

Wednesday, 13th September, 1933

THE
COUNCIL OF STATE DEBATES

VOLUME II, 1933

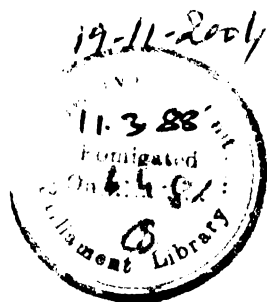
(29th August to 16th December, 1933)

SIXTH SESSION

OF THE

THIRD COUNCIL OF STATE

1933



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COUNCIL OF STATE.

Wednesday, 13th September, 1933.

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

QUESTIONS AND ANSWERS.

POLICY OF MILITARY AUTHORITIES IN REGARD TO MILITARY HOSPITALS.

177. THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : (a) Is it a fact that West Hill is being changed from a British military station to an Indian military station.

(b) If so, is it the intention of Government to transfer the British military hospital to Wellington and replace it by an Indian military hospital ?

(c) If the answer to part (b) is in the affirmative, will Government be pleased to state whether it is the policy of the military authorities to keep separate hospitals for Indian and British forces ?

AMALGAMATION OF BRITISH AND INDIAN MILITARY HOSPITALS.

178. THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : (a) Is it a fact that the Army Retrenchment Sub-Committee appointed by Government has suggested the amalgamation of Indian and British military hospitals as a measure of economy ?

(b) If so, how far has this recommendation being given effect to ?

(c) If the answer to part (b) is in the negative, will Government be pleased to state the reasons for not accepting this recommendation of the Sub-Committee ?

AMALGAMATION OF BRITISH AND INDIAN MILITARY HOSPITALS.

179. THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : (a) Has the attention of Government been drawn to the following note of the Army Retrenchment Sub-Committee on the amalgamation of Indian and British military hospitals :

“ In addition to the financial aspect the majority of us wish to stress the importance of the change advocated from a policy point of view. British and Indian soldiers fight together and are treated together in the field and we hold that the same principle should apply in peace. The abolition of the present distinctions will, in our opinion, make for that spirit of comradeship between British and Indian soldiers which it is of the highest importance to engender ”

(b) Will Government be pleased to state how far has this principle been given effect to and what, if any, steps have been taken to attain the goal ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : With your permission, Sir, I should like to reply to questions Nos. 177, 178 and 179 together.

The company of British infantry at Calicut will shortly be replaced by a company of Indian troops. The non-dieted hospital at Calicut which is at present British, will therefore become Indian ; the hospital at Wellington is a combined one and will remain so.

Government have accepted the recommendations of the Army Retrenchment Sub-Committee regarding the amalgamation of British and Indian military hospitals. About a dozen hospitals have already been so amalgamated ; at 25 other stations, where the number of British or Indian troops is small, the patients are treated in British or Indian wings of the same hospital ; at two others, the hospitals will be amalgamated as soon as funds are available for the reconstruction of buildings. This policy will be continued and put into force as funds and circumstances permit.

RESULT OF THE ELECTION OF TWO NON-OFFICIAL MEMBERS TO THE STANDING COMMITTEE OF THE DEPARTMENT OF INDUSTRIES AND LABOUR.

THE HONOURABLE THE PRESIDENT : I have now to announce the result of the two elections held on the 11th September 1933.

The result of the election of two Members to serve on the Standing Committee to advise on subjects other than " Roads " and " Broadcasting ", dealt with in the Department of Industries and Labour is as follows :

For the Honourable Sardar Shri Jagannath Maharaj Pandit 35 votes were cast ; for the Honourable Mr. Mahmood Suhrawardy 20 votes were cast ; and for the Honourable Sardar Buta Singh 17 votes were cast. I have therefore to declare the first two Honourable Members duly elected.

RESULT OF THE ELECTION OF TWO NON-OFFICIAL MEMBERS TO THE STANDING COMMITTEE OF THE DEPARTMENT OF COMMERCE.

The result of the election of two Members to serve on the Standing Committee to advise on subjects in the Department of Commerce is as follows :

For the Honourable Sir Phiroze Sethna 33 votes were cast ; for the Honourable Mr. Satyendra Chandra Ghosh Maulik 31 votes were cast ; and for the Honourable Rai Bahadur Lala Mathura Prasad Mehrotra five votes were cast. I have also to declare the first two Honourable Members duly elected.

(The Honourable the President first called the name of the Honourable Rai Bahadur Lala Jagdish Prasad in whose name stood the first Resolution,* but the Honourable Member was absent.)

* " The Council recommends to the Governor General in Council that Indian delegations to International Conferences should in future be led by and composed of Indians alone."

RESOLUTION *RE* EXPORT DUTY ON GOLD.

*THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muham-madan) : Sir, I beg to move :

“ That this Council recommends to the Governor General in Council to place an export duty of about Rs. 3 per ounce on all gold bullion or coins to be exported out of British India and to make it obligatory for the Currency Department to purchase all gold offered at a price to be fixed by the Government of India, the price being about Rs. 80 per ounce.”

Sir, this is so simple a Resolution that it does not require any elaborate arguments to explain it. I may say one word that the position is so rapidly changing that it is different to what it was a month ago, and the figure of Rs. 80 per ounce has become somewhat anomalous. When I gave notice of this Resolution, the price of gold in England was 125s. or 126s. Now it has gone up to 130s. and no one knows how high it will soar. For this reason, Sir, I have made it clear in the Resolution that Rs. 80 is not the material part. That is simply a guidance to the Governor General in Council that the price should be somewhat in the neighbourhood of the English price of gold coupled with the Rs. 3 tax. The reason why I gave notice of this Resolution is that the flight of gold from India is continuing without any stoppage. We had formerly thought that after a certain amount had been exported—the estimate was Rs. 100 crores—all the gold held by the small holders will be exhausted and that this will materially reduce the export of gold. But recent figures of gold export show that instead of this export stopping, there does not seem to be any chance of its becoming less. The necessity of having gold in our Currency Department has been accepted by Government. When the Reserve Bank Committee sat in England they laid down that we must have Rs. 35 crores worth of gold in our currency reserves. That figure, Sir, is unfortunately less than even our gold hoardings at the moment. If we couple the gold hoardings in the Gold Standard Reserve and in the Currency Department, we find that we have got more than the minimum fixed in our reserves. The present suggestion differs materially from the 1928 Bill where it was contemplated that although the minimum was near about this figure, the gold reserve should within a short period be increased. The reason why India has been insisting on an export duty on gold is that at the present moment the finances of the Government of India are not as prosperous as they were before. The establishment of all these sugar mills in India is bound to have a great effect on the customs income from sugar. It is variously estimated that in the next financial year we may not get more than from Rs. 3 to Rs. 4 crores from the import duty on sugar and it may even be less. Then, Sir, as trade returns show, Indian imports too are falling generally. That shows that the purchasing power of the country is on the wane and any reduction in imports tells directly upon the finances of the Government of India because I may say a moiety of their income is dependent upon customs. For all these reasons it is necessary that Government should from now onwards try and find some substitute for vanishing incomes, and the fact that the incidence of this duty will be about 3·75 per cent. shows that it will not be harshly felt by those on whom it falls. Government has always said that people who are selling gold are selling it because they find it a profitable transaction to do so now. Most of the people who sell gold have no income-tax to pay because they are small

* Speech not corrected by the Honourable Member.

