

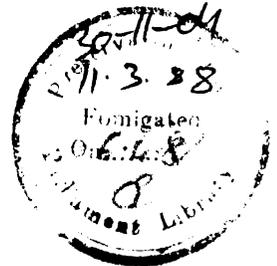
Tuesday, 28th August, 1934

THE
COUNCIL OF STATE DEBATES

VOLUME II, 1934

(8th August to 6th September, 1934)

EIGHTH SESSION
OF THE
THIRD COUNCIL OF STATE, 1934



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CONTENTS.

Wednesday, 8th August, 1934—	PAGES.
Members Sworn	1
Questions and Answers	1—21
Message from His Excellency the Governor General	21
Committee on Petitions	21
Congratulations to His Excellency the Commander-in-Chief, the Honourable Mr. M. G. Hallett and the Honourable Sir John Woodhead, recipients of Honours	22—23
Statements laid on the table	23—28
Governor General's Assent to Bills	28—29
Message from the Legislative Assembly	29
Bills passed by the Legislative Assembly laid on the table	29
Motion <i>re</i> nominations for the Committee to inquire into the working of the Ottawa Agreement—Adopted	30
Death of Khan Bahadur Sir Muhammad Israr Hasan Khan	30
Statement of Business	30
 Thursday, 9th August, 1934—	
Members Sworn	31
Questions and Answers	31—37
Motion for Adjournment <i>re</i> proposed removal of the Imperial Institute of Agricultural Research from Pusa to Delhi—Leave to move, granted	37
Resolution <i>re</i> colony for the emigration of Indians—Negatived	38—54
Resolution <i>re</i> Report of the Colonisation Enquiry Committee—Withdrawn	55—70
Resolution <i>re</i> Indians in Burma— <i>not concluded</i>	70—78
Motion for Adjournment <i>re</i> proposed removal of the Imperial Council of Agricultural Research from Pusa to Delhi—Negatived	78—99
 Monday, 13th August, 1934—	
Member Sworn	101
Questions and Answers	101—19
Ballot for the election of nine Members to serve on the Committee to examine the working of the Ottawa Trade Agreement	119—20
Indian Dock Labourers Bill—Considered and passed	120—29
Indian Carriage by Air Bill—Considered and passed	130—32
Sea Customs (Amendment) Bill—Considered and passed	132—34
Indian Aircraft Bill—Considered and passed	134—39
Mechanical Lighters (Excise Duty) Bill—Motion to consider, adopted	139—47
 Tuesday, 14th August, 1934—	
Questions and Answers	149—52
Short Notice Question	152—53
Congratulations to the Honourable Sir Frank Noyce on the Honour conferred on him	153—54
Mechanical Lighters (Export Duty) Bill—Considered and passed	154—59
Repealing and Amending Bill—Considered and passed	159
Factories Bill—Considered and passed	159—207

Wednesday, 15th August, 1934—

	PAGES.
Question and Answer	209
Death of Sir Manmohandas Ramji	209—40
Congratulations to the Honourable Sir Alan Parsons on his appointment to the India Council	210
Bill passed by the Legislative Assembly laid on the table	210—11
Result of the election of nine Members to serve on the Committee to examine the working of the Ottawa Trade Agreement	211
Resolution <i>re</i> Indians in Burma—Adopted	211—13
Resolution <i>re</i> levy of income-tax on house property—Withdrawn	213—25
Resolution <i>re</i> construction of a new Council of State Chamber at Simla—Withdrawn	225—29
Parsi Marriage and Divorce Bill—Introduced	229—30
Statement of Business	230

Thursday, 16th August, 1934—

Bengal Criminal Law Amendment Supplementary (Extending) Bill—Motion to consider— <i>not concluded</i>	231—60
---	--------

Saturday, 18th August, 1934—

Questions and Answers	261—67
Bengal Criminal Law Amendment Supplementary (Extending) Bill—Considered and passed	267—301
Statement of Business	301

Monday, 20th August, 1934—

Questions and Answers	303—08
Personal statement by His Excellency the Commander-in-Chief thanking the Members of the Council of State for their congratulations on his G. C. S. I.	306—07
Assam Criminal Law Amendment (Supplementary) Bill—Considered and passed	307—28

Wednesday, 22nd August, 1934—

Bills passed by the Legislative Assembly laid on the table	329
Message from His Excellency the Governor General	329
Resolution <i>re</i> enforcement of the provisions of the Child Marriage Restraint Act—Withdrawn	330—44
Resolution <i>re</i> representation of Assamese in the Posts and Telegraphs Department—Adopted	344—49
Resolution <i>re</i> investigation into conditions of health by a Committee of medical experts—Withdrawn	350—58
Resolution <i>re</i> Burmanisation of the Accountant General's Office and the Posts and Telegraphs Department in Burma—Adopted	354—57
Resolution <i>re</i> horse-breeding—Withdrawn	357—75
Resolution <i>re</i> enlargement of the scope of agricultural research—Withdrawn	375—81
Resolution <i>re</i> National Debt of India—Moved	381
Parsi Marriage and Divorce Bill—Motion for circulation, adopted	381
Statement of Business	382

Monday, 27th August, 1934—

	PAGES.
Questions and Answers	383—99
Statement laid on the table	399
Indian Rubber Control Bill—Considered and passed	399—405
Indian Income-tax (Amendment) Bill—Considered and passed	406—09

Tuesday, 28th August, 1934—

Short Notice Questions	411—14
Bill passed by the Legislative Assembly laid on the table	414
Resolution <i>re</i> National Debt of India—Negatived	414—33
Resolution <i>re</i> levy of customs duties on all foreign goods entering India from land frontiers—Withdrawn	433—36
Resolution <i>re</i> re-enactment of repressive legislation after the expiry of its time-limit—Negatived	437—50
Hindu Woman's Inheritance Bill—Introduced	450—61
Resolution <i>re</i> abolition of Viceroy's commissions— <i>not concluded</i>	461—66
Statement of Business	466

Wednesday, 29th August, 1934—

Address by His Excellency the Viceroy to the Members of the Council of State and the Legislative Assembly	467—78
---	--------

Thursday, 1st September, 1934—

Questions and Answers	479—96
Bills passed by the Legislative Assembly laid on the table	496
Petroleum Bill—Considered and passed	496—502
Iron and Steel Duties Bill—Motion to consider— <i>not concluded</i>	502—22
Statement of Business	522—23

Monday, 3rd September, 1934—

Questions and Answers	525—60
Statement laid on the table	560
Motion for Adjournment—Disallowed	560—61
Iron and Steel Duties Bill—Considered and passed	561—601
Indian Tariff Bill—Considered and passed	601—02
Appendices	603—04

Tuesday, 4th September, 1934—

Member Sworn	605
Question and Answer	605—06
Statement by the Honourable the President expressing regret for the ruling given by him in regard to clause 2 of the Iron and Steel Duties Bill	606—07
Indian Army (Amendment) Bill—Motion to consider— <i>not concluded</i>	607—36
Statement of Business	63

Wednesday, 5th September, 1934—

	PAGES.
Questions and Answers	637—47
Short Notice Questions	647—49
Hindu Woman's Inheritance Bill—Motion to circulate, adopted	649
Resolution <i>re</i> abolition of Viceroy's commissions—Negatived	650—70
Resolution <i>re</i> ineligibility for service under the Crown, after retirement, of Presidents of Legislatures, etc.—Negatived	671—78
Resolution <i>re</i> pensions of inferior servants serving under the Government of India—Withdrawn	678—83
Resolution <i>re</i> five-year plan of economic development for India—Withdrawn	683—95
Resolution <i>re</i> ineligibility for service under the Government of India of subjects of those Indian States who do not employ British Indian subjects—Withdrawn	695—700

Thursday, 6th September, 1934—

Questions and Answers	701—02
Indian Army (Amendment) Bill—Considered and passed	702—34
Indian Navy (Discipline) Bill—Considered and passed	734—43
Amending Bill—Considered and passed	743—44

COUNCIL OF STATE.

Tuesday, 28th August, 1934.

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

SHORT NOTICE QUESTIONS.

AMOUNT RECEIVED EACH YEAR BY THE CIVIL AVIATION DEPARTMENT FROM THE PETROL TAX.

146. THE HONOURABLE MR. J. B. GLASS (on behalf of the Honourable Mr. E. Miller): (a) Will Government be pleased to state:

(i) the amount received each year by the Civil Aviation Department from the petrol tax since this was first inaugurated up to the present time;

(ii) the specific manner in which it has been allocated each year, with details?

(b) Will Government kindly give an undertaking to place similar information before Members of the Central Legislature as soon as may be possible each year after the financial year has closed?

