopt measures for the reduction of agricultural indebtedness in India and to establish Land Mortgage Banks to provide agriculturists with long term, easy and productive credit".

The Council divided:

AYES—21.

Akbar Khan, The Honourable Major Nawab Mahomed.	Oberoi, The Honourable Sardar Shivdev Singh.
Dadabhoy, The Honourable Sir Maneckji.	Ramadas Pantulu, The Honourable Mr. V.
Desika Chari, The Honourable Mr. P. C.	Rama Rau, The Honourable Rao Sahib Dr. U.
Froom, The Honourable Sir Arthur.	Ranga Rao, The Honourable Raja Sri Ravu Swetachalapati Ramakrishna Bahadur, of Bobbili.
Golam Mustafa Chaudhury, The Honourable Maulvi.	Roy Choudhuri, The Honourable Kumar Sankar.
Mahendra Prasad, The Honourable Mr.	Sett, The Honourable Rai Bahadur Nalininath.
Mehr Shah, The Honourable Nawab Sahibzada Saiyad Mohamad.	Singh, The Honourable Raja Sir Rampal.
Moti Chand, The Honourable Raja.	Sinha, The Honourable Mr. Anugraha Narayan.
Muhammad Hussain, The Honourable Mian Ali Baksh.	Umar Hayat Khan, The Honourable Colonel Nawab Sir.
Mukherji, The Honourable Srijut Lokenath.	Zubair, The Honourable Shah Muhammad.
Nawab Ali Khan, The Honourable Raja.	

## NOES—20.

Abdul Karim, The Honourable Khan Bahadur Maulvi.  
 Bijay Chand Mahtab, The Honourable Maharajadhiraja Sir, of Burdwan.  
 Brayne, The Honourable Mr. A. F. L.  
 Charanjit Singh, The Honourable Sardar.  
 Corbett, The Honourable Mr. G. L.  
 Das, The Honourable Mr. S. R.  
 Evans, The Honourable Mr. F. B.  
 Forest, The Honourable Mr. H. T. S.  
 Gray, The Honourable Mr. W. A.  
 Habibullah, The Honourable Khan Bahadur, Sir Muhammad, Sahib Bahadur.

Haig, The Honourable Mr. H. G.  
 Khaparde, The Honourable Mr. G. S.  
 McWatters, The Honourable Mr. A. C.  
 Misra, The Honourable Pandit Shyam Bihari.  
 Rainy, The Honourable Sir George. Singh, The Honourable Raja Sir Harnam.  
 Stow, The Honourable Mr. A. M.  
 Swan, The Honourable Mr. J. A. L.  
 Tek Chand, The Honourable Diwan.  
 Thomas, The Honourable Mr. G. A.

The motion was adopted.

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ELECTION TO THE PANEL FOR THE STANDING COMMITTEE ATTACHED TO THE COMMERCE DEPARTMENT.

THE HONOURABLE THE PRESIDENT: I am in a position to announce to the House the result of nominations for the panel from which are selected the members to serve on the Standing Committee attached to the Department of Commerce. Six nominations have been received and as there are six vacancies on the panel, I have to declare the following duly elected:

The Honourable Sir Phiroze C. Sethna.  
 The Honourable Mr. P. C. Desika Chari.  
 The Honourable Sir Arthur Froom.  
 The Honourable Mr. Mahendra Prasad.  
 The Honourable Mr. W. A. Gray, and  
 The Honourable Mr. Manmohandas Ramji.

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STATEMENT OF BUSINESS.

THE HONOURABLE KHAN BAHADUR SIR. MUHAMMAD HABIBULLAH SAHIB BAHADUR (Education, Health and Lands Member): Sir, I desire to state for the information of Honourable Members that the Bill to provide for the continuance of the protection of the steel industry in British India, which was laid on the table on Tuesday last, will be proceeded with on Tuesday, the 1st March.

THE HONOURABLE THE PRESIDENT: The Council will now adjourn till Monday, the 28th February, and I would remind Honourable Members that the sitting that day will be at 5 O'clock in the evening instead of at the customary hour.

The Council then adjourned till Five of the Clock on Monday, the 28th February, 1927.