[Mr. Hossain Imam.]

holders, or even if they are large holders they are not caught in the net because of the fact that gold is not a market commodity except in the case of those people who deal in it. The normal holders of gold keep it as a capital reserve to be drawn on in times of need. This proposal of putting an export duty on gold has received the universal support of all the commercial communities of India, including Europeans, and that ought to have some weight with the Government of India. Now, Sir, we all know that the basis of the currencies of the world is still gold. People have tried to produce any number of fanciful schemes and standards to replace gold but all have proved a failure and in practice gold still remains supreme as the one standard by which international settlements can be effected. India must take into account the fact that it has got on its shoulders an enormous burden of outside debt, which it has got to liquidate now or on some future date. We cannot continue to go on paying interest on our sterling debt and let it grow. Europe has had fearful experience of reparations and war debts and it has been found impossible to continue to make payments in currencies outside gold ; when there are no purchasers, payment in specie becomes impossible. But now we have the unique opportunity of amassing a reserve of buying gold against our own currency which we have never had. Gold whenever it came to India before used to go at once into hoards from which it was impossible to get it out. It was always a foregone conclusion and an economic certainty that gold which went into hoards went out of circulation and was as good as if it had been sunk in the sea. But with the changing times and the present economic blizzard we have had to change our tactics and we are now throwing out gold at a rate more than double the rate at which we used to take it in. Our usual rate of absorption for the last eight to ten years, before we started selling gold, was about Rs. 25 to Rs. 30 crores per annum. Now we are selling at enormous pressure. If the Government ever requires any external currency it is always in difficulties because unless it has an export surplus it cannot find money to pay for outside commodities. If we had gold in our reserves we could at any moment we desired have paid back our outside commitments without straining our external resources. Another factor which is very surprising is that, although we have sold gold to the value of Rs. 150 crores, the currency in circulation has not increased materially. When we went off the gold standard the currency in circulation was a little less than it is now. It is probably about Rs. 20 crores more now than it was on the 1st September, 1931. But there is another equally important factor, namely, that during this period a large amount of rupees in circulation has come back to the Currency Department. Had our currency been managed on business principles I am sure more currency would have been thrown into the market than the Government has done. They will retort that even without sending out any additional currency they are getting cheap enough money in the treasury bills market. But that market is monopolised by bankers because, as industries are at a standstill, they do not find any market for their money and they therefore go in for these short term treasury bills as liquid resources which formerly used to lie more or less idle. The amount of treasury bills too is always changing. The treasury bills outstanding at the beginning of June were at a low estimate about Rs. 14 crores. Now they have gone up to Rs. 29 crores and Government has gone out of its way to

contract further by giving ways and means advances from the Imperial Bank. Our point, Sir, is that if we had wanted to increase the internal prices on which depends the well-being of the agriculturist it was necessary that there should be some inflation.

The next part of my Resolution is particularly connected with this aspect of the matter. We wish, Sir, that the Government should purchase all gold that may be offered to it at a reasonable rate which would be in parity with world prices, coupled with this Rs. 3 per ounce tax. Now, Sir, the Government is always prone to say that if they were to purchase gold they would have to find money and it would be an unremunerative reserve because there would be no yield, whereas if they purchase sterling they have this advantage that they get some little return. Be this as it may, one cannot blind oneself to the fact that England's policy is opposed to this. Since going off the gold standard the Bank of England has increased its gold reserves by 58 per cent. from the 21st September, 1931 till the end of August, which is the last figure I have. They had £120 millions in gold at the time when they went off the gold standard and now they have got £190 millions of gold. What has our Currency Department done in this respect? Have they added any material amount of gold to our reserves? What is good enough for England is I aver good enough for India. When we wanted to have a State Bank we were told that the Bank of England which is a shareholders' bank has been the saviour of English finance, because it was a shareholders' bank. Can we not now turn back on the Government and say that if that example is good enough for us, if that is a reasonable proposition not to have a State Bank, is it not a reason at the same time that the Finance Department should copy the example of the Bank of England. The Bank of England had to pay the price of gold not in sterling but in outside currency, because there was no gold forthcoming from England itself. What gold the Bank of England has got has been bought from outside countries, with the result that money had to be found in other currencies than English for payment. Well, we have gold at our door at the price at which we can purchase it and in the currency in which we can pay, and still we are frightened.

Now, Sir, I should like to show how the Government could easily have purchased gold without throwing any burden on their finances. If the Government were to increase note circulation against gold securities, it means they would be adding nothing to the burden of India. If they purchased a crore of rupees worth of gold, they could issue notes of that value and place that gold in the reserve, and the difference could easily be met. Gold in our reserve is counted at the old rate which was—I forget the exact figure—on the parity of 1s. 6d. gold, and therefore the difference could be made up by adding *ad hoc* securities and we would not have had to find a single penny out of borrowed money. We could have purchased gold and thrown more currency into circulation and thereby increased the internal price and at the same time have amassed a reserve for eventualities, for evil times that may come up. And here I should like to draw the attention of the Government to this. With all this gold going out of the country, with sterling offering week after week much more in excess of the demand, what has happened? In 1933 the Government of India contracted a new sterling loan. India has been protesting times out of number that the sterling debts should be reduced. Now the Government

[Mr Hossain Imam.]

does not publish the amount of sterling that has been tendered. Formerly they used to publish the figures by which we could understand the position. Now the only information that is given is that so much sterling was offered at such a rate and that lower rate tenders were rejected. They do not say what was the exact amount of sterling which was offered. This shows that the Government is not taking advantage even of its pronounced policy of purchasing sterling. Our complaint against the Government is not only that it is not purchasing gold, but it is neither purchasing sterling and thereby made no effort to reduce the burden under which India is groaning. Now, Sir, as regards the fixing of price, as I said at the beginning, my idea was that if Government should have complete control over this business with only this proviso that it should not be so much below world parity, it would be impossible for anybody to sell gold to the Government. It should be a little profitable for the man to sell it to the Government of India. I know the stereotyped reply of the Government that we must wait till the new reforms, till the Reserve Bank comes in. Knowing that I have brought forward this Resolution simply to get an explanation from the Government, to see what explanation they have to give for the charge that was placed in their hands and what they propose to do.

With these few words, Sir, I commend my Resolution to the House.

THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH (Bihar and Orissa : Non-Muhammadian) : Sir, I move my amendment :

“That for the original Resolution the following be substituted—

THE HONOURABLE THE PRESIDENT : The Honourable Member's proposition is not an amendment. It is a substituted Resolution in place of the one moved by the Honourable Mr. Hossain Imam.

THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH : Yes, Sir. My substituted Resolution reads thus :

“This Council recommends to the Governor General in Council to impose heavy ‘export duty’ on all gold bullion or coins to be exported out of British Indian ports for stopping the flight of this metal from the country and to make it obligatory for the Government to purchase all gold offered for sale at a reasonable price to be fixed by them.”