THE HONOURABLE MR. D. G. MITCHELL: (a) Two statements are laid on the table, one showing the yield from the additional tax on petrol consumed for aviation purposes during the years 1929 to 1933, and the other showing the objects on which the Fund was expended during the financial years 1931-32 to 1933-34 and the allotments made during the subsequent year. However, the Honourable Member will be interested to have at once a broad account of how the money has been allotted. The total yield of the tax to the head of Civil Aviation was roughly Rs. 1½ lakhs. The chief heads to which allotments have been made are as follows:

- (1) Experimental installations of lighting of various kinds have cost Rs. 93,000.
- (2) The training of Indians for duties connected with civil aviation, and scholarships granted to Indians for study in England amounted to Rs. 27,000.
- (3) Experiments on the treatment of soils of aerodromes, to find out the cheapest efficient methods of stabilising them, have cost, (in round figures) Rs. 3,600.
- (4) An experimental wireless telephone installation at Santa Cruz, in co-operation with the aircraft of Messrs. Tata Sons, Ltd., cost Rs. 1,500.

- (5) Apparatus for meteorological research into atmospheric turbulence cost Rs. 1,500.

The remainder of the Rs. 1½ lakhs consists of an unspent balance and of small items relating to helium research, aircraft material research, and the like.

(b) A statement will be placed before the Members of the Central Legislature during the Simla session each year showing the objects on which the Petrol Tax Fund has been expended during the previous financial year.

I. *Statement showing the yield from the additional tax on petrol consumed for aviation purposes during the years 1929 to 1933.*

Year.				Tax. Rs.
1929	..	..	..	6,500
1930	..	..	..	15,750
1931	..	..	..	34,000
1932	..	..	..	41,500
1933	..	..	..	57,200
Total tax ..				<u>1,54,950</u>

II. *Statement showing the objects on which the Fund was expended from 1931-32 to 1933-35.*

Object.				Expenditure. Rs.
1931-32.				
<i>Helium research—</i>				
Examination of samples of natural gas obtained from oil wells in India and Burma for helium content .. .. .	..	..	..	350
<i>Aerodrome treatment—</i>				
Experimental treatment of soil at the civil aerodrome at New Delhi by the Public Works Department .. .. .	..	..	..	1,190
Total ..				<u>1,540</u>
1932-33.				
<i>Lighting—</i>				
Purchase of two mobile flood-lights .. .. .	..	..	..	39,470
<i>Training—</i>				
Financial assistance to Mr. Bhagat B. La for training in England as a flying instructor ..	..	..	..	4,236
<i>Aerodrome treatment—</i>				
Experimental treatment of soil at the civil aerodrome at New Delhi by the Burma Shell Oil Storage and Distributing Co. of India, Ltd. ..	..	..	..	1,073
<i>Helium research</i>				
Total ..				<u>44,797</u>

1933-34.		Expenditure.	
		Rs.	
<i>Lighting—</i>			
Provision of a fixed flood-light at Karachi Air Port including the pay of the operator and mechanic		23,920	
Provision of special type obstruction lights for the W/T masts at the Mingaladon aerodrome ..		2,862	
Preliminary expenditure in connection with the installation of an illuminated wind indicator at Karachi Air Port		350	
<i>Training—</i>			
Financial assistance to five ground engineer apprentices for advanced training in England in aeronautical engineering		8,000	Allotment.
<i>Experimental wireless installation—</i>			
Expenditure in connection with the installation of a telephonic transmitting apparatus at Santa Cruz in connection with the provision of W/T facilities in the aircraft of Tata Sons, Ltd. ..		1,500	
<i>Helium research</i>		22	
Total ..		36,654	

1934-35.

<i>Lighting—</i>				
Provision of a beacon at Uterla including maintenance for the year		22,500	} Amounts shown represent allotments made. Actual expenditure not yet known.	
Installation of an illuminated wind indicator at Karachi Air Port		2,800		
Extra expenditure in connection with the installation of the fixed flood-light at Karachi Air Port		840		
<i>Aerodrome treatment—</i>				
Experimental consolidation of ground at the civil landing ground at Bassein		615		
Experimental bitumen treatment of ground at the Karachi Air Port		720		
<i>Training—</i>				
Financial assistance to five ground engineer apprentices for advanced training in England in aeronautical engineering		8,600		
Scholarship and financial assistance to Mr. P. P. Nazir, an aeronautical research student in England		5,700		
<i>Meteorological research—</i>				
Purchase of an accelerometer research in atmospheric turbulence		1,500		
<i>Aircraft material research—</i>				
Proposed experimental equipment of an aeroplane with armour plate glass wind screens ..		250		
Total ..		43,525		
Grand Total of expenditure from the Fund ..		1,26,516		
Balance unspent		28,434		

NOTE.—The amounts shown represent actual expenditure except where otherwise stated.

RAILWAY BRIDGES ON THE GANGES AND SONE RIVERS.

147. THE HONOURABLE MR. HOSSAIN IMAM : Will Government state the following information about the railway bridges on the rivers Ganges and Sone :

- (i) What bridges are in dangerous condition ?
- (ii) What restrictions have been placed on railway traffic ?
- (iii) What measures have been taken to safeguard these bridges ?
- (iv) Is any danger apprehended to the Hardinge Bridge or to its protective works ?

THE HONOURABLE SIR GUTHRIE RUSSELL : (i) None.

(ii) and (iii). So far as Government are aware no new restrictions have been imposed on account of the flood situation. The only restrictions on traffic at present are those that have been in force for some time, *viz.*, over the Ganges bridges at Benares and Garmukhtesar, where trains are restricted to a speed of 10 miles per hour ; in the former case due to the bridge not being up to the standard required for modern heavy loads and in the latter case due to the portals infringing standard dimensions.

(iv) None at present.

BILL PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL : Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table copies of the Bill to provide for the modification and continuance of the protection afforded to the iron and steel industry in British India, and to impose an excise duty for revenue purposes upon certain steel, which was passed by the Legislative Assembly at its meeting held on the 27th August, 1934.

RESOLUTION RE NATIONAL DEBT OF INDIA.

THE HONOURABLE THE PRESIDENT : The debate will now proceed on the Resolution moved by the Honourable Mr. Hossain Imam on the 22nd August, 1934, namely,

“ That this Council recommends to the Governor General in Council to form a Committee of experts and Members of this House to inquire into and report on the National Debt, the burden of foreign obligations, and the ways and means of reducing them and to suggest improvements and modifications in the present methods of raising loans in India and abroad. ”

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : This Resolution, Sir, which I have brought forward, deals with a subject which is of importance to every country, and to India in particular, because of the fact that India is going to have constitutional reforms very shortly, by which we are supposed to get more powers. As you all know, India is not a sovereign state. At present our Legislatures have no final powers, and our people are not in a position to give a mandate to their representatives to pass rules and regulations and laws. We get our powers from the British Parliament. It is for this reason that it is of special importance at the present moment, when the future is under consideration, that we should bring forward our grievances before the public and the British Government, so that in the next constitution those anomalies may not obtain. The White Paper, Sir, has no doubt advanced the position of India to a certain extent. I regard it as a great concession and one very beneficent to us, that we will not be in future under the East India Loans Act. That, Sir, is a step in the right direction but it cannot blind us to the fact that even now the White Paper scheme is not quite satisfactory. It is lacking in many respects and those defects I may point out later on.

Before we deal with the subject of India's loans, I should like to give a birds'-eye view of how we have fared during the last 20 years. During the last 20 years ending 31st March, 1934, we had a net trade balance of Rs. 776 crores. We have imported in that period Rs. 476 crores of treasure including gold and silver ; and what is a more troublesome thing, Sir, *we have placed upon our shoulders the burden of Rs. 270 crores of sterling loans during this period.* Sir, it is a well-known fact, and does not need much argument to show that foreign debts are a very great burden. I should, in this connection, Sir, like to quote the opinion of the official Committee formed in, I think, 1927 to inquire into the National Debt of England, —I am referring to the Colwyn Committee. On page 26, paragraph 71, they say :

" Most of our witnesses who discussed the matter pointed to the contrast between the internal debt, as involving a mere transfer of purchasing power within the community, and the external debt, as involving a transfer of goods and services to other countries".

They further go on to say :

" The service and redemption of the external debt are decidedly more onerous in nature in themselves, to the country taken as a whole, than the service and redemption of the internal debt".

This is, Sir, almost axiomatic that in the matter of internal debt Government is a sort of clearing house whereby money is taken out of the pockets of some of its people and put into those of others. It is really functioning in order to facilitate the more equitable distribution of wealth and as such it is doing no harm to the community as a whole. Nevertheless there is no doubt that even internal debts are sometimes hard if we take into account their effect on industry and incentive to trade. That point also was elaborated by this Committee but I need not go into it now.

