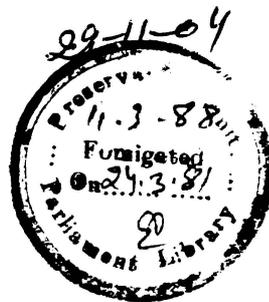


THE
COUNCIL OF STATE DEBATES

VOLUME I, 1931

(10th February to 2nd April, 1931)

FIRST SESSION
OF THE
THIRD COUNCIL OF STATE, 1931



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COUNCIL OF STATE.

Wednesday, 18th February, 1931.

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

RESOLUTION *RE* LOAN OPERATIONS OF THE GOVERNMENT OF INDIA.

THE HONOURABLE MR. ABU ABDULLAH SAIYID HUSSAIN IMAM (Bihar and Orissa : Muhammadan) : Sir, I rise to move my Resolution which runs as follows :

“That this Council recommends to the Governor General in Council that a small Committee of seven Members of the two Chambers of the Indian Legislature be constituted to advise the Government on loan operations and that this Committee be consulted before each loan is floated.”

I may say at the outset that I have very little hope of this Resolution being accepted by this House. Nevertheless, I think it to be my duty to bring this Resolution and intimate to the Government what is the public demand. This House is on its trial before the tribunal of public opinion, and if it does not represent public opinion it is bound either to be scrapped or to be changed beyond recognition. The Government of India is unique in its constitution. It is the product of the versatile British mind. It is neither autocratic nor fully democratic. In certain of its Departments to a very limited extent it is answerable to the Indian Legislature, but unfortunately the subject-matter of my Resolution, its borrowing powers, are not included in that category. For the rest it is answerable to the Secretary of State for India, who in turn is responsible to the British Parliament. The Secretary of State for India rightly safeguards the interests of his constituents, the Britishers. The theory of democracy of the English constitution is based on the fundamental principle that the responsibility of the executive is effective only as far as they are removable at the will of the controlling Parliament. The British Parliament can by no stretch of imagination be said to look to the interests of Indians when they are at variance with or adverse to the British interests. Consequently, the Secretary of State for India acts as a benevolent autocrat when the interests of India do not clash with the British interests. The loans floated in England during the last year have been condemned by the whole phalanx of Indian public opinion. There were questions on this subject in the other place too. The Finance Minister was pestered with supplementary questions which elicited the information that the high rate of interest was allowed only in fear of India's credit being shaken by the political developments. But let me add that it was a groundless fear, inasmuch as the response was instantaneous and overwhelming. I may say that the time selected for the loan was singularly inopportune too. The redemption yield of the first sterling loan of 5½ per cent. at the time of floatation of the First Sterling loan of 1930 was 6.174 per cent., whereas on the 31st December, 1930, the redemption yield of this very same loan was as low as 4.723 per cent. For the benefit of those who may doubt the correctness of my figures I may inform this House

[Mr. Abu Abdullah Saiyid Hussain Imam.]

that my authority for these redemption yields is our able Finance Minister, Sir George Schuster himself. So, if the Secretary of State for India and the Government of India had selected the right moment, we could have secured this money at such a low interest as 4½ per cent., and thereby would have saved in interest yearly the sum of £312,500 sterling, which, at the official rate of exchange, comes to Rs. 41,66,666-10-8. It will be said that the loans were taken when the necessity arose. But it is apparent these loans were taken not to meet any recurring charges which are debitable to the revenue account, but probably in order to meet capital charges, or, in other words, to finance our purchases in Europe, and it remains to be shown whether they could not have been profitably postponed a little while, and what financial harm would have befallen the Government of India by its delaying the loan. It is unfortunate that this Resolution of mine has come up before the Budget. Had it come after that I would have had facts and figures to elaborate the feasibility of delaying these loans and the purposes for which they were taken. As it is, I cannot find any authorities to quote the purposes for which they were taken.

There are two aspects of my Resolution. Firstly, it is to train up Indians for future work. With due respect to all that has been achieved at the Round Table Conference, I must say that Nationalist India regards its findings as anything but the last word of the British Government on the question of India. The whole of India is expecting a second Round Table Conference which will better represent public opinion than its predecessor. As witness of that we have Mr. Gandhi here interviewing His Excellency the Viceroy yesterday as well as to-day and perhaps for some days to come. And possibly the powers now vested in the Secretary of State for India as regards financial control may, if not all, probably most of them, be handed over to the Indian Federal Legislature of the future. If that happens and we have no inside knowledge of the money markets of India and of England, the future Indian Minister of the Government of India will be put to great trouble on account of this want of knowledge. Would it not be to the benefit of Indians if the Government undertook like a conscientious guardian to train up its ward in all its future duties?

The second aspect, which is not the less important, is that in the association of a number of Indians in this branch Government will be showing its desire to do everything above-board. If the Government keeps us out the public will naturally draw the logical conclusion that there is dirty linen which the Government is afraid of bringing into the light of day. The Government do not lose their liberty by having such a Committee. It is open to them either to accept the advice of the Committee or to reject it. The natural thing would be that reasonable men would not go out of their way to turn down the expert opinion of the Government and thereby cause trouble to the Government. I would further draw the attention of the House to the fact that responsibility always sobers down all the wide leanings of the politicians. I may cite the case of the British Labour Party. While out of office after the war the capital levy was one of the main planks of the Labour platform, but since Mr. Ramsay Macdonald has taken over the reins of office we have never heard a word about this nor about the equally important question of the rationalisation of the basic industries.

I wish to criticise the policy of the Government of India. It is the historic policy of the late Lord Asquith, "wait and see". It has always been applied incognito. Now, since last year it has been the declared official

policy that every evolution under the present constitution is to be stifled till the next Reforms. Every day work is going on, new laws are being enacted and new amendments are being made in the rules and regulations, but the only thing that is taboo is evolution within the constitution. It seems as if the Government of India have lost all hopes of keeping the country in their grasp, so they wish to retain whatever is in their hands as long as they can. Is it a dignified attitude ?

The second point is that those of us, who conscientiously believe that we could serve the country and the Government by coming into the Legislatures, have been condemned by our nationalist friends as traitors to the country, and are disregarded by the Government as representing no opinion. They are being condemned by the Government as well as by the public. They stand to lose their position in both places.

My main object in bringing this Resolution was to bridge the difference between the Government and the public. If the Government do not wish to take the whole Assembly into their condence, as is apparent from the reply of Sir George Schuster, then the right course for them would be to accept my Resolution as it will be a halfway house between the public demand and the Government opinion. As long as we are not associated with the Government, we will naturally think that the Government of India is being run for the benefit of the Britishers at the cost of the Indians. Let me add that personally I do not think that the Government is run on those lines, but we cannot help others from drawing the logical conclusion. There is a Persian saying of ours : "*Chun hisab pak ast uz muhtasib che bakast.*" "When your accounts are in order, you do not fear the auditor."

It is not a sound policy for the Government to become the target for the criticism of the public for no other reason but a shyness on their part to the association of Indians. The fact of the matter is that though the Government is anxious to safeguard the interests of the Indians, the official mind is averse to move out of its groove. Red-tapism is a famous legacy of the bureaucratic world. No matter how good a thing may be, if it is out of common, it is always turned down and the merits are never judged dispassionately.