Sir, in moving this substituted Resolution I do not like to go into all the details of the history as to how the rupee was divorced from its linking with gold. I do not also like to go into the reasons why the United Kingdom went off the gold standard in 1931, and why and how the rupee was linked with the sterling. These are past histories. But I could not but mention these as the flight of gold from this country really began since England went off the gold standard in 1931. Sir, most other countries in the world are putting an embargo on the export of gold from their countries and India is one of the unfortunate countries where it is being allowed to be exported in unrestricted quantity. Sir, with the talk of the Reserve Bank in the air and with the demand of stability of credit, India requires gold for having a stable currency. If this distress gold is allowed to be exported from the country as it is being done now, the time is not far distant, when Rs. 700 crores worth of gold which the Honourable the Finance Member estimated to have been stored in India during the 30 years preceding 1931, will be exhausted. Already about Rs. 150 crores worth of gold has been exported out of India during the past two years. Fur-

ther, once Indian distress gold is out of the country, it will have far-reaching effects on the country. If the draining of gold goes on at the present rate, I think it will not be long when India will only be left with paper currency without being backed by gold. Sir, if that position is reached, it will not be a very rosy picture for India's credit. The poor holders of small quantities of gold in the shape of an ornament or two are disposing them off not for the purpose of making a profit but are duped to sell them off by the higher price that is being maintained by outside influence. No country in the world desires such gold to be spirited away to other countries. Further, if the Indian administration is to have a full fledged central Reserve Bank they require gold and it is time that by putting an embargo on the export duty of gold and purchasing it on behalf of Government they can save the Indian gold and also improve the position of the proposed Bank. Sir, I would not have moved my amendment but for the fact that I wanted to give a free hand to Government as to the rate of export duty to be imposed and the price at which it is to be purchased in the market. My Honourable friend the mover of the Resolution desires to fix the duty to be imposed at the rate of Rs. 3 per ounce. I do not subscribe to the proposition for the reasons that the rate proposed might or might not achieve the object in view. No one is certain about the price of gold which is changing day to day and there will be no wonder if a higher duty is required to achieve our object. For these reasons I desire to leave the fixing of the rates of duty and purchase price on the authorities who will handle the question on behalf of Government.

THE HONOURABLE THE PRESIDENT : Motion moved :

"That for the original Resolution the following be substituted :

'That this Council recommends to the Governor General in Council to impose heavy 'export duty' on all gold bullion or coins to be exported out of British Indian ports for stopping the flight of this metal from the country and to make it obligatory for the Government to purchase all gold offered for sale at a reasonable price to be fixed by them'."

The debate will now proceed on both the Resolutions.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA (United Provinces Central : Non-Muhammadian) : Sir, I rise to support the Resolution moved by my friend, Mr. Hossain Imam. I regret I cannot support the substituted Resolution which has just been moved for one particular reason. It is this, Sir, that in the original Resolution my friend has mentioned a particular figure, that is Rs. 3 per ounce, which he wants to be levied as an export duty, while in the substituted Resolution there is no mention of any figure. It is just possible Government may accept the spirit of the Resolution and propose a nominal export duty. Sir, the mover of the Resolution was very moderate in proposing this rate which I believe ought to be Rs. 5 per ounce because now we think that enough gold has been exported from the country and there ought to be some check.

Sir, there are many favourable points also which have come out of the export of gold. I do not know if the financial pandits—I mean my friend Mr. Taylor or the Member in charge, Sir George Schuster—prophesied it to the extent which the results have shown. Certainly, as far as I think they never expected the results which turned out in the year 1932-33 and I must not leave them without mentioning here as these are some of the favourable points so far as this policy of the Government is concerned. Sir, the trade balance

[Rai Bahadur Lala Mathura Prasad Mehrotra.]

for the year 1932-33 was Rs. 3·38 crores in favour of India which is the highest figure since 1922-23 and the country could meet its external commitments by exporting gold amounting to about Rs. 66,84 lakhs. About 16½ million ounces of gold was exported during the last two years and the net export of gold during the last year, that is 1932-33, was 8,354,000 ounces valued at about Rs. 65,52 lakhs. Sir, besides that, there are other results on account of the export of gold. The credit of the Government has enormously increased which was due to the fact that the money invested in gold became free and on account of the trade depression in particular people thought it better to utilise it in investing in Government paper. Sir, the result was that Government was able to borrow short funds at extremely low rates of interest and they were also able to fund a substantial proportion of their short term commitments on a long basis at very favourable rates. So far as treasury bills are concerned, Sir, the outstanding figure for March, 1932-33 amounted to Rs. 26 crores as against Rs. 47½ crores in April, 1932. Thus we find that treasury bills were also enormously reduced. At the same time their rates were also greatly reduced because at the beginning of the year the average yield per cent. on three months bills sold during March, 1932, was 5·44 and at the end of the year they fell to 1·36 per cent. Thus in this year there was a very appreciable reduction in the rate of interest on treasury bills. But with all that, Sir, what we find is that the price of gold is increasing in foreign countries and consequently the flight of gold is also increasing every month. Sir, if this is not to be stopped I do not know what will be the condition of India. The continued flight of gold which has been accelerated is draining the reserve strength of the country and yet there is no indication that the Government propose to take any action to prevent this drain of the life-blood of the country. Sir, it is but proper that now with the establishment of the credit of the Government as I have stated they must put some check so that the time may not come when India may be devoid of gold. I do not say, neither does the Honourable mover of the Resolution want, that it should be totally stopped. What we want, Sir, is that some check should be put so that the flight may not be at the rate at which it is being done at present and therefore, Sir, I support the Resolution whole-heartedly and hope the Government will accept it.

THE HONOURABLE MR. J. B. TAYLOR (Finance Secretary) : Sir, I find a certain amount of difficulty in understanding precisely what the mover and supporters of this motion are driving at. In the first place, the Resolution asks the Government to impose an export duty with the object of enabling us to get revenue or of stopping the flight of gold. Now, these two objects are inconsistent. In the case of such a product as piece-goods, if we impose an import tax, a tariff of a certain height will shut out a certain amount of the traffic but will allow others to come in—certain qualities will come in and others will be shut out. But gold is so highly standardised that at any particular price we will either have to acquire the whole of it or to let the whole of it go and we are told that purchase will be obligatory. Therefore, it seems inconsistent to me to bring forward arguments about Government revenue being increased. In any case, as regards Government revenues, I am obviously not in a position to say anything. It is a well understood administrative rule that a customs tax cannot be discussed in advance or in general terms. Any

breach of this rule would obviously give rise to absurd speculative rumours. The subject can be discussed at its proper time, namely, during the budget discussions, and it was so discussed. I therefore do not intend to say anything about the question of an export duty from the point of view of revenue.

We now come down to what is the essence of the Resolution, and that is, that the mover of the motion and the mover of the substituted motion and their supporters wish Government to buy gold, and in order to enable Government to get it a little cheaper, they would like to put a duty on it. Here again there seems to be an inconsistency. I found great difficulty in listening to the speeches to understand whether they thought that it was a good thing or it was a bad thing that India was parting with this gold. If it is a good thing then obviously we do not want to hamper it by the imposition of an export duty. If it is a bad thing, then the duty, as the Honourable the mover of the substituted motion said, ought to be prohibitive. There was one point in what the Honourable Mr. Hossain Imam said which, I think, goes to the root of the matter. He said, and very correctly, that India is a country with a large foreign debt. That is the difference between the British Government and the Government of India. Though the British Government has debts in America, as you know, they present a problem of a different character to our definite and recognised commercial debt.

What are these debts of the Indian Government? They are sterling debts, and for that reason, it pays us not to build up useless reserves in India but to build up our reserves in sterling. Our liabilities are in one currency only and it obviously pays us to acquire that currency when the opportunity offers. The Honourable mover then turned to the question of currency expansion or inflation, and though he was apparently confining his arguments to gold, in reality his criticisms were an attack on our whole currency system and there I must join issue with him not only on the merits of the question but also in view of the time which he has chosen to make this attack. In the last few months there has been a representative Committee in London on which no less than three Members of this House were sitting which framed certain proposals for Reserve Bank legislation which will be put up before you in the course of the next two or three days. On certain points there was dissent but on others there was unanimity and one point on which there was unanimity was that in the present state of unparalleled conditions throughout the world there was no other practical course open to India but to remain on a sterling standard. I would like to read what they said:

"In the present stage of monetary disorganisation throughout the world it is impossible to incorporate in the Bill provisions which would necessarily be suitable when monetary systems have been recast and established. In these circumstances——

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE: Sir, were they elected Members or nominated Members?