[Mr. Hossain Imam.]

Then, Sir, one more important aspect which I should like to stress before the House is that it is not merely the rupees, annas and pies we pay which counts and which really makes up the burden of debt. *It is the purchasing power of the money which we are paying which really measures the burden of debt.* In that connection too, Sir, I am indebted to this Committee for having given their report on the English position. Between 1920 and 1925, although there was apparently a fall of 10 per cent. in interest charges, if we look into the commodity prices and compare them with the basic figures of the index number of prices, we find that in England, between these five years, the burden of interest charges increased by 56 per cent., whereas within a period of 10 years, the burden of Indian interest charges has increased by more than 100 per cent., because of the great fall in commodity prices and of raw materials. The Secretary of State for India and the Government of India have up till now carried on this business of our national debt untrammelled by the Legislature. In England, Parliament by the Appropriation Bill authorises the Treasury to take loans. Here we have no such legislation. We in India have no right either to dictate to the Treasury the amount or the terms of the loans which they are to take. The result is that sterling loans have been floated at rates much higher than corresponding Indian rates. I should like to quote a few statistics. In 1921-22, we floated in India a loan of Rs. 49 crores at 6 per cent. issued at par, while we floated a loan in England for £7½ million at 7 per cent. issued at par. The way in which this loan at 7 per cent. was doubled by being converted into 3 per cent. irredeemable stock is also subject to criticism, because it has increased the burden of the external debt in the face value enormously. In 1928, we floated in India a loan of Rs. 19½ crores at 4 per cent. issued at 98½, whereas £7½ million were floated in England at 4½ per cent. issued at 91½. In 1929-30, we floated two loans in India, one for Rs. 29 crores and another for Rs. 8 crores. The issue price of the first was 96½ and of the second 98 at 5 per cent. Whereas in England we floated a loan for £6 million at 99 at 6 per cent. In this connection, I should like to remind the House of the figures which were very kindly given to me by our Finance Secretary yesterday—the rate of exchange on the date of the flotation of this loan. This will go to show that it was not very unfavourable for us to take a loan in India. For instance, about this very loan which I have mentioned, the loan of 1929-30, the exchange was Rs. 13-49 to the pound, a favourable rate. It was just a little below, no doubt, but still it was not so bad as to justify the issuing of a loan at one per cent. higher than the Indian rate. Take the loan which was floated in England in May, 1933. We have just floated a loan of Rs. 15 crores at 3½ per cent. issued at 96½. Fifteen days after that, we floated a loan of £12 million in England at 4 per cent. and issued at 97.—

THE HONOURABLE THE PRESIDENT: Are the conditions the same in both countries!

THE HONOURABLE MR. HOSSAIN IMAM: In November, we again floated a loan in England at 97½ at 3½ per cent.

Now, Sir, I come to my second charge that loans have been floated on a much higher redemption yield than our market conditions justified. It is a well-known principle of finance that the redemption yield on a new loan should be a little higher than the market quotation in order to attract subscriptions, but it should never be at such a premium as the Government of India indulge in. I will give only one out of many instances. In 1930, we issued a loan of £6 millions on 9th February, 1930. The loan was opened on that date and closed on the same date. The amount of applications was £38·8 million, i.e., six to seven times the amount floated. Why? Because of the fact that the redemption yield on the market quotation of Government sterling securities was 5·5 per cent. whereas this loan gave a redemption yield of 6·4 per cent. on earlier maturity and 6·6 per cent. on later maturity. A one per cent. higher rate would not be offered by any country except one on the verge of bankruptcy.

Then, Sir, there is great discrimination which the Government of India are now making between the facilities for rupee loans and sterling loans. I refer to the fact whereby sterling loans have been given the facility of making deferred payments, whereas in all the rupee loans issued recently, the payment has got to be made on the counter. Then, Sir, rupee loans could be floated at much more advantageous rates than when it comes as a surprise or at inopportune moments in the market. An instance of manipulation was offered by the last 3½ per cent. loan. There is now a premium of 2½ from the issue price. Sir, the Treasury has been in the habit of keeping large balances. If these balances represented the savings of former years, there could not be so much objection. But when we have uncovered debts of more than Rs. 200 crores, it is really unthinkable why they should keep such huge balances as Rs. 57 crores in 1928 and Rs. 44 crores last year. If they could manage their business with Rs. 24 crores, they will be having a saving of Rs. 80 lakhs in the interest charges. The Acworth Committee on Railways reported that we should have a sinking fund for the railways. That report, made 12 years ago, has remained a dead letter, and the railways sinking fund is tagged on to us and the railways are not getting any benefit. If they had their own sinking fund and reduced their contribution to our sinking fund the amount of debt reduced thereby would have been considerable.

Sir, our Reduction and Avoidance of Debt Fund has been mismanaged. I make use of this word because I cannot find any other to express it. We know that it is not an orthodox sinking fund from which we are under compulsion to buy up securities. Our provision from the very beginning has been for reduction and avoidance of debt. That may be a good line but in effect we find that it has been used simply to mask the ill-effects of the contraction of currency, the withdrawal of silver rupees and their conversion into sterling assets. In England and in all the Dominions there is a National Debt Commission which manages the provision for redemption of debt. All these countries have provided for this for a long long time in order to remove these monies which are a temptation to a Finance Member, from his control and utilise them for the orthodox type of sinking fund operations. There are at the present moment many securities held by this Debt Commission of the British Government. They have sometimes come in and purchased secu-

[Mr. Hossain Imam.]

rities directly from Government without the manipulation of the market, and they have helped the Government no doubt, but with this difference, that we know the manner in which this fund is being worked and the real position of the treasury. Although I have hunted through the budget heads I could not find any head of account showing how this part of our funds was specifically spent. It is merged simply into the Government balances. We do not get any accounts from it. The result is that all this Rs. 60 crores which we have set aside for reduction or avoidance of debt during the last 10 years has been made up by the loss of Rs. 45 crores on account of contraction of currency. The one asset is covered by the other loss. If we had not this provision, then all this loss on account of silver sales would have come into the capital account and we would have known that we have lost Rs. 45 crores on account of this contraction of currency. That there is no proper sinking fund arrangement comes out clearly when we grasp the position of other Dominions. Most of them have got sterling funds. In their loan advertisements they specifically mention that they have a sinking fund in England of so much money which is utilised in such and such a way, so much for purchase of sterling debts, etc. We have nothing of the kind, with the result that our prestige and our position in the English market are very low. We have to take loans at $6\frac{1}{2}$ per cent., as we did in 1931. It is really when you require the money that your credit should be high. When you are in funds you do not require money and, as a consequence, your credit is high and you can get money at a cheap rate, but you do not require it. This is happening now. It is a tragedy that our huge balance of Rs. 50 crores held in England in the G. S. R. is utilised not for the purpose of sustaining the credit of the Indian Government but that it is administered by the Debt Commissioners of England. In Mr. Hilton Young's book it is mentioned that this fund is administered by the British National Debt Commissioners. I wish to draw particular attention to the fact that in 1933 on the 20th March I moved a Resolution asking that sterling commitments should be reduced and that Resolution was accepted by the Government. After that the first loan was floated in May. That warned us and we wanted to know whether Government had simply accepted the Resolution to throw it into the waste paper basket or whether they really meant to work it. I asked a question on the 16th September of the Finance Secretary about the specific loan which was falling due in December, 1933, whether it was intended to pay by taking an additional loan or whether it was to be paid out of treasury balances. The reply I got was that they hoped to pay it from treasury balances. In spite of that the Secretary of State for India took a loan in November, 1933, at a time when we had not only ample resources but even more resources than were necessary. The balance with the Secretary of State on 1st September was £13 millions; on the 1st October it was £17 millions and on the 1st November £14 millions, and still we went to the market and took a loan. Though it was only at $3\frac{1}{2}$ per cent. it was unnecessary.