In the end I earnestly appeal to the Government to reassure the public by increasing the association of Indians in the affairs of the Finance Department by accepting my Resolution.

THE HONOURABLE SIR ARTHUR McWATTERS (Finance Secretary) : Sir, I do not propose to follow the Honourable Member in his discussion as to whether the present Government in India is a hybrid or a hydra. I think the present would be an inopportune time to embark on such a discussion when we are in the midst of enquiries having as their object the change of that constitution. Nor do I propose to follow him in his criticisms of the actual Government borrowing policy in recent loans. All I would like to say on that point is this, that Government borrowing is the test of India's credit ; and the more efficient and informed the criticism we can get to assist us in improving India's credit, the better we shall be pleased. In the Round Table Conference, where I had the privilege of being present at practically all the discussions, there was one point on which there was no dispute whatever and that was that the credit of India must be maintained at a high level.

I propose, Sir, in this reply of mine to the Honourable Member's Resolution to deal with the Resolution as it stands on the paper, and I think the

[Sir Arthur McWatters.]

House should realise from the outset that the Honourable Member's proposal is a novel, indeed an unprecedented one. So far as I am aware, an arrangement of this kind is not in force in any other country, not even in the most extreme democracy, not even, so far as I know, in the Soviet Republic. I do not object to an arrangement because it is novel, nor even because it is unique, but I do think that if an arrangement is not in force in any other Government, it is at any rate an indication that there are possibly very good reasons for not introducing that arrangement.

I think it would be useful if I explained to the House what opportunities exist at present for Members of the Legislature to scrutinise the Government borrowing policy. In the first place, there is what I may call scrutiny in advance. At the time of the Budget the Government proposals for Capital expenditure and for Ways and Means transactions are set out in full in the Budget. The principal items in the Capital expenditure are of course the Railway Capital Programme, the borrowings of Provincial Governments through the Provincial Loans Account and temporary borrowings for Ways and Means purposes. Now, the Railway Capital programme, as the House knows, is scrutinised by the Standing Finance Committee on Railways and then it comes up to the House; similarly, other Capital Government expenditure comes before the Standing Finance Committee and the Assembly and is voted by the House. The House has ample opportunity on that occasion of criticising in advance Government proposals for Capital expenditure and the Finance Member always in his Budget speech gives such information as he can as to the method in which Government proposes to meet those obligations in the coming year. In the second place, there is the opportunity for scrutiny in retrospect. When the Budget comes up, full information is given as regards the actual borrowings which have taken place in the current year and the House then has an opportunity in the Budget debate of examining and criticising the Government's policy in the current year. In addition to that, when any loan is floated, the Controller of the Currency always issues a very full report explaining exactly what has happened, how the loan has gone and all the details of the loan. Then, in addition to that, there is the ordinary opportunity which always exists for interpellation or Resolution by which the House can raise any point it wishes with regard to Government's borrowing policy. These facilities for criticism are exactly the same—neither more nor less—as exist in every other country. What is absent here—and it is absent also in other countries—is the existence of a special Committee to scrutinise the terms of loans in advance.

I think it would help the House to realise why this arrangement is not adopted if I gave a very short sketch of what actually happens when a loan is under consideration. It is sometimes possible some time ahead to determine the type of a loan, *e.g.*, whether it should be a long term or a short term loan, having regard to such obligations as Government have to meet in the current year in the way of maturing debt and so on and having regard to the general conditions of the year; but when it comes to the actual fixation of the terms of issue, the price of the loan, the conversion terms, etc., the decision has to be taken always at the very last moment and very often in the course of an hour or two after receipt of the latest financial position by telegram from monetary centres; and in forming their final judgment Government always take the advice—and they almost always follow that advice—of their bankers, the Governors of the Imperial Bank. In the constitution of

the future no doubt we shall see in due course a Reserve Bank and the Governor of the Reserve Bank will become the adviser to Government in these matters.

Now, Sir, that short sketch of what actually happens will, I think, bring to light one or two points. The first is the necessity for speed. There are really two points in this. It is very often necessary to take advantage at very short notice of a favourable turn of the market. That is, the actual time of the floatation of a loan sometimes has to be decided in a hurry. Secondly, as I explained just now, the actual terms of issue have in all cases to be determined at very short notice. If we had to depend on a Standing Committee which had to scrutinize in advance the terms of each loan it might on some occasions be exceedingly awkward. As the House knows, the ordinary period for borrowing in India is during the slack season, some time between June and August, and that is the very season when the Legislature is normally not in session. You may have your Committee scattered all over India, and it will be impossible to get them together to operate quickly at a moment's notice. You may miss the favourable time for floating your loan if you are not able to act with sufficient speed.

The second point is the necessity for secrecy. It is obvious that in order to avoid disturbance to the securities market and to avoid speculation all loan operations have to be conducted with extreme secrecy. I am not suggesting that the addition of a Committee would involve any leakage of information, but the mere fact of summoning the Committee together would be an indication to the market that a loan operation was in prospect, and that would imperil the prospect of successful floatation of the loan.

The third point is one which I have touched on already, namely, the extreme technicality of the operation. The advisers on a matter of this sort must be bankers—and indeed must be the bankers to Government—because they alone are aware of the exact financial position of Government, their obligations that are coming due, and they alone are the best advisers on the actual conditions of a loan which would be most acceptable to the market.

What I have said so far applies to loans raised in India, but the House will easily realise that the position is still more difficult if you consider raising of sterling loans or foreign loans outside India wherever it might be. It is obvious that a Committee sitting in India would not be in close touch with money conditions in outside centres. They would therefore be unable to offer any useful advice as to the exact terms which should be offered. The Government of India are, of course, always consulted by the Secretary of State when a sterling loan is to be floated, but we have to leave the final decision inevitably to the authorities in London who take the best monetary advice from the Bank of England in fixing the actual terms of issue. Whatever changes there may be in the new constitution, it was fully recognised at the Round Table Conference that sterling loans would have to be on a special footing. The only point I wish to make now is that it would be impossible to utilize effectively the services of a Committee of Members of the Legislature here to advise us on the detailed terms of a sterling or foreign loan.

If I may summarize very briefly the main points in my speech, the proposal is a novel and indeed an unprecedented one. Secondly, I have shown that the Members of both Houses have opportunities both in advance and in retrospect during the Budget discussion for criticising Government's borrowing policy and of giving their actual vote upon Government's borrowing programme. Thirdly, I have in a short sketch pointed out what actually takes place when a

[Sir Arthur McWatters.]

loan is floated and have indicated the extreme necessity for speed and for secrecy and for technical advice. And, fourthly, I have shown that these difficulties are immeasurably greater when we come to deal with foreign loans where a local Committee could not offer any useful advice. If I may add one further argument, it is that at a time when constitutional changes are pending it would be most improper to introduce what is really a revolutionary proposal that might fetter very much the hands of the future Finance Minister and the executive.