THE HONOURABLE MR. J. B. TAYLOR: The Honourable Member knows what the composition of that Committee was.

In these circumstances we consider that the only sound course for India is to remain on the sterling standard".

Now, Sir, if India is to remain on the sterling standard, and I submit that there is no other course which is practicable at the present time, the

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question of inflation does not arise. It is possible to inflate or to contract just as easily against sterling as against gold or in any other way, but as long as we maintain a fixed ratio with sterling inflation is impossible except in so far as we purchase sterling. The Honourable Member said we were not purchasing sterling. We have already in the present year purchased over 18 millions, much more than we have been able to do in the slack season for many years past.

THE HONOURABLE MR. HOSSAIN IMAM : Will the Honourable Member enlighten us as to what was the amount of gold exported during this time ?

THE HONOURABLE MR. J. B. TAYLOR : I have not the figures at my fingers' ends, but they are available in the *Indian Trade Journal*. In any case that is not the point. The point is that he accused us of standing out of both the gold and sterling market, an allegation which is palpably contrary to the published facts.

Now, Sir, if we accept the recommendations of the Reserve Bank Committee on this question and remain on a sterling standard, what is the object of purchasing gold ? Such gold could only be purchased as a speculation. The Honourable Member himself explained that the figures which he had to prophesy in his Resolution are now inapplicable, and even the figures which he gave have gone out of relation to the facts in the last 12 hours. He quoted the price of gold as 130s., but I think that it is now down to 128s. 5d. What object would be served by the Government of India buying at different prices from day to day in a wildly fluctuating market the most speculative commodity in the world when we have got a plan already laid down which we can follow simply and with advantage to the country ?

There is only one real point in this whole question, and that is whether the export of gold is of advantage to India or not ? The expression "flight" has been used. I do not know why people talk of a flight of gold any more than they talk of the flight of coal, of jute, or manganese ? The gold belongs to private individuals. They are not giving it away for nothing. They are getting something in exchange which they obviously prefer to gold ; otherwise they need not sell it, and that, I submit, Sir, is of immeasurable advantage to the country. It is not a fact, Sir, that a country which is on a gold standard and which has masses of gold necessarily has advantages in comparison with others. In France, they had to float a loan the other day at a rate of $4\frac{1}{2}$ per cent. at par repayable with a ten point premium in ten years, which means that they are borrowing at $5\frac{1}{2}$ per cent. and yet France is bursting with gold, whereas we are able to borrow under 4 per cent. Why ? Because the unlocked hoards of gold which are spreading their fertilising stream round India are enabling us to stand up to an unparalleled economic depression.

Sir, I hope, not only because this question is going to be examined by the Legislature in the immediate future in connection with the Reserve Bank Bill but also on its merits, that this House will reject the motion.

*THE HONOURABLE MR. HOSSAIN IMAM : Sir, it has come to me as a surprise that the Honourable the Finance Secretary has rejected my motion.

* Speech not corrected by the Honourable Member.

With all his flight of fancy I thought perhaps he would have had some arguments with which to meet my case. Because of the fact that England does not owe any foreign debt therefore it can amass gold, and because of the fact that we have got external debts, therefore we cannot afford to have any gold reserves in our own country—this argument strikes me as rather flat.

I was really surprised when the Honourable Member said that imposing an export duty and also purchasing gold were incompatible. The moment the Government wishes to purchase gold it can by fixing a price make it profitable for exporters to sell it to the Government of India, and when it does not wish to purchase gold on any day it can bring down the buying limit and thereby establish the outflow again. It is for this reason that I have not suggested any fixed ratio for the purchase. My submission was that the Government of India should have perfect latitude to purchase gold when they want and to get money for their finances whenever they wish. A cursory glance through the figures tells us that had the Government imposed an export duty, according to my figures up till this moment they would have received something like Rs. 5½ crores. Would that have come amiss? Are the finances of the Government of India so strong that they do not require any money? Now, Sir, if they were to approve of my proposition it would have the result that they could have in the next financial year about Rs. 2 to Rs. 2½ crores income from gold exports. My idea was to help the Government and when the Honourable Mr. Taylor cited to us the fiat given by the Reserve Bank Committee in England I was really surprised. No one has suggested that we must return to the gold standard again. There is perfect unanimity, as was shown in the discussions in the Assembly in 1931 during September when we first went off the gold standard, on that point. Every one in India agrees that the policy of going off the gold standard was the right one. And afterwards the only difference of opinion was about the linking of the rupee to sterling. And here I will remind Honourable Members of what the Government of India itself did. When it issued its first Ordinance it did not attach the rupee to sterling. It simply went off the gold standard and left the rupee to find its own level, and if that had been adhered to we would have had no reason to complain against the action of Government. But the people of India and the Government of India were both overruled by the great autocrat of Whitehall. Well, when I said to my Honourable friend that he was standing out of both the gold and sterling market, he told me that we had purchased £18 million worth of sterling. When the Honourable Sir George Schuster gave us in his elaborate speech figures as to how our gold exports have been accounted for from the beginning of September, 1931 till the end of December, 1932, after taking into account everything, he had to admit that there was some small amount which had to be represented as money invested by the outside public in India which has been returned. That is a small thing, Sir. That money had come to India when we were paying 6 and 7 per cent. on treasury bills, and even after that some small sum remained over of which no account could be given. Looking into the figures, Sir, you will find that for these eight months of 1933 again the same thing has happened. The Government has neither purchased gold nor gone in for sterling. There is no doubt that if the Government were purchasing sterling as much as it was they would not be able to purchase at the

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premium at which they have to. But the question is whether for the sake of that small premium of 1/32 it is worth while to take additional loans, such as the £12 million sterling loan we took in 1932 which could very easily have been found from India and at a time when Indian money was cheaper than it was in the English market. That shows that the Government of India has not been thoughtful and have always taken care to live in a paradise of their own and not care about what is happening to us. It is a well known fact, Sir, that financiers think that there is nothing to compare with what has been done in the past. They are wedded to the old ways. They believe that conservatism in finance is the best policy. But world opinion is now changing and it is demanding that finance should no longer remain a preserve of old-fashioned old men. Innovation is demanded and the infusion of new life in financial methods. Professor J. M. Keynes who has often been quoted by Sir George Schuster has also condemned the policy of financiers who are unwilling to change their ways in changing circumstances. I, Sir, do not find the attitude of Government either satisfactory, considerate or even open. Their sole ground for standing out on this is that, no matter what the advancing world may think, they know they can rely on the support of this House, which it is always ready to give to all its policies. For that reason they are ready to face the issue and to face it with unconcern. We, Sir, have no option but to press this Resolution to a division.

THE HONOURABLE THE PRESIDENT: As the substituted Resolution has received no support from any section of the House it is not necessary to consider that Resolution. I shall therefore put the original Resolution to the Council.

The question is :

"That this Council recommends to the Governor General in Council to place an export duty of about Rs. 3 per ounce on all gold bullion or coins to be exported out of British India and to make it obligatory for the Currency Department to purchase all gold offered at a price to be fixed by the Government of India, the price being about Rs. 80 per ounce."

The motion was negatived.

RESOLUTION *RE* UNIVERSITY TRAINING CORPS.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA (United Provinces Central: Non-Muhammadan): Sir, I beg to move :

"That this Council recommends to the Governor General in Council to issue instructions to the authorities concerned to give adequate support and ample opportunities for the expansion of University Training Corps all over India."