Now, Sir, I have so far dealt with the question of productive and unproductive debts. There are other obligations of the Government which also come into the discussion and for which we want an inquiry made. Then the third item, which is the biggest item in our bill, is the amount of privately-owned

foreign capital in India. This has been estimated, by very competent authorities, at between £800 and £1,000 millions. I am giving the official figures. This huge amount of invested capital requires from us an export of Rs. 50 crores for which we do not get visible returns. No inquiry into this question has so far been made. There was no doubt an External Capital Committee, but its terms of reference were limited. The question was "as to the flow of capital into India from external sources". They went into the question and gave their recommendations as to what restriction should be placed on new capital coming in, and as to what kinds of investment there need be no restriction. But how are we to pay back all this money is a question which calls for a searching inquiry, especially in view of the fact that our trade balances, in merchandise, which used to be enormous, are now being reduced and in one year it had almost disappeared, being only Rs. 32 lakhs. We have now recovered slightly, but it is not sufficient. The relevant things in regard to trade balances are three. The first commitments each year is Government expenses in England and that comes to Rs. 34 or Rs. 36 crores a year. Then comes the interest charges on all this huge private capital to which I have referred which has been estimated to require Rs. 50 crores for interest payment. Then the third charge which I may call commercial charges are shipping, insurance, and other charges. Now, it is estimated that a balance of Rs. 100 crores is required to balance the account. The drain to which I referred, the interest on foreign capital, has multiplied and it is borne out by trade figures. For 10 years ending 1914 the visible balance of accounts was Rs. 5.24 crores, for the 11 years ending 1929 it has gone up to Rs. 19.11 crores and for the five years ending 31st March, 1934 we find that it has gone up to the enormous figure of Rs. 33.92 crores—an increase of 550 per cent. on the 1914 figures. That shows that the amount of foreign capital which was invested in India is rising as well as the interest which was accruing is being re-invested in India, with the result that this burden is increasing to an unbearable extent.

Now, Sir, what I have asked the Government to do is not that they should accept all my allegations or that they should carry out all my suggestions. In order to justify my demand for an enquiry, I have brought forward these things. My demand is that the Government should appoint a committee which should go into details and come to conclusions and suggest to the Government ways and means of reducing all these burdens. We do not regard ourselves as competent to give expert advice; but at least when we make out a *prima facie* case that there is something to be looked into, I expect Government, if it is reasonable and willing to do the right thing, to appoint a committee of experts. I put in a word about the Members of this Council but if the Government has any conscientious objections to the association of this House on the committee, I do not mind; they can take it out. So long as there is some authority to examine the matter, which is not subject to any legislative control, it would satisfy us. Not being under the Legislature, we cannot have the authority over them which other Parliaments have, but we can demand from them, if they are above board, to bring the matter up before a committee and show that everything is all right.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Education, Health and Lands Member): Officials or foreign experts?

THE HONOURABLE MR. HOSSAIN IMAM : Any one, so long as he is an expert, and the explanation of expert as given by His Excellency the Commander-in-Chief, would satisfy us. Now, Sir, I wish to suggest ways of reducing the burden—

THE HONOURABLE THE PRESIDENT : I am afraid your time is up now and you will please bring your remarks to a close.

THE HONOURABLE MR. HOSSAIN IMAM : In three minutes, Sir.

In France they have earmarked some resources available for the purpose of debt reduction and handed it to *casse-d'amortizement*. I also wish that we should do the same thing. The profits from the Reserve Bank should be earmarked for this purpose. Then there are other methods whereby we can reduce the burden—for instance, by purchase of gold in India, expansion of currency, pay of future entrants in rupees in place of sterling, cancellation of all these three notifications of the Finance Department exempting from income-tax certain incomes, stoppage of new foreign investment in India, and further reduction in the army expenses by negotiation with the British Government. We cannot ask them to do anything by forcing them, but we can do something by asking. The third way in which we can help in the matter is by a generous treatment by England in regard to the £16 millions. That, Sir, is a debt which is to all intents and purposes non-effective. For four years we have not paid any interest. It is only adorning our financial papers and it is no good either to India or to England. These are the reasons why I have asked Government to appoint a committee to inquire into these things. We are thankful to the Honourable Finance Member for being present here ; it is a matter of pleasure to us to see him here for the first time. (Applause.)

Sir, I move.

THE HONOURABLE MR. P. C. D. CHARI (Burma : General) : Sir, I welcome this Resolution as it gives us an opportunity of discussing our debt position and our national debt, the credit of India in the world's money market and the ways and means of debt redemption. Thanks to the consistent policy followed by the Finance Members in recent years, the credit of India is very high in the markets of the world. In adopting ways and means of devising debt redemption and changing our debt policy with reference to the raising of future loans care should be taken that the credit of India which has been built up with great trouble should not be lessened in any way. According to the Convention reached in 1924 a basic figure is set apart for debt redemption every year and I believe it is Rs. 4 crores. In addition to this the income from currency and mints have been added and we have also had some relief in the way of receipt under the Lausanne Agreement. But of late we have not been receiving our share under the Lausanne Agreement but we must bear in mind that during the 12 years preceding 1933, a sum of about Rs. 62,40 lakhs has gone to the sinking fund for debt redemption. We now find that during the current year, the basic figure has been reduced to Rs. 3 crores. We must appeal to the Finance Department not to make raids on the amortization fund for current financial needs.

There is one aspect of Indian finance which is very obvious. In

the case of nation-building expenditure, in all cases where the expenditure is of a non-revenue-producing kind it is always met from current revenues. And in the case of our productive debts, before incurring any loans for expenditure, Government has seen that the interest which is likely to accrue from this productive expenditure brings in enough revenue to pay the interest on loans. Two-thirds of these productive loans are loans which are taken for non-specific purposes are for railways and these have been utilised for the railways and we need not be anxious on account of these productive loans. About non-productive loans, it is not very much and it is within reasonable bounds and there is no reason for anxiety. In this connection, I would remind the House that we need not be in a hurry to pay off these unproductive loans. This is hardly the time for it and what would be the result of being in a hurry to pay these non-productive loans? The result will be that we will have to increase taxation to a very much higher figure and as all Honourable Members are aware taxation is already very high indeed and has almost reached the breaking point. Any increase in taxation hampers the development of industry in the country and for the purpose of paying these non-productive loans we may wait to see our industries built up so that in a future era of prosperity people can stand heavier taxation with a view to pay off these unproductive loans. I want the Government to have in view the interests of the present taxpayer which are in conflict with the interests of future generations. If we are taxed unduly for the purpose of paying unproductive loans we shall be unduly straining ourselves and retarding the progress of industrial enterprise with a view to benefitting future generations. After all, the benefit will not be very much even to future generations if we arrest industrial development. One thing, I would remind the Finance Department and especially the Honourable Finance Member, has to be kept in view. I have been repeatedly appealing to the Honourable Finance Member for the last few years that it should be the policy of the Government of India to avoid raising foreign loans as much as possible. I am fully aware that owing to foreign commitments and especially on account of meeting the home charges—and I see no prospect of reducing the home charges—the Government has to raise sterling loans, but all the same I would impress upon the Finance Department the necessity of avoiding as much as possible raising sterling loans. The Honourable mover of the Resolution has given cogent reasons and it is not necessary for me to deal with these questions at length as regards the necessity for avoiding foreign loans. The repercussions of these foreign commitments are quite obvious and the Government of India cannot have an independent financial policy if the foreign commitments are unduly increased. In dealing with a Resolution to suggest ways and means for debt redemption, we are faced with one practical difficulty, and it is this. Most of the loans are dated loans and will take some years to mature. We cannot at the present stage anticipate the conditions which may prevail at the time when these loans are likely to mature. But the reasons given by the Honourable mover for the criticism which has been directed to the loans which have been floated in the past are very cogent and I hope the Government of India will bear it in mind in raising future loans and in adopting a policy in the matter of further loans. In this connection I may allude to one important thing which has been agitating the minds of the public. Honourable Members are all aware that under the Congress dispensation a committee was appointed to inquire into the binding nature

[Mr. P. C. D. Chari.]

of the loans contracted by the Government of India. Well, they have issued a report after a careful study and the reasons adduced by them appeal to me very much and have caught the popular fancy, but I should like to give a word of caution with reference to the proposals which have been recommended by the committee. It amounts to a repudiation of debts and I would not be a party to any proposals for the repudiation of debts. After all, is it a practical proposition? Is it a thing which we can agitate for in practical politics? I think it is likely to do more harm than good and is not likely to be of any benefit to the people of India. It is a very attractive proposition, no doubt, and people do not want to pay their debts if they can possibly avoid doing so. Whatever may be the origin of these debts, they have been contracted by Governments which were legally entitled to contract them and they are binding on India and we shall be merely ruining our financial credit in the money markets of the world by giving any support to the suggestions made in that committee's report.

Sir, I welcome this Resolution. As the Honourable the mover of the Resolution has put it he has made a case for inquiry and it is necessary that the Finance Member who is practically an autocrat in the matter of debt policy should have, if not a direct control or check, at least a committee of experts to advise him as to policy. I hope the Government will accept a Resolution of this kind which merely asks for a committee to inquire and report on the national debt, the burden of foreign obligations and ways and means of reducing debt and I think the inclusion of some amateur financiers who may be found in this Council will be helpful. They will be in a position to influence to a large extent what I would call the extravagance or the over-conservatism of the Finance Member in following routine lines of policy and in having too much regard for a cut and dried financial policy. And they may also be in a position to put the popular view point before the Finance Member who is otherwise in an autocratic position in the matter of raising loans, etc.