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces : Nominated Non-Official) : Sir, as a non-official Member of this Council and one connected with the Imperial Bank of India as Governor since its very inception, I think it right to supplement the observations made by my Honourable friend Sir Arthur McWatters. The Resolution which has been brought forward by the Honourable Mover is one which is not only opposed to public policy but is entirely unacceptable. My Honourable friend could not have been fully aware either of the borrowing policy of the Government of India or the borrowing policy of the Dominions or the leading nations in Europe. Otherwise he would not have brought forward this Resolution before this Council. I do not propose to go into the very many irrelevant matters introduced by the Honourable Mover in his speech ; they are altogether beside the question. The one question before us is what is sound finance, and what ought to be the correct policy in the matter of borrowing money by any country. My Honourable friend let the cat out of the bag in the course of his speech when he stated that Honourable Members are not aware of the inside policy and cannot state what should be the correct procedure or policy in the matter of borrowing money. If Honourable Members, as he has stated, are unaware of the internal working or the borrowing financial policy of Government, I fail to understand of what value their help could be to Government or to anybody at all by being associated in the matter of discussions regarding the raising of any fresh loan in this country. My Honourable friend Sir Arthur McWatters has very fully and completely explained the borrowing policy of Government, the secrecy which it is bound to observe and the important considerations which it has to take into account at the time of raising the money. Honourable Members are fully aware that the Government of India in its annual financial statement always indicates its borrowing policy to a certain extent. Whether they are going to raise a local loan or whether the loan is to be by way of sterling, an indication of a sort is always given. But it is impossible for the Government of India to state correctly or anticipate at the moment when the actual floatation ought to take place. The floatation is of great importance—whether the money is to be borrowed in this country or in England. The material facts are to be borne in mind. In the first instance, the financial barometer of the world is to be observed and scanned and the pulse felt. The Government has to see that at that very moment no other great country is approaching Europe for a loan—the Dominions are not there in competition or the other countries are not there, or money is not being raised by England to meet its annual requirements or for public exigencies. All these facts have to be borne in mind, and Sir Arthur is perfectly correct in stating that the decision has at times to be made within a few hours. The Secretary of State has to be consulted, the Managing Governors of the Imperial Bank are always taken into confidence in this connection. Their advice is sought by Government and on such advice the Government can definitely and faithfully rely. My friend the Mover of the Resolution in

the course of his speech has stated that the recent borrowings have been at a high rate of interest. I admit they have been at a high rate of interest. Who is responsible for that? Not the Government of India, but the country is responsible for it. If we had not the Civil Disobedience movement, our credit would have been considerably higher and we could have got money probably at half per cent. or one per cent. cheaper. It is no use therefore attaching any blame to the Government of India and accusing the Government of India for having borrowed money at a high rate of interest. As I have said before in this Council at Budget discussions, the prosperity of this country and our credit will always depend on our own action and the policy we maintain in this country. If we are careful to avoid all these unpleasant movements which have of late taken such prominence in this country, our credit will remain unimpaired and we shall be able to borrow money at a lower rate of interest than we have done in the past. But in a matter of this kind other factors must necessarily prevail. The exigencies of the time, and the monetary situation in the whole world have to be taken into account, and therefore such vague generalisations as my Honourable friend made are entirely irrelevant and not worthy of consideration.

I do not propose to detain the Council any further. I thought it my duty as a non-official Member of this Council and as one connected with financial organisations in this country to let the Council know what a non-official business man feels on such a question. I have full confidence and trust in the wisdom of this Council, and I know that this Council will reject this Resolution.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, my Honourable friend Sir Maneckji Dadabhoy has put forward a lucid explanation of the reasons for his opposing the Resolution. I also do not see my way to support the Resolution. But I must tell the House that as regards the floatation of a few recent sterling loans are concerned, there is some impression in the public mind that the Indian financial market has not been given a trial, and in case the Indian market had been given a trial, perhaps a cheaper rate of interest would have been secured. I agree that the people who can give an opinion on these technical matters ought to be experts and financiers, but at the same time I wish that as long as India can even partially contribute to the loan, every opportunity ought to be given to her.

THE HONOURABLE MR. ABU ABDULLAH SAIYID HUSSAIN IMAM : Sir, in winding up the debate I wish to say a few words in reply to the opposition that I have received from the Members of this Council. As I have already said, I had no hope of this Resolution being passed by this Council. But I simply felt it my duty—it might be an unpleasant duty—to bring this before the Council.

I will first take up the points urged by the Honourable Sir Arthur Cecil McWatters. The first thing he said was that this was a novel proposition and we should look into its merits. I am obliged to Sir Maneckji Dadabhoy for having looked into the merits of the question though with a critical eye. I will reply to him later on. Sir Arthur McWatters said that we have got the Ways and Means Budget and the Capital charge to be voted by the Assembly. But the question there does not arise as to what will be the terms of the loans. That is kept out of their control. I suggested that we might be associated with the discussion of the borrowing terms for two purposes. Firstly, so that we might get training. You will admit that some time—it may be next year, or may be in the next century—you have got to give over the charge to the Indians of Government of India, and therefore it is necessary that Indians should be associated in this matter. I think it was but 20 years ago that there was no

[Mr. Abu Abdullah Saiyid Husfain Imam.]

Indian in the Viceroy's Council. Now we have got three. Times are changing. What was thought to be an innovation in the time of Lord Minto is now an established fact. It does not mean that if you introduce a new thing, it will turn out to be a bad thing. You ought to give it a trial and if found unsatisfactory, it is always open to the Government to turn it down and say that it is unworkable and therefore it is rejected. Secondly, to dispel the doubts of the public. Caesar's wife should be above suspicion. The second point that Sir Arthur McWatters took was that when the Budget is being introduced, you get a full report of the borrowing of the Government of India, and you get an opportunity in retrospect, and then you can express your opinion. It is quite correct, I admit that. But there too we do not have the power of changing the course of events. What I wished to say was that we should be associated before the event and thereby given an opportunity of stating our views. It is not necessary that Members who have got no knowledge of finance should be taken in. Members who have got financial experience like Sir Maneckji Dadabhoj and past Members of the Viceroy's and Governors' Executive Councils who grace this House could be taken in. It does not matter if such people are elected or nominated to this Committee. I did not say that they should be either elected or nominated. I left that out purposely so that if the Government thought it advisable not to associate the Members elected by the Legislature, they could have at least gone so far as to suggest that they would nominate some Members of the Legislature to be associated with them. Just as Governors of the Imperial Bank are consulted, if people who have got the confidence of the constituencies and have come to the Council, had been admitted, that would have been a bright day, and a day to be remembered that Government, on their own initiative, had thought it wise to associate Indians in their innermost counsels in matters of finance.

As regards the procedure, Sir Arthur McWatters said that the terms regarding the period of the loan and the amount are settled first. Then the moment of floatation is settled by telegraph in a few minutes or a few hours. I quite admit that it might be so. But even for the first thing which is decided days beforehand, you could associate us. It is not much of a secret because we know that you are going to borrow such and such an amount in the current year. You simply fix the terms which can also be forecasted beforehand. During the Budget even you could forecast that you will be requiring loans for 3, 5 or 10 years. What you decide at a moment's notice is the rate of interest. I admit that it will be difficult to associate Indians in the matter which is decided in a few hours. But where there is a will there is a way. These difficulties too could have been surmounted with some amendment. We could decide the maximum and minimum terms in the Committee.

Sir Maneckji Dadabhoj told us that we did not know much about financial affairs.

THE HONOURABLE SIR MANECKJI DADABHOJ : I did not say that. I beg your pardon. I said that you could not have been much conversant with financial affairs.