Sir, the subject of this Resolution is of particular interest to all persons and I regret that as I do not know much about military education I may not be able to deal with it as thoroughly as some of my friends in this House who have got military training could do. Sir, whatever I shall place before the House I hope they will regard it as the views put forward from a layman's point of view and not from the military expert's view point. The object of the Resolution is quite clear, that is, to expand the University Training Corps; and I

have worded it in such a way that Government may not find it difficult to accept it.

Sir, when the University Training Corps was introduced in our Universities, there was a feeling of revolt against it as in the case of the introduction of all new reforms, whatever good qualities they might possess. For instance, I may remind Honourable Members of this House that when the inoculation for plague, cholera and small-pox was introduced, in spite of the fact that they were very beneficial measures there was a revolt against them, and so, Sir, also in the case of the University Training Corps there was a revolt both from the guardians and students. But during the course of the last few years when they saw its utilities and advantages it became very popular, so much so that there is a growing demand from all the Universities to expand military training. Sir, leaving aside military education which it gives, it helps a great deal in moulding the character of students and I would mention here some of the advantages which it gives to those who join the University Training Corps. Sir, it is definitely established that it raises the standard of students and makes them of a finer type. It teaches *esprit de corps* as well as team work; and over and above all these things it develops a habit of good discipline towards their superiors. It helps to build up character before entering into life, as also determination and courage of conviction. It keeps students busy and away from useless and subversive thoughts. Then, Sir, the most advantage that it gives to them is that on account of handling arms and the musketry exercises; it develops the muscles, makes them strong and of good physique and bold and courageous, self-reliant and always prepared to face odds.

Sir, during the last civil disobedience movement the students who had joined the University Training Corps practically did not take any part in the movement. I may here remind the House of the speech that was delivered by Major-General Hay at the last inspection of the University Training Corps at Lucknow on the 6th February, 1933. He especially laid great stress on the fact that students of the University Training Corps have practically taken no part in the civil disobedience movement. Sir, so far as my province is concerned, I am aware that all the Universities, Lucknow, Aligarh, Allahabad, and Benares are demanding for the expansion of the University Training Corps and they have repeatedly passed resolutions in their meetings of the Courts and Senates specially requesting the Government to expand their University Training Corps; if not much, at least to the extent to which there is a pressing demand. Sir, in support of this point I would draw the attention of Honourable Members of the House to a remark in the General Report on Public Instruction in the United Provinces of Agra and Oudh for the quinquennium ending March 31st, 1932. In that report the Government says about the Allahabad University that the corps maintained its full strength of 148 members, that the demand for an additional company continued, that there was enthusiasm for military training and that a number of extranumerary students received military training in the hope of being enrolled at a later date. So far as the Benares Hindu University is concerned, they have made pressing demands for the expansion and have gone to the length of saying that they would meet the recurring expenses from their own funds. Sir, there are about 3,500 students on their rolls and they can admit only 119 into the University Training Corps. The present sanction is for three companies only and what they want is a full

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battalion. They go to the length that if Government is prepared to start and equip them in the beginning they will try to maintain it in later years and meet the recurring expenses. They also mentioned that they were prepared to employ ex-service officers and pensioned instructors. I do not know whether this is allowable according to the Army Act; but in laying stress on their demands they went to that length as well. Sir, I may quote one more instance from Patna. As far back as 1931 the Vice-Chancellor of the Patna University, Mr. Langley, mentioned in his convocation address that the University Training Corps was not receiving the encouragement which it should receive from Government. He said that:

“The corps has the maximum strength and has a long waiting list for admission. Its sanctioned numerical strength could with advantage to all be considerably increased, but the authorities are not willing to grant the requisite sanction”.

By giving a few illustrations from the demands of the Universities, I meant to show to Government that the demand is growing in all the Universities and what they want is that it should be expanded at an early date. We all know, Sir, that the University Training Corps has already supplied a better type of candidates to the Indian Army through Sandhurst and Woolwich. Now, Sir, we are aware that a new opening has been made in the establishment of the Military Academy at Dehra Dun and I would urge with all the emphasis at my command that every facility should be given for the admission of the students who have acquired military education in University Training Corps at their respective Universities. After all, they are a better type of candidates. They at least know the A B C of military education in comparison with the new candidates. And therefore, Sir, it will be in the fitness of things if the Government would be pleased to fix a certain percentage and limit it for the candidates coming from these Universities after their military training.

THE HONOURABLE NAWAB MALIK MOHAMMAD HAYAT KHAN NOON : If they are a better class of people, why cannot they join in the competitive examination at the Military Academy?

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : Sir, when I mention this I mean that there must be some fixed percentage for their admission, say 10 or 20 per cent. and the door should be open to them in India as well.

Sir, only on the 7th of this month, Mr. Misra, a Member of the Lower House, moved a Resolution particularly drawing the attention of the Government to the necessity for increasing the number of admissions into the Military Academy at Dehra Dun. And I was very much surprised to read the answer received from the Military Secretary. I am simply mentioning this because the underlying policy of increasing the number of admissions to the Military Academy at Dehra Dun or expanding the University Training Corps is practically the same. The object is that there should be an acceleration in the pace of Indianization in the Army. The Army Secretary in answering that Resolution said—

THE HONOURABLE THE PRESIDENT : Order, order. You must not refer to what has happened during this session in the other House.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : I bow to your ruling, Sir. As I was saying, our object is that there should be a speedy Indianization of the Army and that the University Training Corps is one of the greatest factors in achieving the object. It is very well, Sir, if the British Imperialists do not want to surrender power into the hands of Indians, we can understand their unwillingness to speed up the process of the Indianization of the Army but it is very unfair to draw adverse conclusions about the military fitness of Indians by saying that suitable men are not found.

Then, Sir, I will also place another important point before the House. It is this, that if the University Training Corps are expanded according to the demands of the Universities it will also result in great economies. At the time of war when our armies go out of India these University Training Corps men can work for the internal defence of India and they can very well replace them in times of emergency so it is not necessary that the number of regular forces be kept at the level fixed before 1857, that is, the time of the Mutiny. The point, Sir, is this that the ratio of British and Indian forces is still being maintained as it was fixed then and if the University Training Corps is expanded it will greatly help in that way also.

Sir, I cannot reconcile the present military policy of the expansion of the University Training Corps or more admissions into the Military Academy at Dehra Dun with the chief objection raised——

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : On a point of order, Sir. Surely that is irrelevant to the question ?

THE HONOURABLE THE PRESIDENT : I was just going to say that the Honourable Member is digressing from the subject of the Resolution.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : Sir, I am only developing my arguments. I am not laying stress on that point. It is by way of expanding the point that I have mentioned. On the one hand, we are told that it is impossible to accelerate the process of Indianization of the Army, which is proceeding at a snail's pace, owing to the dearth of suitable men. On the other hand, Government refuse to provide adequate opportunities for our young men to get military training. We believe that even in the present circumstances there is no dearth of suitable men in the country and that if only Government had the will nothing would be easier for them than to Indianize the whole army within a quarter of a century.

Sir, before closing my remarks I would remind the House of a sentence of the Shea Committee's Report in which they said that the University Training Corps should be treated :

" as a potential source of supply of candidates for the Regular Army and that no artificial limit be set to the expansion of that corps ".

So far, however, the Government have not chosen to act on the recommendation of the Shea Committee and I have brought this Resolution to urge the public demand as also to draw their attention to this particular recommendation of theirs.

With these words, Sir, I commend my Resolution to the acceptance of this House.