With these words, Sir, I support the Resolution.

THE HONOURABLE SIR JAMES GRIGG (Finance Member): Sir, I am very glad indeed to have this opportunity of addressing this Honourable House. If I do so keeping one eye on the clock, I hope Honourable Members will forgive me but the truth is I have duties to perform in another place and time presses and if therefore in the end I leave this debate to be finished by others, I hope it will be regarded as no deliberate incivility.

Sir, I agree in one thing at any rate with the Honourable the mover of this Resolution. I agree that it relates to very important matters, matters which assume even greater importance with the imminence of the reforms. His actual proposal is to set up a committee and the functions which the committee is designed to fulfil fall into three separate heads. I suggest that it will be useful to look at them under those three heads. The first function of the committee is to enquire into and report on the national debt. Now, Sir, the facts about the debt of India are well known. The Honourable mover of the Resolution will forgive me if I do not go into them in such detail, and in such, if I may say so, remote detail as he did. Naturally, with the complete financial history of India for the last 20 or 30 or 40 years I am not yet so familiar as he is. The

total debt of India on the 31st March 1923, amounted to Rs. 862 crores. Of these, Rs. 633 crores were covered by interest-yielding assets. Cash balances and treasury balances generally represented Rs. 45 crores. These two together add to Rs. 678 crores leaving a balance not covered by assets of Rs. 204 crores. Let us look at the corresponding figures on the 31st March, 1934. The total debt was then Rs. 1,212 crores. The amount covered by interest-yielding assets is Rs. 977½ crores; cash balances and treasury balances, Rs. 27 crores. Incidentally, the Honourable the mover of the Resolution gave some figures very different from that as the treasury balance. I do not know where he got those figures from. But in fact, treasury balances on the 31st March, 1934 were Rs. 27 crores. That is not very different from the normal figure of Rs. 24 crores which he advocates.

THE HONOURABLE MR. HOSSAIN IMAM : Does that include sterling balances ?

THE HONOURABLE SIR JAMES GRIGG : Complete treasury balances. This leaves the debt not covered by productive or interest-yielding assets at Rs. 208 crores. Sir, the position then is this, that in 11 years there has been an increase in the debt by Rs. 330 crores. But the increase in the unproductive debt, if I may use that term to save repeating "not covered by interest-yielding assets" every time, is Rs. 4 crores. Incidentally, of the Rs. 208 crores of unproductive debt, Rs. 22·3 crores is represented by the outstanding balance of India's contribution to the cost of the war, and, as the House knows perfectly well, no interest is being paid on that balance at the present time. I should like to mention one very important point, which indeed was touched on by the Honourable Member, though in rather a different connection, namely, that very nearly two-thirds of the total debt is railway capital. From that single fact we can judge how important to the future credit position of India is a prosperous and solvent railway system. One of our present difficulties in India is that for some years past the Railway have not been paying their way, they have not been paying interest lately, much less providing for a sinking fund. Therefore, it is a matter of particular satisfaction to me, and I have no doubt to Honourable Members as well, that the recent traffic returns of the railways have shown a very much improved position. I do think this improved position betokens a quite definite improvement in the economic position of India. It does not necessarily immediately mean a corresponding improvement in the financial position of India, because it does not by any means imply that the railways will be immediately paying a contribution to the general revenues of India. If and when the railway revenues are fully recovered, I am inclined to agree with the Honourable the mover of the Resolution that a separate sinking fund for the railways is a question which will require consideration. There is a great deal to be said in its favour. I daresay there are arguments against it also. But certainly it is a question which merits consideration. But of course that is only one aspect of the question, as I said in the beginning of my remarks on the railway position. I am content to leave it at this : that as far as I can make out, the most important single element in the credit position of India is the Railway budget and the ability of the Railway budget to meet all outstanding charges and to provide a surplus for amortization.

[Sir James Grigg.]

All these facts which I have cited are definitely well known and no committee is going to make them any clearer.

I will now pass on to the second part of the Resolution, namely, "the burden of foreign obligations and the ways and means of reducing them". There too, the House will, I hope, bear with me while I recite a few facts. On the 31st March, 1923, the sterling debt was £304 million. On the 31st March, 1934, it was £384 million. That looks rather a terrifying increase—£80 million. But against that, we have got to set off the fact that during the period more than £100 million of railway capital expenditure has been incurred in England, so that, so far as unproductive debt is concerned, there has been at the end of 11 years an appreciable repatriation. Let me say at once that this is the policy of the Government of India, namely, to repatriate sterling debt whenever it is possible to do so. But repatriation of sterling debt cannot be carried out by a mere wave of the hand. There are two sets of transactions involved. First of all, you have got to raise rupee loans in India at lower rates of interest than those paid on the sterling loans which you wish to pay off. This presupposes a high credit in India, which means a sound budgetary position predominantly and also, in my view, there should be an obligation on the Government of India to see that the capital enterprises they undertake are remunerative, at any rate in the broad sense of the word, and that they should not embark on capital schemes purely for the sake of spending money, as has been advocated by some western economic experts. The second process in the repatriation of sterling loans is of course the translation into sterling of the rupees raised in India. This can only be done if the exchange is strong and available in good quantity. This again involves two things. First of all, there should be complete confidence in the credit and currency policy of the Government of India, not only in India but also abroad, in London particularly. It also means that India's balance of trade in the broadest sense—not in its narrow sense—should be favourable. In the modern world—if I may venture on a remark which may be regarded as controversial; I do not propose to labour it—in the modern world, a favourable balance of trade is too often sought to be produced by restricting imports to the maximum possible extent. In my view, a much healthier way of creating a favourable balance of trade is to stimulate exports, and this is of particular importance to India whose main products are agricultural. Perhaps this is a convenient point for me to turn aside for one second and refer to the remarks of the Honourable the mover about privately-owned foreign capital in India. It seems to me that there is a good deal of misconception about this. I think on that the best single thing I can say about it is to refer to the remarks of the foreign experts appointed to assist the Central Banking Inquiry. As far as I remember, none of them came from the United Kingdom, at any rate not more than one and whether there was one I am not quite sure. Most of them were foreign or dominion experts. These foreign experts who cannot be presumed to have any predilection towards London said quite definitely and categorically that for a good many years to come India would need all the foreign capital it could get, and that it would be very well advised to make use of it. And personally I cannot see why foreign capital should not be used to develop the resources of the country,

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so long as it is quite clear that the foreign capital gets not an excessive but a fair return and that the financial and economic condition of India is bettered thereby. I do not believe it is any good cutting off your nose to spite your face. Well, there again on the subject of India's external debt the facts and the procedure for dealing with it are perfectly well known and I do not think that a committee will add appreciably, if at all, to our knowledge on the matter.

Now, the third and possibly the most important part of the Resolution is that the committee should suggest improvements and modifications in the present method of raising loans in India and abroad. And here, if I may be forgiven for making an extremely elementary remark, may I say that the most important factor in raising loans is the credit of the borrower and that no improvements of machinery will enable a country whose financial position is unsound to borrow at a low rate of interest. That is the first and most vital consideration in the whole matter, platitudinous as it is. Luckily the credit of the Government of India now stands extremely high, both in India and in England. The last issue in India was $3\frac{1}{2}$ per cent. at a price calculated to yield a shade over $3\frac{1}{2}$ per cent. That now stands at above par. So that in India India's credit is on a basis slightly lower than $3\frac{1}{2}$ per cent. In London the $3\frac{1}{2}$ per cent. 1954-59 loan was issued at 97 $\frac{1}{2}$ and now stands at 101. So again in London too the credit of India is on a basis slightly lower than $3\frac{1}{2}$ per cent. I am bound to say that does not look to me as though there is much room for improvement in India's machinery for raising loans. Whatever may have happened in the remote past—and the Honourable Member made a great attack on the past policy of the Government of India in the matter of raising sterling loans—I think it is true to say that in recent years if you take into account the period of the loan and the redemption yield—I mean it is no use comparing a short term loan in India with a long term loan in England—if you take into account comparable issues, I think it is true to say that in recent years sterling loans have been raised on slightly better terms than the rupee loans in India. But in any case, if I may repeat my somewhat obvious remark, the rates in London depend on India's credit in London and it is no good forgetting that, if you want to borrow sterling at a low rate, it is absolutely vital that the credit of India in London should be preserved.

THE HONOURABLE MR. HOSSAIN IMAM : How should it be preserved ?