THE HONOURABLE MR. ABU ABDULLAH SAIYID HUSSAIN IMAM : I accept the amendment. As regards that, I may say that even in the Library of the House there is no book of reference which could give us an idea of how financial matters are in England. I hunted up the Library but could get no book to tell me when these loans were floated, what were the terms, and what

was the response. I find no material in the Library of the House which contains 20,000 books. That such a book of reference is unavailable in the Library is nothing but a conspiracy of silence. I have already replied to the Honourable Sir Maneckji Dadabhoy about the advice of the Committee being not very valuable, and about the financial barometer having to be seen. Quite right. That is why I wish for the association of Indians so that they might have some knowledge about the question.

Now, as regards the responsibility for shaking the credit of India being on the shoulders of the non-co-operator, I do not accept the correctness of this. It might be due to a certain extent to that. But nevertheless, as I have pointed out, the redemption yield of the same loan was different during the same year, at one time rising to 6.174 per cent. and then going down to 4.723 per cent.—a difference of 1.3 per cent. nearly. That is not explained by the situation here, because non-co-operation is going on just as it was before; Mr. Gandhi has not withdrawn his movement, and even the present kind of compromise talk was not started at the time the redemption yield went down. What then was that due to? Advance knowledge of the floatation must have got out and that is why prices fell. Had that not been the case there would have been no reason for this great fall in the redemption yield of the same loan.

Lala Ram Saran Das has pointed out that it is always felt in the country that loans should be floated in India in preference to England. As regards that Sir George Schuster in replying to questions has said that Government offered an unlimited loan in India which was not subscribed sufficiently, and therefore they had to go to England. That is a point in favour of Government's action which I do not wish to deny them. There is one point, however, to which reference has not been made, namely, that there is no rule now as to how it is decided whether a loan should be floated in England or in India. The Honourable Member for Government did not refer to that because I had not asked him. But that is an important point. There must be some authority who must decide and on that decision much depends, because Indians do not like their money to go out of the country.

That concludes all the points to which I wish to allude. I know my fate, but still I submit the Resolution to the House.

THE HONOURABLE SIR ARTHUR McWATTERS : I should like to say that I did not object to the Honourable Member's Resolution merely because it was novel. I said in fact that even though it was unprecedented in any other country of the world, I did not object to it solely for that reason. I merely said that there were very good reasons in other countries as in this country why it was not a practicable proposition. The Honourable Member in his reply has not really answered the practical points which I made, which mainly were that the Executive Government in the last resort must be the authority to decide the actual terms of floatation of loans, having regard to the speed, the secrecy and the technical nature of the operation, and therefore I am very sorry that Government cannot accept this Resolution.

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

“That this Council recommends to the Governor General in Council that a small Committee of seven Members of the two Chambers of the Indian Legislature be constituted to advise the Government on loan operations and that this Committee be consulted before each loan is floated.”

THE HONOURABLE THE PRESIDENT : I think the "Noes" have it.

THE HONOURABLE MR. ABU ABDULLAH SAIYID HUSSAIN IMAM :
May I demand a poll ?

THE HONOURABLE THE PRESIDENT : The Honourable Member is entitled under the rules to demand a division. I would ask him to consider seriously whether it is not wasting the time of the House.

THE HONOURABLE MR. ABU ABDULLAH SAIYID HUSSAIN IMAM
Very well, I will leave it.

The motion was negatived.

RESOLUTION *RE* PROVIDENT FUND FOR GOVERNMENT SERVANTS.

THE HONOURABLE MR. G. S. KHAPARDE (Berar Representative)
:Sir, the Resolution which I propose reads as follows :

"That this Council recommends the Governor General in Council to afford relief to the families of pensionable Government servants who die before completing their service by—

- (a) forthwith giving effect to the Resolution of the Honourable Mr. Vedamurti as amended in, and accepted by, this Council on the 18th February, 1924, by replacing the existing system of pensions for all gazetted and non-gazetted Government servants by a system of contributory provident funds : and
- (b) granting, up to the date of such replacement to the families of non-gazetted pensionable Government servants who have died before completing their service a gratuity of one month's pay for every year of service completed by the deceased Government servant."

This Resolution has a short history. It might be made long if I wished to delay the House. The short history is that the Honourable Mr. Vedamurti brought this Resolution forward in this House in February, 1924. There was a full-dress debate upon it, and I proposed an amendment and the result was that the Resolution, as amended by me, was accepted by the Honourable Sir Arthur McWatters on behalf of Government. So I start with the initial advantage of some portion of my present Resolution having already been accepted. I am not therefore hopeless like my friend behind me who moved the last Resolution. Another point in that connection is that a fact which is accepted by the other side need not be argued. That is the practice even in courts and everywhere else. But in this certain Honourable gentlemen may not know or may not believe that the grievance really exists. There is a real grievance, and it is this. A person may serve for a very long time and just when he is about to go on pension he dies, and consequently he gets no pension and nothing in lieu of it, and his family starves. Members of the higher services being intelligent men generally make provision for such a contingency, and they have their own funds, like the Civil Service Fund. But subordinates were not originally familiar with this idea and the pension was regarded as a sufficient provision. But times have changed since then and what was originally sufficient has become insufficient, to such an extent that in a rich country like England the Secretary of State for India actually resigned his office to go into a mercantile firm. The hardship especially falls on the subordinate servants, what

are called menial servants, *chaprasis* and so on, and it is necessary that provision should be made for them. An Honourable friend of mine for whom I have great respect said that my Resolution was rubbish. Well, that took me by surprise. I think it is a very important matter that poor people should be provided for, especially those who are not in a position to economise and save something for a rainy day. When they live on to enjoy the pension well and good. But if they happen to die, then that is the end of their families' sustenance. That is a great hardship, to cure which this Resolution was put forward by the Honourable Mr. Vedamurti and which, as amended by me, was accepted by this Council and the Government. If any Honourable Member doubts the existence of such a thing or this grievance, I have made a small list.* It is not at all complete or exhaustive; but there is a list of persons affected to prove my point. I will put it on the table of the House so that any Honourable Member who wishes may satisfy himself. I have only taken cases of people who have served for 20 or more years; in that list you will find a person called Zuruddin who served for 34 years and died in harness; his family got absolutely nothing. Another person called Mudaliar served for 35 years and died in harness; his family is left entirely destitute. To cure this difficulty, we have got to go into the matter. Government have taken over the management of various Railways and the railway management instead of pensions have introduced what is called a contributory provident fund, and those people are very much satisfied. I had a talk with some of them and they feel quite happy about that. The system is very nearly this, though not exactly. The man is taught thrift from the very beginning. When he takes up service, a certain amount of his pay, say one month's pay in the whole year, is taken and credited to him; that carries interest and Government adds an equal sum to it and it goes on increasing, and by the time he retires, he takes half the money for building a house or purchasing a field. The other half remains, and that serves as his means of subsistence. That system has been found very satisfactory. I tried to have that introduced in the case of these subordinates. The initial advantage endures to this day. It was the Honourable Sir Arthur McWatters who accepted my Resolution. He is still in office and is in the same Department. His assistance is a great thing. He always entertains a sympathetic view of the matter and I suppose that good omen will follow me through. Beyond putting this small list up, I need not elaborate the matter further. I draw two inferences. Government have accepted that Resolution; they admit that there is a grievance. They admit also that it is a matter for enquiry; and they also further admit that it should be remedied. Now, Government having admitted these, I suppose I have not got much to do now beyond asking the question as to what has been done. This was in 1924. It is some years after that I am speaking now, and I am very sorry to say that nothing so far as I know has been done. Absolutely nothing has been done. It was I believe in the Simla Session of 1927 that a question about it was put and then the Government admitted that nothing had been done, but that endeavours were being made. Endeavours would always be made. Officers clear their tables and matters have got to be disposed of. Whenever you put a question the answer is that the matter is under consideration. Nothing, absolutely nothing, has been done. I could not rest content with it. There is a Persian saying that by the time the medicine arrives from Irak the patient who is sinking might die altogether. So it happens. Poor people have been waiting, always looking forward to getting something. For seven years nothing has been done; in the meantime men die and their families cannot be easily traced. All this tends to what I should call a great deal of misery, avoidable misery. It ought to be avoided. How can it be avoided? In the case of the Railways, they teach thrift to the men from the beginning; they

* Printed as Appendix A to these proceedings.