THE HONOURABLE SARDAR SHRI JAGANNATH MAHARAJ PANDIT (Bombay : Non-Muhammadan) : Sir, I think I should not give a silent vote to the question raised by my friend, the Honourable Rai Bahadur Lala Mathura Prasad Mehrotra, as I sincerely believe that the real beginning of the Indianization of the Army should proceed from the University Training Corps. These University Training Corps, as everybody knows, consist of the cream and the flower of youth of this country, who come from either the upper middle class, or the richer classes, and who are sufficiently educated to stand comparison with any recruit for the military colleges of the United Kingdom and elsewhere. Sir, these corps should be expanded and trained in such a way that they should form the recruiting ground for the military officers of the country. This view is not only my view, but it is shared by a large section of the Indians. As far back as 1925, a committee was appointed to make suggestions for the improvement and expansion of the Indian Territorial Force, and the removal of racial distinction in the constitution of the non-regular military forces in India, including Auxiliary Forces. That Committee submitted its report in February, 1925, and amongst the various recommendations made by the Committee, there was one concerning the University Training Corps. With your permission, Sir, I may quote it. It runs as follows :

“ The University Training Corps be viewed as the foundation stone of the National Army, and that no artificial limit should be set on the expansion of these Corps ”.

Further on they stated that encouragement should be given to the formation and development, on sound lines, of fresh contingents in all Universities and Colleges where they do not exist. This is not all, but they went on adding, in the course of the same report, that it should be recognised to be the recruiting ground for officers and later also, as a potential source of supply of candidates for Commissions in the Regular Army. In order to achieve the fullest benefit, the Committee suggested the establishment of cadet corps in all schools in India. There were multifarious other suggestions, by which such forces could be expanded in the different sections of the defence. To my mind, Sir, it can be expanded by the formation of electrical and mechanical companies, medical and veterinary units, formation of signal sections, formation of pioneer companies of sappers and minors, and the formation of cavalry and artillery sections, as well as by the formation of companies of Air Force cadets.

As far as I am aware, all the existing University Training Corps are proving quite successful and a number of their cadets have got honorary King's Commissions. But unfortunately, owing to stinted Government grants to such corps, and owing to the apathy of the Government and the military authorities, the expansions are not taking place in these corps as rapidly as they should have done, in all these years.

With these words, Sir, I accord my full support to the Resolution.

THE HONOURABLE MR. BIJAY KUMAR BASU (Bengal : Nominated Non-Official) : Sir, I feel like the Honourable mover that, being a layman and not being acquainted with the military administration of the country, anything we may say may not be considered to be a pronouncement with

expert knowledge on the subject. But what I really feel is this, that the University Training Corps, to begin with, was formed for its educational value. Cadets were never thought of being made liable to join military service. It was more or less to have an educational function. If that is so, I do not see how the University Training Corps could compete either with the Military Academy at Dehra Dun or the Military College at Sandhurst. Apart from that, Sir, I do not understand what my friend means by saying that Government should give adequate support and ample opportunities for the expansion of the Training Corps. As a matter of fact, I find from the rules about the University Training Corps that all the Universities of all the provinces have got about a battalion each and I do not know if, except perhaps at Patna about which the Honourable member quoted from the report of a speech, the full battalion has ever been completed.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA: What about the Benares Hindu University?

THE HONOURABLE MR. BIJAY KUMAR BASU: I was just going to tell you that my experience is confined to the Calcutta University Training Corps. In former days, in 1921, the lay public used to have the good fortune to see the University Training Corps on two occasions during the year, once on the 1st of January, at the time of the New Year's Parade, when these gentlemen turned out in their khaki shorts and shirts and displayed themselves on the Maidan, and the next time at the time of the University Convocation when they furnished a guard-of-honour to the Chancellor. I think for about four or five years now I have not seen them either at the New Year's Parade or providing a guard-of-honour to the Chancellor on Convocation Day.

THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK: They did provide a guard-of-honour in 1931.

THE HONOURABLE MR. BIJAY KUMAR BASU: They did not provide a guard-of-honour in 1932. My information is—I do not know if it is correct; I should be glad if it is not—that the Calcutta University Training Corps has the sanctioned strength of one battalion, that is to say, four companies. In 1921, when they first began, they had, I understand, a full battalion. At the present day the strength consist, I suppose, of two companies only, that is, half a battalion. If the corps had been as popular as my friend paints it to be, do you think there would have been a lack of men to form the whole battalion? I should have thought not. The whole trouble, to my mind is we have not got, at least in Calcutta, that material which could be utilised to form a University Training Corps so that it may be a training ground for officers for the Regular Army. I understand that you have a Central Advisory Board for the University Training Corps and Provincial Advisory Boards for the University Training Corps and Unit Advisory Boards attached to every unit, and one of the duties which these Advisory Boards have to do, I understand, is to popularise the movement. I do not know, but I have never found any member of any of these Boards raising his little finger trying to popularise the movement or helping recruitment. I have never found in Calcutta anybody holding a public meeting explaining to the younger generation the benefits of a military training under the University Training Corps.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE: Why don't you do that yourself?

THE HONOURABLE MR. BIJAY KUMAR BASU: I am only urging that it is the duty of the Advisory Boards and they are not doing it. It may be also a public duty which I feel that I have not done. I plead guilty to your soft impeachment. (Laughter.)

My friend talked about the University Training Corps developing *esprit de corps* and all that sort of thing. Every disciplinary training, I think, develops *esprit de corps*. Even in a sports organisation you develop *esprit de corps*. Except perhaps in the Legislatures, everywhere where men gather they develop *esprit de corps*. That is not a special feature of the University Training Corps or of any particular organisation.

Another point, Sir, which I thought was brought up with some amount of reason in this discussion is the mention of the civil disobedience movement. We are told by the Honourable mover that one of the greatest benefits that we derived from the University Training Corps was that students who had joined this corps did not join the civil disobedience movement. I am not in a position either to accept the proposition or to contradict it. But I should have thought that the remark was too wide to be accepted without a challenge. Sir, if I may be permitted to speak in colloquial language, I think that you cannot have omlettes without breaking eggs. But first of all it is presumed that we have the eggs. If we have the material certainly expansion will be welcome, but it is for the military authorities, I mean the experts, to say whether we have the proper materials or not. I should have thought that this matter should have been left over to the military experts, who have been in very close touch with University Corps as well as the Indian Territorial and other Forces. They would be able to judge and to tell us if it is possible to get better recruits, and a larger number of recruits if there was an expansion. Already I understand that the Government of India spends more than Rs. 5 lakhs a year for this movement. If that is so, I think that the time has come for us to take stock and find out if we are getting our money's worth.

There is only one other matter to which I would like to refer to and that is my friend's allusions to the Indianization of the Army. When I read this Resolution I admit that I could not see the very remotest connection between the Resolution which we have before us and the question of Indianization of the Army. But if, as my friend says, officers will all be taken from the University Training Corps and that will facilitate the Indianization of the Army, then in that case I think the Government ought not to spend money either on Dehra Dun or on Sandhurst, since the University Corps can furnish us with all the officers required!

Sir, there is another small feature about the University Training Corps to which I would like to draw the attention of this House. I will try and find the regulation about it because it struck me as rather queer.

(At this stage the Honourable the President vacated the Chair, which was taken by the Honourable Nawab Malik Mohammad Hayat Khan Noon.)

Sir, I cannot find the regulation I want but I remember that a different standard is laid down for the University Training Corps from that for the Regular Army—I mean there is a power to relax chest measurements, heights, and that sort of thing in the case of people entering the University Training Corps and the Regular Army. The former are not expected to have the same physique. If that is so then I do not see how they will be able to replace the officers of the Regular Army because they will not conform to the physical standards laid down for the Regular Army which is thought to be one of the essentials of the Army.

Sir, I think we should leave this matter to the military authorities and not press the Resolution to a vote.