THE HONOURABLE SIR JAMES GRIGG : I am only called upon to answer what is in my own particular sphere, by maintaining a sound financial policy and by that and other methods creating a condition of confidence in London. The Honourable Member wants a committee to assist the Government to improve its methods of raising loans. As a matter of fact in every solvent country in the world the question of raising loans is pre-eminently one for the executive Government in consultation of course with the Central Bank of the country concerned. Hitherto of course the functions of a Central Bank in India have been carried out by the Imperial Bank of India, and the Government of India have certainly enjoyed the whole-hearted co-operation of the authorities of that Bank, and I am glad to be able here today to pay a tribute to them on that account. In the near future we hope to have a Central Bank in the fullest sense of the word, and I have no doubt that even closer co-operation between the Government and the Central Bank should be possible and that we shall

[Sir James Grigg.]

very soon after the institution of the Reserve Bank arrive at a position comparable to that which exists between the British Treasury and the Bank of England. Here, if I may digress a moment and refer to the Honourable Member's proposal to set up a National Debt Commission. I think he is under some misconception as to what functions the National Debt Commissioners in England fulfil. I do not know whether he is prepared to take it from me, but I can assure him that the National Debt Commissioners carry out very nearly purely routine functions under the instructions of the Treasury and the Bank of England. The management of the public debt of Great Britain is entrusted to the Treasury in co-operation with the Bank of England. And that position is one which must prevail, that the people responsible, the department responsible for the financial policy generally must also be responsible for managing the public debt. So he would not get any forwarder if he set up a National Debt Commission on the English plan. It would merely be an extra wheel performing purely routine functions on the instructions of the Government. The machinery, as I have just said before I made that slight digression, for raising loans in India must be the Government of India, which means the Finance Department of the Government of India in the strictest co-operation and consultation with the Reserve Bank. As regards sterling loans, of course our primary adviser is the Bank of England and that must necessarily be so. The Bank of England know more about the London market and have more experience in raising sterling loans than anybody else. And if you reflect, if you want an argument in favour of their competence, you have only to look at the way in which the conversion of the 5 per cent. war loan on to a 3½ per cent. basis was undertaken in London and the ease and certainty and complete success with which that was carried out. Of course that was an operation of the British Government, and Honourable Members may suggest—I hope they won't—that the Bank of England gives better and more profitable advice to the Government of the United Kingdom than it gives to the Government of India. I think if you study the information about sterling issues which has recently been given to the Honourable Member in reply to a question in this House I think you must draw from that series of operations—particularly in recent years—the assumption that the skill and knowledge of the Bank of England are as freely available to the Government of India as they are to the Government of the United Kingdom.

No, Sir, I think our course is quite clear. I do not think any committee will make it a bit clearer. We must certainly in the first place press on with the establishment of a Reserve Bank. We must see that there is the fullest co-operation between it and the Government of India, and also between it and the Bank of England. I do not mean to say that there should be any position of subserviency, but I mean the fullest co-operation between the Reserve Bank and the Bank of England. Honourable Members will remember that one of the most important resolutions passed by the Geneva Conference in 1922—a resolution the neglect of which is very largely responsible for the troubles of the last 10 years in Western Europe and elsewhere in the world—was that there should be continuous co-operation between Central Banks. I believe that is a vital necessity of the future if the disasters of the past are not to be repeated.

Then we must seize every opportunity of converting our internal loans to a lower rate of interest. We must take every chance of repatriating our sterling loans on favourable terms. In recent years I think India has been astoundingly successful in these two processes and I think sufficient evidence of that success is that our interest charges fell from Rs. 13·87 crores in 1922-23 to Rs. 9·66 crores in 1933-34, and that I think is sufficient evidence of our success. Those two figures are sufficient refutation of the general burden of the Honourable Member's song that the public debt of India has been certainly mismanaged. In 11 years a reduction of something like 35 per cent. in the net interest charges on the Indian public debt is no small achievement. Of course this process of reducing your interest charges and converting your debt to a lower rate of interest and repatriating your sterling loan is a process which cannot be rushed. It is a process which demands constant vigilance and the most disinterested information that the Government of India can obtain. But more than that, Sir, it is a process which demands on our part a strict adherence to sound finance and an absence of what the Chancellor of the Exchequer referred to as the imaginative finance advocated by Mr. Keynes and those of his school. I got the impression that the Honourable mover referred with a large measure of approval to the example of France. Honestly I do not think the present condition of the finances in France ought to provide an example for India to copy. I certainly prefer to think of the example of Great Britain as much more appropriate for us to copy; and if we follow the example of Great Britain, in due course we may be in the position of Great Britain and look to a relief of burdens.

Sir, the House will have gathered that the Government are unable to accept this Resolution. (Applause.)

THE HONOURABLE PANDIT PRAKASH NARAIN SAPRU (United Provinces Southern : Non-Muhammadan) : Sir, I am not a financier and I cannot follow the Honourable Mr. Hossain Imam or the Honourable Sir James Grigg in the financial and technical details. Sir, as a matter of fact I do not understand these—I will not shock the House by using that word. . . . There are however just one or two aspects of the problem raised by this Resolution that I should like to stress before the House in a non-technical manner. I have been interested in the constitutional question and what I find is that one of the arguments which is being employed for financial safeguards is that the British investor has invested large sums in this country and that a large part of the debt of this country is sterling debt.

THE HONOURABLE THE PRESIDENT : Your statement is not correct.

THE HONOURABLE PANDIT PRAKASH NARAIN SAPRU : I know that the major part of the debt is Indian rupee debt, I did not mean by the words "large part" that a larger part was in sterling.

THE HONOURABLE THE PRESIDENT : The Honourable the Finance Member has said that the sterling loan in aggregate was £300 millions.

THE HONOURABLE PANDIT PRAKASH NARAIN SAPRU : Then in the discussion on these financial safeguards, great importance was attached to the

[Pandit Prakash Narain Sapru.]

sterling obligations of India and it was stressed that if complete financial responsibility was transferred the credit of India would suffer in the British money market, that the British investor was nervous as to what would happen if complete financial responsibility was transferred. Now, Sir, I know that the internal rupee debt is nearly $1\frac{1}{2}$ times the sterling debt and that this is an argument which was employed by the Indian delegates in their memoranda against this apprehension that there would be any breakdown of the financial administration if complete financial responsibility is transferred. The point therefore that I wish to emphasise is that it is necessary, in order that we might be in a position to assume complete financial responsibility, to reduce the burden of the sterling debt—the burden of these foreign obligations. It is therefore from this constitutional point of view, from the point of view of the Indian who desires complete control over the affairs of his country that I would ask the House to approach this question; and as has been admirably pointed out in the Joint Memorandum of the British Indian Delegation the policy of the Government of India should be to reduce the sterling debt as far as possible and as early as possible.

Then, Sir, I will go on to the next question of financial obligations. Here again this question has an intimate connection with the constitutional issue in this country. One of the reasons for these financial safeguards is that Britain is interested in the financial condition of this country. She is going to control the army, large remittances have to be sent to England and there are pensions, gratuities and what are called home charges, which have to be met by the Indian exchequer. Now, Sir, I am not going into the past. We are not interested in the past. We have criticised your policies in the past in regard to various matters. There is the Congress Report in regard to the past. The Congress Report has said nothing which moderate Indian leaders like Dadabhai Naoroji, Gokhale and Romesh Chandra Dutt have not said on various occasions in the past. But the point is, what are you going to do in regard to the present and the future? Are you going to allow this process of mortgaging to go on or are you going to stop it? How can we reduce the burden of foreign obligations? One obvious course is to push on with the policy of Indianization. I include the Indian Army also. One other course is to reduce the British troops in this country—not necessarily eliminate them immediately, but go on gradually reducing them. It was recognised in the first Round Table Conference that Indian thought attaches great importance to the question of reduction of British troops. Reference may be made to the resolution of the Defence Sub-Committee of the first Round Table Conference. These are some of the methods in which the foreign obligations of India can be reduced and if these foreign obligations are reduced the *raison d'être* for these financial safeguards will disappear and we are interested in the disappearance of these financial safeguards. Sir, as a matter of fact, the position under the White Paper scheme, that the Finance Minister will occupy is not very enviable. He will not be able to control the loan operations of the Government of India; he will be subject to the control of the Governor General in regard to the loan operations of the Government of India. He will not be able to control the currency and exchange operations of the Government of India.