[Mr. G. S. Khaparde.]

get them to save something ; Government adds an equal amount which grows and they are taught the wisdom of saving. Ultimately, they get something with which they can commute their pension. It is in the interests of the poor people that this Resolution has been brought forward. Nothing has been done, and I am sorry to think that nothing has been done in these days. This is an unfortunate year, in which there are deficits all round, not only in the provinces, but also in the Government of India. It is very difficult to approach a man who has not got money and ask him for the old debts. He becomes generally angry. I hope Government will not be angry with me because they have not got the money. But they have the money. They have got various kinds of funds at their disposal from which they can draw compensatory allowances and all kinds of things. I am not a financier and cannot speak authoritatively, but there is always money enough for these poor people.

Persons have to be provided in two different ways. My second paragraph deals with the second category. In the case of people who serve and die just a little before earning the pension, their case is to be considered. There is another class who join, serve for some time and die and leave nothing behind. Both these cases have to be provided for. The second paragraph which I have introduced is of this nature. Supposing a man joins to-day, he works for two, three, four or five years as the case may be and dies. What is to happen ? I propose that one month's pay for each year's service may be paid to his heirs or to his family or dependants as the case may be. That is a provision for a person dying. There is a precedent for this. In Indian India at least if not anywhere else if a man has served long and he dies, generally they give a pension to his wife and children. If a man dies suddenly, then they also certainly give something to his people. That precedent in Indian India may be adopted by British India. Government is run on refined principles now. So, I submit that in so far as my Resolution has been adopted, it is safe. So far it is all right. As to the next, I hope or I believe that the scheme is ready or is getting ready. In either case provision may be made for the difficulties which I have endeavoured to bring to your notice. It may be that the scheme will not meet with all our wishes or demands that we make, but something is always better than nothing. It may be even a small thing, but even that small thing will carry a poor man a great deal further than total absence of anything at all. In that way, Sir, I hope that if the scheme is ready it may be brought into force at once and not kept in the deliberative stage. Once deliberations begin and you begin to think about it, it goes on practically to be an endless business. You may go on thinking and thinking and may think for 20 years and do nothing at all. If it is deliberative, I hope it will be expedited. If it has been framed, I hope it will be brought into operation at once ; and if any defects are discovered, Honourable Members will always be able to bring the matter up and get the thing discussed and rectified. In either case, there must be expedition, and my chief object in bringing this Resolution was to expedite this matter which has been lying dormant. A great deal of speculation goes on about this matter and then poor people wait and then there is no answer to give them. We do not know what will happen. Nothing happened at all. When we question it is said, "I know nothing about it. You had better ask somebody else". So, Sir, these are the difficulties for which I brought this Resolution forward and I commend it, for the reasons briefly given, to the acceptance of the Council.

THE HONOURABLE SIR ARTHUR McWATTERS (Finance Secretary) :
Sir, I am very glad that the Honourable Mr. Khaparde has brought forward

this Resolution as it gives me an opportunity of making a statement on behalf of Government. There are several Members present here to-day who were in the House when Mr. Vedamurti's Resolution was debated. The Honourable Mr. Khaparde has given us a correct account of that debate. When I accepted that Resolution, as amended, on behalf of Government, Government undertook to examine the practicability of substituting for the present pensionary scheme either a provident fund scheme or a combination of schemes. They did not object to the principle and they accepted the necessity for a practical inquiry. The debate on that occasion was remarkable for a number of very weighty and important speeches by, among others, the Honourable Sir Phiroze Sethna who is recognised as an authority on insurance matters and the Honourable Mr. Bell who gave useful analogies from business experience in Calcutta, and I think I am right in saying that all of them recognised not only the importance but also the complexity of the question involved. There are three parties involved in this question. First of all the Government servants themselves; secondly, the Central Government, and thirdly, the Provincial Governments. And I might say that the interests of the Provincial Governments are in the aggregate larger than that of the Central Government in this matter in view of the very large number of officers serving under Provincial Governments. The debate on that occasion emphasised the desirability of exploring, in particular, some combination of schemes. It was recognised that one scheme is not all good and another scheme all bad; there are defects and merits both in the pensionary system and in the provident fund system. The pensionary system fails to provide for the families of officers who die before they secure their pension. On the other hand, the lump sum gratuity or provident fund system has the danger that when a lump sum is paid either it may be spent or it may be lost by unwise investment. And, therefore, several speakers specially urged us to consider whether some combination of systems would not be better than either of the systems taken by itself. They also recognised that the only practical method of proceeding with the matter was that we should, on the best advice available, formulate concrete schemes and obtain the opinions of the persons interested.

Well, Sir, the first step we took was to get into touch with the representatives of the Local Governments. We discussed this question with them at the Conference of provincial representatives on at least one occasion, and at the same time we took the opportunity of ascertaining from England the details and the working of the new scheme which had been introduced in the British Government offices, which is a combination scheme involving some reduction in the previous pension in return for a gratuity according to the number of years of service. We also got the Government Actuary to work out the necessary data so that we could, as far as is possible, ascertain what schemes we could put forward that would not throw a largely increased cost upon Government. This is an extremely difficult matter as the House will realise. You have to obtain typical time-scales for different kinds of services; you have to estimate, so far as you can, the prevailing rate of interest for a generation in advance; you have to ascertain the rate of wastage in different types of services. It is a long and complicated calculation, and we have done the best we can although the data even now are by no means complete.

As a result of this enquiry we were able to formulate three schemes. Scheme A was a combination scheme, based largely on the British precedent, in which we suggested that pension should be reduced by one-third in lieu of a lump sum gratuity which would correspond roughly to one year's pay. Scheme B was a development of that scheme in which we suggested that pension should be given up altogether and instead a gratuity of about three years'

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pay should be offered. The third offer, Scheme C, was a contributory provident fund scheme in which it was suggested that Government would contribute one month's pay for each year's service and would allow this, together with the officer's own contribution of a similar amount, to accumulate with interest. That is a scheme which the Honourable Mr. Khaparde himself has mentioned. We circulated these schemes to Local Governments and to 95 Associations of Government servants, and I am able to give the House the broad results of this reference. Sixteen of the Associations said that they preferred the existing system, one gave no opinion at all, 6 said that they preferred scheme A, that is, the combination scheme, 5 preferred scheme B. A vast majority, 67, voted for a contributory provident fund, but only 9 of those were willing to accept it on the terms offered; 47 demanded the same terms as the railway provident fund scheme *plus* the State Railways gratuity scheme, which means a very considerable addition to the contributory provident fund scheme C which I have just mentioned.