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: Sir, in the first place I should like to congratulate the Honourable mover of this motion. He was very humble with regard to his knowledge of this subject. He labelled himself a layman, but I find that he knows a lot about it. Unfortunately he has based his facts on, I think, a misapprehension and I should like very briefly to give you a summary of those facts as briefly as I can.

The University Training Corps were raised primarily with a view to obtaining recruits for the officer classes in provincial and urban units of the Indian Territorial Force, and, secondly, to stimulate a martial spirit amongst those who do not join the Regular Army.

(At this stage the Honourable the President resumed the Chair.)

The number of these Corps has been increased as a result of the recommendations of the Shea Committee from eight in 1925 to 11 now. A full battalion at the present moment costs about half a lakh of rupees a year, and the total expenditure on them at present is about Rs. 5 lakhs a year. Well, now I just want to tell you briefly the conclusions we have come to since these University Corps got going. As a recruiting ground for officers the University Training Corps have almost entirely failed to serve their purpose, and they are of course of no direct military value of any kind; even from the educative point of view, the results achieved have been disappointing. I have looked up the figures for the past five years and I find that out of all the 11 contingents during that period only one or two have ever succeeded in reaching their full authorised strength and many of them have consistently remained well under strength. At the present moment according to the total authorised strength we are about a thousand short throughout India amongst these 11 University Corps. Now this shortage is particularly noticeable in Calcutta and Madras. Bombay, the United Provinces, the Punjab and Delhi have been better, but it seems that there is no very spontaneous desire for this form of service in those parts of India which do not contribute a large number of recruits to the Regular Army. Now, Sir, I think the Honourable Member has implied that this is the fault of the military authorities and that we have only to provide ample opportunities and issue instructions of some kind in order to see flourishing University Training Corps springing up all over the country. I cannot for a moment accept the justice of that charge. It is true that the Shea Committee recommended that no artificial limit should be set to the expansion of the University Training Corps, but I would invite the attention of Honourable Members to the following passage at the end of paragraph 17 of their report.

[His Excellency the Commander-in-Chief.]

Portions of this paragraph have already been quoted by two Honourable Members, but unfortunately they have left out the most important part of it.

" If this movement is designed to lay the foundations of India's national army, the people of India must make themselves responsible for its success, and it must lie with the non-official leaders of the people even more than with the Government to foster its growth. It should devolve upon the leaders of the people to bring forward recruits, to guarantee their suitability for enrolment, and to ensure their attendance for training, the responsibility of the Government being confined in the main to the military training, and the military and financial administration of the force".

In order to help this object a system of district and unit advisory committees with strong non-official representation on them was organised and it is to these committees and not to me that Honourable Members should address their remarks. We, Sir, have performed our part of the bargain. We have provided opportunities and those that exist are not fully used. It is no use blaming the military authorities in charge for lack of enthusiasm. Moreover in the present financial stringency when I and my officers have been pressed to make large economies in the cost of the Regular Army and have succeeded in reducing expenditure by crores, it is not reasonable to expect us to spend more money than we do at present on a force that is of doubtful value to the country as a whole. If times improve and if genuine popular interest increases in this movement, I can assure the Honourable Member that we in the Army shall not stand in the way, but this is the most that I can say at present. That is briefly the situation at the moment.

I should just like to refer to one or two points that have been mentioned by Honourable Members. The Patna battalion was referred to. I must explain that the ordinary strength of a battalion is laid down somewhere in the region of 663 as an authorised establishment, that is, if there is any inclination for that number to be forthcoming. I must inform Honourable Members that the Patna battalion establishment has never been placed at more than 165, and the present numbers to meet that reduced number is 94 only. So, they cannot even reach the strength of 165, much less 663 as exists in various other battalions. My Honourable friend, Mr. Basu, referred to the Second Calcutta Battalion, and here the state of affairs is very disappointing. There also the strength is 663 and perhaps they did start with that number—I do not know ; but the number at the present moment and which has existed for some time is 259 ; it is most disappointing. In order to give you some idea as to the state of this Battalion and without wishing to be discouraging in this matter, I quote from a report which I have just received regarding the Second Calcutta Battalion and which will give you some indication about it.

" There is a complete lack of keenness. The officers and non-commissioned officers are of such poor standard and so lacking in power of command as to render efficient training almost impossible. The physique, turnout and *esprit de corps* of this unit are deplorable. As a military force this unit is of absolutely no value".

THE HONOURABLE MR. BIJAY KUMAR BASU : Is that about the Calcutta Battalion ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : Yes, that is about the Calcutta Battalion.

I am extremely pleased to hear from the Honourable mover that there is such enthusiasm in the United Provinces. I must tell him that if we receive enthusiastic applications for increased strength, we shall consider them very carefully and sympathetically. There is the question of funds to be considered as you will all realise ; but I have not received any such request ; and I strongly advise my Honourable friend to get busy with these committees and if any recommendation from the local military authorities reaches us, we shall do what we can in this matter. I am at present perfectly satisfied that the staff and the assistance that we supply are as good as possible. If I get any complaints in that direction, I promise to undertake enquiries to put things right ; but as I have stated, and I think you will agree with me, we have done our best and during the last five years nothing has happened, and why should we do more ?

For the reasons that I have stated I suggest that the Resolution should be withdrawn ; in any case, I oppose it.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI (Madras : Non-Muhammadan) : Sir, I am in agreement with the previous speaker in many things that he said on the Resolution. I wish to answer my Honourable friend Mr. Basu regarding the advisory boards keeping silent in this matter. I may tell you—

THE HONOURABLE MR. BIJAY KUMAR BASU : Are you a member ?

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI : I am a member of the Committee in Madras. In Madras we did ask young men to join the Indian Army, but I found that the response was very poor. Therefore there is no use in blaming Government or to ask them to do anything. I would ask the Honourable Member to popularise these things by delivering lectures in his own province and ask a larger number to join. My friend Mr. Basu has said that he saw the University Training Corps on two occasions. My recollection is that I see them only once, that is, during the Convocation. Therefore, Honourable Members of this House would do well to arrange public meetings and induce the younger generation to join in large numbers, to see that in future these units become the nucleus of the national army.

For these reasons, Sir, I would ask the Honourable mover to withdraw his Resolution.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal : Non-Muhammadan) : Sir, if I rise at this stage, it is only to say one or two words in support of the Resolution. The other day we had a ruling from the Chair that after the Member in charge speaks we are not to make observations of a general character. We —

THE HONOURABLE THE PRESIDENT : Order, order. I did not say anything of the sort. What I pointed out was that after the Member in charge has spoken I did not like set speeches to be read in the House. Of course the Honourable Members if they desire to answer the arguments of the Member in charge are entitled to do so.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE: I have a speech, Sir, and may I read it?

THE HONOURABLE THE PRESIDENT: I have already expressed my view.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE: Sir, the Resolution brought by my friend is quite opportune at a time when important constitutional changes are going to be made in the new Legislatures by the ushering in of reforms in the country. My friend the Honourable Mr. Ghosh Maulik hailing from Bengal is himself a lieutenant in the Army in India Reserve of Officers and my friend the Honourable the Nawab of Dacca is another and last but not least the Gallant Knight of our Council hailing from the North-West Frontier Province is a major. They will certainly encourage the idea and will not oppose the Resolution brought forward on the agenda of today.