He will have a financial adviser to advise him and the Governor General will also have the same financial adviser to advise him. Well, Sir, it will not be a very enviable position for him. He will be merely a tax-gatherer for the several departments of the administration. Therefore, Sir, we are very much interested in seeing that genuine and not spurious financial responsibility is transferred and you will not transfer this genuine financial responsibility until you reduce the burden of these foreign obligations. It is from this point of view that I should like the House to consider this question. And this is an aspect which I should like to stress. Sir, a great deal was said about foreign capital. I recognise the educative worth of foreign capital. There is no Indian who does not recognise it. But there is foreign capital and foreign capital. Here if you have British firms or if you give British firms the same facilities as you give to Indian firms, that is to say, if you do not discriminate at all, then the difficulty is that not merely the interest but all the profits go out of the country.

THE HONOURABLE THE PRESIDENT: I am afraid you are digressing from the terms of the Resolution.

THE HONOURABLE PANDIT PRAKASH NARAIN SAPRU: I was just pointing out the ways in which this burden might be reduced. However, I will not go further into these details. I will merely content myself with saying that there is a case for inquiry and I would also before I wind up refer to the recommendation of the Joint Memorandum and say that this is what should be done in future :

“ Future Indian sterling loans should be raised on behalf of the Government of India by the High Commissioner or some other suitable agency. The Secretary of State in his evidence before the Committee recognises the justification for a change in the present procedure. The question has a political aspect since the necessity of securing the position of the British investor is one of the principal justifications for the financial safeguards. We realise any change in procedure might result in a higher rate for Indian loans but think this possibility must be faced by India at some time or other ”.

Sir, with these few words, I give my support to the Resolution.

THE HONOURABLE MR. HOSSAIN IMAM: Sir, the figures which have been given by the Honourable the Finance Member to substantiate the claim that the Finance Department have been carrying out their work properly are in my opinion not sufficient to establish their case. He intimated first of all, Sir, that the uncovered debt had increased only by Rs. 4 crores during the period of 11 years. But if he had cared to show what was the increase in the sterling obligations which had increased during these 11 years of uncovered debts, then the whole thing would have been exposed. We have no doubt increased our interest-bearing assets but they have been financed—at least the capital account of these departments—from rupee debts and rupee obligations. The one thing which has been of very great help to the Government of India was, not the funded debts, but these other obligations which come into the form of cash certificates, the saving banks, the balances of the provident fund accounts, and of these thousand and one other obligations. Then, Sir, he stressed the fact that the interest payment for uncovered assets that we have been making has been reduced from Rs. 13 crores to Rs. 9 crores between this period of 11 years which no doubt represents a reduction of Rs. 4 crores. But, Sir, here too the figure has not been mentioned of the sterling payments. I had throughout dealt with the sterling payments. And in addition to that the thing I had

[Mr. Hossain Imam.]

stressed in the beginning, that it is really the purchasing power of money and not merely the amount in token coins which makes up the burden of debt, was overlooked. If the debt is measured on that basis, Sir, it will be found that our present payment even at the reduced figure is 100 per cent. is more onerous than it was in the first instance because, after all, payment is made in goods and services, and so far as goods and services are concerned, they are at a reduced rate and therefore measured in that way you will find that the burden is greatly increased.

He asked me, Sir, where I got my figures of the huge treasury balances. My authority was the Report of the Controller of Currency for 1933-34, Statement No. 24. in which we find at the end that the figure Rs. 44.79 crores is mentioned instead of Rs. 27 crores that was quoted by the Finance Member. Sir, the Honourable the Finance Member was kind enough to suggest to us that our credit in England cannot be improved by improving the machinery. It is only the credit of the country which has any effect on the mentality of world markets. There I beg to differ. He was only speaking with reference to the rate of interest. As to that, I will give a concrete example of how India itself acted. I am referring, Sir, to the two loans which were floated by the Government of India within the period of a month and a half. One was at 5½ per cent. due in 1938-40 and the other was at 4½ per cent. They were issued within a month of each other but there was a difference of one per cent. in the rate of interest. That was simply done by moving the machinery. The first loan was floated not at a moment when securities had sufficiently improved. They were rather in a hurry. They were so much afraid of having paid 6½ per cent. on the treasury bills that they thought they had better pay as much as they could, and perhaps when the time was past they would be in a worse position. It was uncalled for. The position was improving continuously, until we came to this position in the loan market to which the Honourable Member had referred. We could float a loan at slightly higher than 3½ per cent. This, I believe, is the first time that we have been able to do this since the war.

Sir, as regards the functions of the National Debt Commissioners, I beg to differ from the Honourable the Finance Member. They are the custodians of the money that comes from the post offices and of the money that comes from other sources as, for instance, the G. S. R., besides the sinking fund. The Treasury has absolutely no control over their manipulations. Then he said that the Bank of England which succeeded in converting the huge £2,000 million 5 per cent. war loan is available to us, and if England could do this, why should we not do it? As my Honourable friend Mr. Sapru has read from the Memorandum, we prefer to consult our own authorities, although it may mean a little loss because we cannot always rely on others to carry our burden. One day we will have to shoulder our burden. We wish to get into training and do not wish to be treated as children.

I now come to the basic question whether the Government of India's action so far has been so good that there is no room for improvement. With a Legislature which has no control, the executive has a free hand. In a responsible country this will not happen. The Colwyn Committee was formed, if

I may be excused from again referring to the terms of reference of this Committee, not only to find out the effect of the national debt on taxation but also to examine the *modus operandi*, and it has made any number of suggestions on the method of the Treasury itself. I will refer to paragraphs 999, etc., in which they have referred to debt redemption and taxation. They have there criticised the methods which the British Treasury have adopted of attaching a special sinking fund to special loans. They criticise the policy whereby loans have been floated at a small rate of interest and at a great discount, at 60, 55 or 70. This policy of the British Government has been very severely criticised by this Colwyn Committee. Do we understand, Sir, that the executive of India think that the British financier is ignorant; that there is need of a committee to sit in judgment on the action of the British Treasury but that there is no need for any one to sit in judgment on the actions of the British officials in India? If that is their attitude, I have nothing further to add to convince them.

Sir, the Honourable Mr. Chari remarked that our sterling debts and rupee debts were mostly covered by interest-paying assets. I find that railways are in a hurry to invest money which the Honourable the Finance Member rightly condemned just now. They have invested money in items which are anything but paying. I refer to three glaring examples of how money has been invested without adequate care. One is the Sukkur Barrage. Every one knows that to the Rs. 20 crores spent, we have already added Rs. 6 crores as interest charges and the scheme is not yet ready. Then there has been all the expenditure on new railways which was the subject of discussion only last evening in the other place. Then come the loans given to States. Some of them have almost been forced on the States in order to facilitate works which are giving no return.

THE HONOURABLE THE PRESIDENT: Whose fault is that? The States' or the Government's?

THE HONOURABLE MR. HOSSAIN IMAM: Government advances money, compelling them to take money. I know that one State has been practically forced to take money in spite of their unwillingness. Enormous sums of money have been given in this way.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN: What for?

THE HONOURABLE MR. HOSSAIN IMAM: To undertake engineering works that do not pay. Works which are estimated to give more water and which they do not give. Any amount of mismanagement is going on.

THE HONOURABLE MR. P. C. D. CHARI: To relieve British unemployment?

THE HONOURABLE MR. HOSSAIN IMAM: That is one of the reasons. We see the same thing in the case of the Hardinge Bridge. The Honourable Member said that we need not worry about the uncovered portion of the debt which amounted to only Rs. 208 crores. We can measure the burden not by the amount outstanding but by the amount which is left over after expenditure. If a man gets an income of Rs. 100 and spends only Rs. 50, he is a

[Mr. Hossain Imam.]

gainer by Rs. 50 ; but a man who has got an income of a lakh and spends Rs. 1½ lakhs, is poorer by a quarter lakh.

THE HONOURABLE THE PRESIDENT : The Honourable Member has only a minute to finish his speech.

THE HONOURABLE MR. HOSSAIN IMAM : The non-acceptance of my Resolution was only to be expected, *because from an irresponsible executive one cannot expect anything else.* But I am very much afraid that the Government are not so well-managed and *bona fide* as not to need a committee of enquiry.

Sir, I press my Resolution.

THE HONOURABLE SIR ALAN PARSONS (Finance Secretary) : Sir, I should like to make just one or two short observations ; I do not propose to recapitulate what the Honourable Sir James Grigg has said. I only rise to deal with a few points raised by the Honourable Mr. Sapru and one or two points mentioned by the last speaker, the Honourable Mr. Hossain Imam. We have no quarrel with the Honourable Mr. Sapru with regard to the necessity of reducing, as opportunity arises for doing so, our external borrowings when we can replace them by cheap rupee loans ; nor do I disagree with his argument that one of the methods to accelerate that process would be to reduce our foreign obligations. But as he is well aware, that process has been for several years steadily pursued. He referred to a passage in a document—I do not know exactly from which document—

THE HONOURABLE PANDIT PRAKASH NARAIN SAPRU : The Joint Memorandum of the Indian Delegates to the Joint Select Committee.