Now, Sir, Government have so far not come to a final decision on this question. The last replies received from Associations came in only towards the close of last year, and when I returned to duty from England a little over a week ago I found some 340 pages of opinions of these various Associations to deal with. I have given the House a brief summary of the main results of that reference, but there are a number of subsidiary points involved. Some of them are extremely important. For instance, the question whether any one of these schemes should be made applicable to menials and inferior servants as well as to other Government officers. Anything I say now must be accepted as purely provisional and non-committal, since it was obviously impossible for me to obtain the final orders of Government on this question at the moment.

I think there are one or two broad conclusions which follow from what I have said. The first, I think, is that schemes A and B will have to be discarded. They are obviously so unpopular with Government servants that there is no use proceeding with them. As regards scheme C, the provident fund scheme, I think it is evident that it would be impossible for Government without incurring a considerable amount of extra expenditure to produce a scheme which would satisfy any but a small minority of Government servants. We have to remember two things. First of all, that we cannot introduce a change in terms of service of this kind without the consent of the officers themselves, and secondly, that this is not the time for largely increasing non-effective charges. That is a point which will be obvious to the Members of the House and one which will become more obvious in the course of a few days.

Then there is a special difficulty which applies to existing officers. There is the difficulty of determining the terms of transfer to a contributory provident fund scheme. What practically all the Associations have asked for is that at the time of transfer Government should contribute to the fund an amount equivalent to the commuted value of the assumed pension at the time of the transfer without any medical examination. Well, it is fairly clear, I think, that if we agree to that it would involve a very considerable increase in cost because it disregards the possibility of death or resignation prior to retirement. The average age of Government servants would perhaps be between 35 and 40 and if we take the prospect of life at something over 25 years, to commute the assumed pension of all those officers would cost probably as much as to commute the whole pension of officers at the time of retirement. In addition, Government would be paying for a large number of years their

contribution to the fund. So it is obvious that there is a considerable risk of greatly increased expenditure involved in the terms of transfer. As regards future entrants, this particular difficulty does not arise, and it would be possible for us to introduce a contributory provident fund on that basis. There are however other possible alternatives. One possible alternative would be to make subscription to the general provident fund compulsory for all officers, and I may say that this suggestion has been approved by one at least, if not more, of the Local Governments. Another alternative would be to introduce some system of compulsory State insurance—whether in connection with post offices or in some other way. Those are two other possible alternative ways of dealing with the situation. So far Government have not come to a final decision, but I can assure the Honourable Member that we will, with the material now available, proceed with the matter as expeditiously as we can. I have not dealt separately with the second part of the Honourable Member's Resolution because it is really involved with the first in a consideration of the whole question. I would only suggest to him that in dealing with that part we shall have to consider very carefully the question of expense. I think that the Honourable Member has probably achieved his object in getting this statement of facts from me. He has managed to keep this question alive and I hope that he will not think it necessary to press the Resolution.

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces : Nominated Non-Official) : Sir, I was fortunately present when a similar debate took place in February, 1924, in this Council. At that time Sir Arthur McWatters on behalf of Government fully stated the position and said that though he was not prepared to accept the principle, an inquiry into the matter would be made. Seven years have now elapsed since that promise was made, and my friend Sir Arthur McWatters has very kindly assured this Council again this afternoon that he will now expeditiously consider this question. What is expeditious in the case of Government I find it difficult to understand. In these eight years a lot of men in the service of Government, both officials and non-officials, both Europeans and Indians, both gazetted officials and non-gazetted officials, have died before they had reached their pensionable age and left their families in privation and suffering. This Resolution is, in my opinion, of a very humane character. It only asks for bare justice to be done. It only seeks to ask Government to adopt a policy of prudence and caution. My friend Sir Arthur McWatters has said that it would involve Government in a huge expenditure and that it would be unwise in these times of poor finance to introduce such a non-effective change in the administration of Government. Yes. That is perfectly true. We are now in a very awkward position. I know we are in financial trouble. The Budget which will be presented on the 28th of this month will tell a very sorry tale. But may I ask my friend Sir Arthur McWatters, when we had bumper Budgets, when we had large sums of money at our disposal, why did we not adopt this step? Why was this step—a very important measure—neglected by Government? Sir, the Government had promised to take immediate action of some sort on the publication of the Lee Commission Report. That was the promise, if I remember rightly, that Government made at that time. The Lee Commission Report was published more than six years ago, and no action has been taken by Government on this Resolution since that time, and as I have said, meanwhile many families, both Indian and English, have been ruined for want of proper and effective measures, or rather on account of the dilatory policy of the Government of India. I am prepared also to confront my Honourable friend on the question of expenditure. It will, at the

[Sir Maneckji Dadabhoy.]

commencement, involve Government in extra expenditure, but ultimately, in five or seven years' time, adjustment will take place, and if you take 10 years as the adjustment period you will find that the Government on the whole will not lose more money than it will lose every year. The financial position will adjust itself by the introduction of the motion of my Honourable friend.

But what has happened of late? Instead of adopting any measure like this, the policy of Government in the matter of commutation of pensions has been tightened up. Formerly a man when he retired from service had no difficulty in obtaining from Government a commutation of a part of his pension. It was very readily given. Now all sorts of difficulties are put in his way. He has in the first instance to submit himself before a Medical Board. I cannot understand this policy at all. When a man enters Government service he has to go before a Civil Surgeon and obtain his certificate as being fit for employment. But when a man, after 25 years of service, has worked hard, given his life to the service of Government and seeks retirement, has earned his pension and asks for a commutation of that, Government tells him "go to the Medical Board". I cannot understand at all the absurdity of this rule. In other words, the position has been recently made more and more difficult. My Honourable friend Sir Arthur McWatters has this morning told the Council that the subject is a very difficult one. He has classified it under three heads. He has also given figures of the Associations which are in favour of some part of his scheme or other alternative schemes. I quite admit that the problem is a difficult one. It is not a very, very easy question. But it could have been decided long ago. Meanwhile the Government could have at any rate taken some sort of steps on the lines of what we call the English Superannuation Act of 1909. My friend Mr. Khaparde said that relief in this country from time to time has been given. We have in England a very important precedent. I draw the attention of Government.

THE HONOURABLE SIR ARTHUR McWATTERS: I said in my speech that only six of the Associations were prepared to look at a scheme of that kind.

THE HONOURABLE SIR MANECKJI DADABHOY: But these six Associations were not informed that a sort of temporary relief on the lines of the English Superannuation Act could be given. If they had been. . . .

THE HONOURABLE SIR ARTHUR McWATTERS: The information sent to the Associations was complete. They were sent a bulky document showing how the various schemes were arrived at. A large number of papers were circulated.

THE HONOURABLE SIR MANECKJI DADABHOY: I do not say that this is to be done in supersession of any other scheme. This is to be a provisional supplementary scheme, in addition to the scheme which the Government could ultimately devise. That was my contention, which I am afraid my Honourable friend Sir Arthur McWatters did not appreciate. The English Superannuation Act contains a small, but very important section and I will bring it to the notice of this Council. Section 2 of the Superannuation Act of 1909 provides for the payment of gratuity in the case of death of future male civil servants. Section 2 states:

"Where a male civil servant who enters service after the passing of this Act dies after he has served five years or upwards while still employed in the service, the Treasury may grant to his legal personal representative a gratuity equal to the annual salary and emoluments of his office."