Sir, military training and discipline is very necessary among the younger generation of our country who think that by mere mob rule and violating law and order they will be able to bring *Purna swaraj* in the country. Sir, even if *Purna swaraj* is to come to us today how will that machine run smoothly without discipline? It is therefore my humble suggestion that the expansion of military training in all Indian Universities should form a conspicuous part in the administration of the country and the training should be extended to an appreciable degree which will as a necessary corollary help to improve the situation of the country about which Government is so very anxious. Sir, it will open up a new career for the teeming unemployed of the country and will solve the riddle Government is labouring under. Sir, India is not ungrateful and in the last great European War it has been proved to the hilt what sacrifice India can bear out of the men, money and resources at her disposal.

Sir, the predecessor of our present Commander-in-Chief I mean Field Marshal Sir Philip Chetwode who is not present here today had treated very sympathetically resolutions of a similar character moved by various other Members of this House time and again. I therefore request with all the sincerity at my command that our present Commander-in-Chief who is equally sympathetic over Indian aspirations if not more and who is present here today will give this matter his very thoughtful consideration.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA: Sir, I am very grateful to His Excellency the Commander-in-Chief for his very sympathetic reply to my Resolution. Sir, I was indeed very sorry to hear from him that he had not received any request from these Universities for the expansion of the University Training Corps. Coming as I do from the United Provinces I may submit that I am aware of the demand for this expansion so far as the Universities of that province are concerned. Our province has the largest number of Universities and out of the five four have got University Training Corps. I know, Sir, that Lucknow, Allahabad, Aligarh and Benares Universities have passed resolutions at the meetings of their courts and senates in which they made this request to the Government

and if His Excellency the Commander-in-Chief, as he has said in reply to my Resolution, is prepared to help them in case he receives these requests from them and as he also assures us that while he is on tour he will try to see and find out whether there is a genuine demand or not, I am prepared to withdraw my Resolution.

Sir, I need not reply to one or two little points raised by my friend Mr. Basu. Some of them have been answered by His Excellency the Commander-in-Chief and my friend Mr. Chetti, and therefore they are not worth replying to as they have already been dealt with.

THE HONOURABLE MR. BIJAY KUMAR BASU: I thought, Sir, His Excellency supported me and did not answer me.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA: My friend is labouring under a misapprehension. While replying to my Resolution, many of his points have been answered. So far as taking part by University Training Corps men in the civil disobedience movement is concerned, he expressed his doubts and I quoted the authority of Major-General Hay who said in his speech on the 6th February, 1933, that the members of the University Training Corps had practically taken no part in the movement and I cannot give him a better authority. Then, Sir, he expressed doubt about the necessity for the expansion of these University Training Corps. For that I quoted from the report of the Director of Public Instruction in the United Provinces. So far as my province is concerned, I am fully aware and I can state with confidence that what I have stated is perfectly true.

So, Sir, after hearing the sympathetic speech of His Excellency the Commander-in-Chief and his assurances, I beg leave to withdraw my Resolution.

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

AJMER-MERWARA JUVENILES SMOKING BILL.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY (West Bengal : Muhammadan): Sir, I move :

"That the Bill to prevent Juveniles from smoking tobacco, as passed by the Legislative Assembly, be taken into consideration."

This Bill is a non-contentious one, pure and simple. It is framed strictly on the lines of the Central Provinces Juveniles Smoking Act of 1928 in the interests of Ajmer-Merwara. As the House is aware there is no separate provincial Legislature for Ajmer-Merwara and that is why the Bill is being discussed on the floor of this House. It was introduced in the other House by so distinguished a person as Dewan Bahadur Harbilas Sarda, a resident of Ajmer-Merwara, and that House considered and passed the Bill without any discussion as everybody was satisfied about its utility. I hope this House also will express a unanimity of opinion and accept the Bill.

Sir, I move.

* Vide page 298, ante.

THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK (West Bengal : Non-Muhammadan) : Sir, let me at the very outset inform the House that the attitude which I propose to take on this Bill is one of benevolent neutrality. I mean, Sir, what I say and I say what I mean. Juvenile Smoking Acts and its prototype in the Provincial Councils have been passed a long time ago, and I want to know how many prosecutions there have been—and persecutions too—under this Act ? I am sure that there have not been many—

THE HONOURABLE MR. BIJAY KUMAR BASU : Or any ?

THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK : —or any either. If that be so, it is one of those Acts which may not do any good but certainly will do no harm.

THE HONOURABLE MR. BIJAY KUMAR BASU : You will only burden the Statute-book !

THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK : That is exactly how I feel about the Bill. However, Sir, when the Bill is laid before us, we have got to discuss it and speak out our minds. In clause 4 of the Bill we find a list of persons who can apprehend a juvenile smoker. Therein we find a certain deficiency. The mention of a Member of the Council of State is not there. (Hear, hear.) My Honourable friend the father of the Bill, or to be more correct the step-father of the Bill, was only the other day very anxious about the rights and privileges of this Chamber, and I am surprised that he should not have thought it wise to include this in the Bill.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY : By all means have it.

THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK : That is a minor point. I do not want to press that point very much.

THE HONOURABLE MR. BIJAY KUMAR BASU : Of course we do.

THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK : There is another thing which strikes me. In clause 4, we find : “ If any boy, etc.” I know that under the General Clauses Act the word “ man ” embraces woman too. Whether this word includes girls is a matter for my lawyer friends to elucidate. I shall however leave it to the House if they should consider or not the points that have been raised by me.

*THE HONOURABLE MR. HOSSAIN IMAM : It seems to me to be the general opinion of the House that some amendment should be made in this Bill. If you are pleased to permit us, we might say : “ If any boy or girl, etc.” in clause 4, first line, and insert “ Council of State ” after the words “ Legislative Assembly ”. I am told that the step-father of the Bill is willing to accept this.

THE HONOURABLE THE PRESIDENT : Your suggestion is that these amendments should be made here. I have first to ascertain the wish of the Member in charge. But I particularly do not think that it is a great honour

*Speech not corrected by the Honourable Member.

for any Honourable Member of this Council to seek to catch a juvenile smoker or offender. Secondly, my difficulty is that this is more an Act of local application, and if this amendment is passed here, this Bill will have to be remitted back to the Lower House for their acceptance. I do not think that at this late hour, when Honourable Members have had in their possession this Bill for more than three days, I should permit such amendments at this stage. I would be creating a very bad precedent. The Chair therefore does not permit this amendment. The Bill must be discussed as it stands and if it is passed, these amendments can be brought in at a later stage by any Member of this House or the Lower House, by means of an amending Bill.

THE HONOURABLE MR. BIJAY KUMAR BASU : So far as clause 4 is concerned, I think that the omission of the words " Member of the Council of State " was purposely and advisedly done. We talk of our House as the House of Elders. I do not think, Sir, that a man who can aspire to be called an elder should run after a juvenile smoker in Ajmer-Merwara and take away a cigarette from his mouth and throw it away. I should have thought that if any such case did happen it would have been a sight for the gods! Any way, as you pointed out, Sir, if this amendment is made and carried in this House, the Bill will have to be sent to the other House. That, I think, should not prevent us from carrying the amendment if we thought it was necessary to do so. The other alternative is that persons who feel strongly about the omission and who think that they have been neglected might throw out the Bill altogether. If this amendment is carried, it can formally be laid before the other House and passed. I should have thought, Sir, that the amendment was the lesser of the two evils. But as you have ruled that it cannot be done, I think we can run the risk of the Bill being thrown out altogether.

THE HONOURABLE MR. HOSSAIN IMAM : Can we get this postponed a little ? Will that be in order ?

THE HONOURABLE THE PRESIDENT : No, that will not be in order. Motion made :

" That the Bill to prevent Juveniles from smoking tobacco, as passed by the Legislative Assembly, be taken into consideration."

The motion was negatived.

The Council then adjourned till Eleven of the Clock on Thursday, the 14th September, 1933.