That is the first part of the section. Please note the humane character of this section. And in the case of one who has served only five years the English law compels the Treasury to give his legal representative a gratuity. Here in India after 30 years' service a man desires some sort of help and sustenance for his helpless family, and nothing is given. If a man dies when perhaps he has reached the last day of his service, his family and dependants are left wholly unprovided for. The second clause of this section says :

Provided that if he dies after attaining the age of 65 years the amount of gratuity which may be so granted shall be reduced by one-twentieth of that amount for every completed year he has served after attaining that age."

And clause 2 of section 2 states :

'Where any such civil servant having become entitled to superannuation allowance dies after he has retired from the service and the sums actually received by him at the time of his death on account of such superannuation allowance, together with the sum received by him by way of additional allowance, are less than the amount of the annual salary and emoluments of his office, the Treasury may grant to his legal personal representatives a gratuity equal to the deficiency."

And these are not the only provisions made. In the event of the abolition of an office, which is nowadays done very frequently by the Government of India, if the man has served in that post for five years this Act compels the Treasury to give solid relief to the dependants of the person who has so served. There is no justification in my opinion for Government's neglect to bring in a measure something on the lines of the Superannuation Act of 1909 till a fuller scheme could be devised and adequate arrangements made. We have been told this morning that the matter will be expeditiously considered. I do hope that the financial position of the country will not prevent the Government from doing a bare act of justice to a class of public servants who have rendered valuable service to this country, and I would ask Government at an early date to sympathetically deal with the entire situation.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI (Madras : Non-Muhammadan) : I have very great pleasure in supporting the motion of my friend the Honourable Mr. Khaparde. I think we ought to be very grateful to him for having come up here again with this Resolution after six long years. I find from the proceedings of the Council of State that there was a full-dress debate on this question and the Government undertook to inquire into the matter. Though six years have since passed I am sorry to see that nothing has been done for the families of those unfortunate men who die in harness. So far as this Resolution is concerned I do not think there will be any difference of opinion among non-officials in this House in supporting Mr. Khaparde. The system of a provident fund has been working excellently well on the Railways, both State and Company-managed. I do not see any difficulty in Government accepting that as a basis and working out a similar scheme. We have all known the cases of unfortunate Government servants who die in the middle of their service whose families have been left destitute. That is indeed a pitiable spectacle. Therefore, I hope Government will not delay in the matter any further and will see that some system is introduced by which the families of loyal servants of the Crown who die after many years of service will not be left unprovided for. That is a proposition about which I am sure there will be no two opinions, and I hope that Government will have some concrete proposals to put forward

[Diwan Bahadur G. Narayanaswami Chetti.]

before the next session. I know that the financial position of the Government is not very favourable, but I am sure that if Government only take some trouble they can evolve some scheme. As my friend the previous speaker has said, there may be some financial difficulty at the beginning, but as the years pass there could be adjustment and there will be no difficulty afterwards. I am sure that the Honourable Member on the Treasury Bench will be expeditious in dealing with this matter, and I would therefore ask my friend the Honorable Mr. Khaparde, who has the support of the various sections of this House, not to press for a division at present but to come up again if the Government take no steps in the matter before the next Session.

I have very great pleasure in supporting this motion.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab ; Non-Muhamadan) : Sir, I strongly support the Resolution which has been so ably moved by my friend Mr. Khaparde and supported by Sir Maneckji Dadabhoy. The case has been put very strongly and I need not dwell much upon the arguments and will not repeat them again. The Resolution wants equity and justice done and I consider that the sooner justice is done the better. I know that the times are hard, but obligations ought to be fulfilled whether the times are adverse or good. I think the Government would be well advised to accept the Resolution and to do what it can in meeting the demand underlying it as early as possible.

THE HONOURABLE MR. ABU ABDULLAH SAIYID HUSSAIN IMAM (Bihar and Orissa : Muhamadan) : About this Resolution of Mr. Khaparde's I may say that it did not take more than a couple of months for the Local Governments to take into account the bulky volumes of the Simon Commission Report, and it is strange that it should have taken them seven years to consider this question after it had been accepted by the Government of India itself. As to the facts, there is no doubt at all about the pitiable condition in which the families of Government servants who die in harness or immediately after retirement are placed. The only question that agitated the mind of Sir Arthur McWatters last time was the financial aspect, and it is still troubling him now. The schemes which he has formulated are not very generous schemes. The A scheme which was accepted by six associations was defective in this respect, that the present rate at which you can commute pension is a little higher than the one that was suggested. There is a difference of about 25 per cent. I think. The C scheme for a contributory provident fund was not accepted because the contribution of Government was very small. If Railways, which are a commercial Department of the Government of India, and ought therefore to be run more economically than other branches of Government service can contribute a greater amount than Government is prepared to do, then it would seem that what is good for a commercial organisation is bad for Government or the commercial department is run extravagantly. It does not seem reasonable that a commercial organisation like the Railways which must be run at the least possible cost should be able to pay more than Government is prepared to do. In the ordinary services of Government that question of cost does not arise and yet you want to reduce the terms offered. If those terms are too generous then I think the Government ought to go out of its way to reduce those terms. The whole trouble comes in because the pension rates are a bit higher than would be possible if we had the combined scheme. What the Government want to do is to distribute no more than the total benefit which at the present

moment they are distributing to about 75 per cent. of their employees to the whole 100 per cent. The people who die in harness and the distress caused to them makes the position of those who live better. That is why people have not been attracted by the new schemes. I wish to draw the attention of the Government to the insurance schemes to which Sir Arthur referred, *i.e.*, compulsory State insurance. That is a very good scheme. That is the best socialistic movement that has been started in the world. It makes the position of the families of those who unfortunately die early better, and those who live contribute a very small amount to the amelioration of the condition of families of those who die.

As regards the Medical Board which was attacked by Sir Dadabhoj I think there is not much point about that, inasmuch as medical examinations are undertaken whenever insurance is done. Commutation of pensions is a sort of insurance. It is quite in the fitness of things that Government should have the people examined by the Medical Board. If pension rates are reduced and brought into line with the contributory provident fund rates, by equalising the two, you will notice that people will join either of the schemes on its own merits. As it is the pension scheme is given a weightage. Therefore it is not easy for the people to give it up. If it is found possible to make the contributory provident fund a little more generous, I think it will be acceptable to the majority of people, as in principle it has already been accepted by them. It is only on the question of terms that they have differed.

With these words, I wish to support this Resolution and commend it to the notice of Government to be accepted for the idea in it, and not for its wording.

THE HONOURABLE RAJA BIJOY SINGH DUDHORIA (Bengal: Nominated Non-Official): Sir, I support this Resolution and I request the Government to accept it without loss of time.

THE HONOURABLE THE PRESIDENT (to the Honourable Mr. G. S. Khaparde): Does the Honourable Member intend to say anything to the Council in regard to the Honourable the Finance Secretary's suggestion that he should withdraw the Resolution?

THE HONOURABLE MR. G. S. KHAPARDE: I am willing to withdraw if a time is fixed within which the scheme will be brought into force. It may be a year—I am willing. But if no time is fixed, then it will be difficult.

As to the reply that I should give, I am very thankful to all Honourable Members for taking my view of the matter and also for sympathetically considering it. There was sympathy on the side of the Government also, but their difficulty is that they cannot fix the time, and my difficulty is that unless a time is fixed, people who have asked me to move this Resolution will not be satisfied. I suppose the only way is to let it go to a division, and we will see what can be done hereafter.

THE HONOURABLE SIR ARTHUR MOWATERS Sir, if the Resolution goes to a division and Government oppose it, I should like to say that my opposition does not mean that we necessarily are against any particular proposal; it is merely that we are not in a position now to commit ourselves as to exactly what proposal we should introduce. If my opposition is understood to mean no more than that, then I oppose it, and I think that the House will be making a mistake if it commits itself definitely to a particular motion which in fact is not even one that has been universally accepted by the Associations.

[Sir Arthur McWatters.]

of Government servants ; that is to say, they, the majority, only accept a contributory provident fund if they can have it on their own terms. We have to consider the position created by the various replies and on that Government will certainly now within a short time pass a decision. All these six or seven years have not been wasted ; they have been spent in very elaborate and careful enquiries regarding different types of scheme in consultation with the people who are actually concerned. We have now got the replies, their opinions, and on that I can only assure the House that within less than a year we shall come to a decision. I should have thought that that ought to have been sufficient for my Honourable friend. I cannot promise what the particular decision will be, but we shall in coming to a decision consider most carefully the arguments that have been brought forward on the other side, especially for this type of scheme. I can promise that we shall consider everything most carefully and I am perfectly certain that, so far as I am concerned, the decision will be taken very early.

THE HONOURABLE MR. G. S. KHAPARDE : In view of what has been said now by Sir Arthur McWatters, I ask for permission to withdraw the Resolution.

The Resolution was, by leave of the Council, withdrawn.

RESOLUTION *RE* REDUCTION OF THE ANNUAL SUBSCRIPTION TO THE TELEPHONE SERVICE IN DACCA.

THE HONOURABLE BABU JAGADISH CHANDRA BANERJEE (East Bengal : Non-Muhammadan) : I beg to move .

“ That this Council recommends to the Governor General in Council that steps be taken at an early date to reduce the annual subscription of the telephone service in Dacca from Rs. 200 a year to Rs. 150 in view of the fact that there is an increasing public demand for the telephone service especially for the development of trade and commerce and that grave considerations of security of life and property make such a reduction essential.”

I do not wish to detain this House very long by making a speech. The Resolution is explicit in itself and in view of the fact that an assurance has been given that the rates will be revised, I now withdraw the Resolution.

THE HONOURABLE THE PRESIDENT : Resolution moved :

“ That this Council recommends to the Governor General in Council that steps be taken at an early date to reduce the annual subscription ”

THE HONOURABLE MR. SYED ABDUL HAFEEZ (East Bengal : Muhammadan) : The Honourable Member wanted to withdraw the Resolution.

THE HONOURABLE THE PRESIDENT : I could not hear the Honourable Member's last words. I thought he said he was not making a speech in support of it. The Honourable Member moved his Resolution.

THE HONOURABLE NAWAB KHWAJA HABIBULLAH (Bengal : Nominated Non-Official) : Sir, the Honourable Member asked leave of the House to withdraw his Resolution.

THE HONOURABLE THE PRESIDENT : The Honourable Member moved his Resolution. If he wanted to withdraw his Resolution, he should have done so without moving it, and the House is not concerned. As he has moved it, he will require the leave of the House to withdraw it.

Is it your pleasure that the Honourable Member be given leave to withdraw his Resolution ? (*Members* : " Yes " .)

THE HONOURABLE SIR JOSEPH BHOBE (Industries and Labour Member) : Sir, I should like to make one observation, and that is, that the Honourable Mover of the Resolution has entirely misunderstood me when he says that I gave him an assurance that the rates would be lowered. What I did say to him, Sir, was that it was in contemplation to have a departmental enquiry into the whole general question of the suitability of the existing rates of telephones charges, and if in connection therewith he wished to send me any reasoned observations, that I should give them my most careful attention. Beyond that I gave him no assurance.

THE HONOURABLE THE PRESIDENT (to the Honourable Babu Jagadish Chandra Banerjee) : In view of that, does the Honourable Member still ask for leave to withdraw ?

THE HONOURABLE BABU JAGADISH CHANDRA BANERJEE : Yes, Sir.

The Resolution was, by leave of the Council, withdrawn.

The Council then adjourned till Eleven of the Clock on Saturday, the 21st February, 1931.

APPENDIX A.

Statement of premature deaths.

Names of employees.	Service.	Dependants.	Remarks.
1. Mr. M. V. Nijasure	22	4	
2. „ V. R. Belsare	27		
3. „ G. H. Modak	24		
4. „ V. P. Gurjar	24		
5. „ J. R. Joshi	20	..	
6. „ S. M. Kane	20	2	
7. „ M. J. Kharkar	28	6	
8. „ V. V. Bapat	20	1	
9. „ A. W. Joshi	24	..	
10. „ V. B. Pendharkar	20	3	
11. „ D. V. Desai	33	5	
12. „ B. R. Apte	20	5	
13. „ G. D. Barve	20	..	
14. „ D. S. Joshi	24	4	
15. „ B. R. Ketkar	29	..	
16. „ N. V. Date	29		
17. „ G. S. Dhopeswarkar	24		
18. „ B. A. Khanolkar	23		
19. „ Zuruddin	34	..	
20. „ S. F. Sukhia	29	2	
21. „ K. R. Mudaliar	28	3	
22. „ D. V. Naidu	27	7	
23. „ T. R. Mudaliar	35	2	
24. „ C. K. Mudaliar	26	2	
25. „ A. K. Mudaliar	25	5	
26. „ L. G. Bodas	22	..	
27. „ S. G. Nadkarni	28	7	
28. „ P. V. Subnis	27	5	

NOTE.—Nos. 1 to 19 are from the Bombay Post Offices.
 Nos. 20 to 21 are from the Karachi Currency Office.
 Nos. 22 to 25 are from the Madras Currency Office.
 Nos. 26 to 28 are from the Bombay Custom Office.

In cases where the number of dependants is not exactly known, the column is kept blank.

Names.	Name of the office.	Date of death.	Length of service.	Age at death.	Pay drawn at the time of death.	Number of dependants.
1. Mr. W. N. Bhave . . .	Currency Office, Bombay.	21-2-1925	Yr. m. d. 30 10 28	54	Rs. 310	Wife and two daughters.
2. " V. S. Kukde . . .	Ditto .	27-12-1930	23 0 10	46	170	Wife and three sons and one daughter (under 12 years).
3. " M. S. Sahasrabudhe . . .	Ditto .	26-1-1927	19 9 4	49	195	Wife and two children.
4. " R. V. Kelabkar . . .	Ditto .	15-4-1928	13 8 9	42	100	Wife and three sons (under 12 years).
5. " S. M. Ketwal . . .	Ditto .	23-3-1927	17 6 10	47	85	Two dependants.
6. " N. M. Mistri . . .	Ditto .	21-9-1928	17 0 21	45	110	Two dependants.
7. " G. J. Agasker . . .	Ditto .	Died two months after retirement.	30 0 0	56	150	Three children (under 18 years).