THE HONOURABLE SIR ALAN PARSONS—in which I understand it to be recommended that our loan transactions in England should be conducted through the High Commissioner. There is nothing in the Honourable Sir James Grigg's remarks to derogate from that recommendation. All it means is this, that whereas at present the negotiations for the flotation or conversion of loans are conducted between the Secretary of State and the Bank of England, in future the High Commissioner should replace the Secretary of State. That is all I have to say with regard to the Honourable Mr. Sapru's remarks.

There are two points which were mentioned by the Honourable Mr. Hossain Imam. First, with regard to the establishment of National Debt Commissioners. I took an opportunity of speaking to the Honourable the Finance Member about that and he told me that whatever might be their technical functions with regard to investing monies which come into their hands, I understand in effect that is done entirely under the orders of the British Treasury. Finally, the Honourable Member suggested as a reason for a committee to enquire into our machinery that fairly recently we issued two loans at a short interval, actually the rate of interest on the second loan was considerably lower than on the first loan. I have forgotten what the exact year was, but may I inform him that the machinery we employed on both those occasions was exactly the same, and to put that forward as an argument that a committee to inquire into that machinery should be appointed seems to me slightly far fetched.

Sir, I oppose the Resolution.

THE HONOURABLE THE PRESIDENT: Resolution moved:

"That this Council recommends to the Governor General in Council to form a Committee of experts and Members of this House to enquire into and report on the National Debt, the burden of foreign obligations, and the ways and means of reducing them and to suggest improvements and modifications in the present method of raising loans in India and abroad."

The Question is:

"That that Resolution be adopted."

The Motion was negatived.

RESOLUTION *RE* LEVY OF CUSTOMS DUTIES ON ALL FOREIGN GOODS ENTERING INDIA FROM LAND FRONTIERS.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Oriassa: Muham-madan): Sir, I rise to lay before the House the following Resolution:

"This Council recommends to the Governor General in Council to impose the same customs duties on all foreign goods entering British India from land frontiers, as is levied at the British Indian ports."

First of all, Sir, I should like to acknowledge my indebtedness to the Finance Department of the Government of India for having given me the idea of bringing forward this Resolution. When I was looking into the Reports of the Round Table Conference, I came across a Memorandum in which the Finance Department gave their version of the facts on federal finance. They took up a very strong stand on this question, and specifically mentioned that it would be somewhat unjust to expect British India to carry all the burden while the States should be the gainers and pay nothing towards federal costs. Sir, on page 501, paragraph 31 of the "Memorandum on Federal Finance by the Finance Department of the Government of India" it is said as follows:

"On the other hand there are numerous instances in which the States would not, unless existing arrangements are altered, be making their contribution to federal revenues. This fact arises out of the favourable position occupied by the *maritime States and Kashmir* in regard to customs duty".

On page 503 the Finance Department says:

"While existing treaties cannot be ignored, it would of course be illogical to allow the *maritime States* to enter the Federation and still retain both (a) the duty on internal consumption, and (b) a share of the customs duty on goods passing through British India".

These remarks were mainly responsible for my bringing forward this Resolution.

Sir, if we go deeply into the history of these Indian States we find that, as the Davidson Committee had exhaustively dealt with this question, the States can be classified into dozens of compartments. Of these the maritime States in Kathiawar, with which the Finance Department has dealt, come into a class by themselves. There is a class of States embracing those which had no previous sovereignty until it was conferred by the Government of India, Kashmir is one of these. The other States with which we have to deal were under the suzerainty of the Peshwas and Baroda—

THE HONOURABLE THE PRESIDENT: We need not go into the history of those States for the purpose of our Resolution.

THE HONOURABLE MR. HOSSAIN IMAM: I would especially draw attention to the fact that in the Davidson Committee Report they have made a distinction between those States which came into treaty relations with the East India Company on an equal basis and held suzerainty from before, and those States which acquired suzerainty as a gift from the East India Company and came into existence afterwards.

THE HONOURABLE THE PRESIDENT: You are entitled to refer to that but please do not go into the history.

THE HONOURABLE MR. HOSSAIN IMAM: I will refer to the maritime States first. These States were not in a position to have any customs until 1860 as they were but vassals. The States were given power to impose customs duty by a treaty, dated 23rd October, 1860, under Resolution No. 836 of the Bombay Government. This treaty gave one of the States in Kathiawar power to impose customs duty, at the same rates as in the British Indian ports, and in exchange therefor they were given the privileges of a British port and the same status. But the Government of India retained for itself two-fifths share in the customs income. In 1865 this treaty was revised, and in exchange for two amounts of money, one of Rs. 6,890-2-2 and the other of about Rs. 2,000 odd, which the British Government had to pay to the State concerned, the two-fifths share of the customs income was given up. The reason was very plain. Then we did not have the heavy customs duties which we are having nowadays. As a matter of fact between the years 1865 and 1895 to all intents and purposes we had no tariffs at all. We believed fully in the theory of free trade, with the result that what was thought at that moment to be quite fair has now become not an exchange but a robbery. That particular State has collected Rs. 51 lakhs each year on the average as customs duty, out of which British India do not receive a single pie. Now the basic principle of the constitution is that taxation must be imposed by the authority of the people and its proceeds should be utilised for the benefit of the people concerned. Here by giving a privileged position to the State concerned, we are doing an injustice to British Indians, because on that amount of goods which come in from that State into British Indian territories the consumers have to pay the price *plus* the duty. That duty is not utilised by the Government of India; that money ought to have been spent not for the advantage of the people living in States, but for British India proper. The question may arise what are the rights of the British Indian people in the matter of this customs duty? We, Sir, in British India have been functioning as a central authority, and the function of the central authority is to safeguard the State from foreign aggressions; other obligations of the Central Government are being discharged by the Government of India, but *defence* is not for the benefit of British Indians alone but for the benefit of the whole of geographical India; and as such we are perfectly justified in keeping the proceeds of this indirect taxation and spending it on the defence of India. If we compare our defence budget and the customs income we find that they mostly balance themselves. Other receipts like income-tax have got nothing to do with States and the people there are free and we do not grudge them, because that part of the proceeds is utilised by the Government of India for the benefit of British Indians themselves. Now, Sir, this was the history

of the maritime State of Kathiawar. When the Viramgam Line was first imposed there was a great hue and cry and after some representations from those maritime States it was lifted. When we found that our financial conditions were not better, Government decided to re-impose the Viramgam Line in 1927. We find that we have been collecting a good deal of money in customs from the Viramgam Line. The figure which the Davidson Committee gave was that we were making from this imposition something like Rs. 123 lakhs, because we were taxing all the goods that were entering from certain States, notably Nawanagar; other States also pay a little out of their income, so that the additional income of Rs. 123 lakhs on the figures of the last year for which figures were submitted to that Committee was the net gain. They also considered the possibility of moving the Viramgam Line to a place on the borders of the maritime States themselves and if that procedure had been adopted we would have had a further saving of something like Rs. 30 lakhs. I am not concerned with that. My particular concern is that if this kind of treaty has been entered into we must try *and honour it only as far as possible*, but when one finds one is in great difficulties one has *no resource left but to denounce* it. The Government of India has already given us the lead by denouncing the Japanese Treaty. That is one of the things which we can do in the case of these States. If we cannot bring them to their senses and arrive at some satisfactory solution about these rights and privileges as far as customs income is concerned, then we have no resource left but to denounce the treaty and impose full customs duty on goods passing from all those States.

THE HONOURABLE SAIYID RAZA ALI (United Provinces: Nominated Non-Official): Then customs duty will be levied twice over. First the State levies it and then you want to charge another duty; it will be twice over.

THE HONOURABLE MR. HOSSAIN IMAM: That is why my Resolution says that the same customs duty as is levied in British ports should be levied. There is no doubt my wording is not very happy. All goods entering British India from land frontiers may mean land frontiers of internal States also. That would be impossible for the Customs Department to do. We all know that only a few months ago we were surprised to hear that silver was coming out to India from Persia, because there was some sort of agreement between the Government of India and Persia to import goods free of duty. What did the Government do? The Government at once issued a notification saying that import from that part of silver is prohibited. If they had not taken this step the silver market of Bombay would have been simply demoralised. Government has given a second lead and that is a step in the right direction. We are not condemning them for that, but we wish that they should carry the thing to its logical conclusion. The position of Kashmir is unique in many respects. The original treaty with Kashmir did not give them any rights or privileges which they now enjoy. In the original Treaty of 1845 the Maharaja of Kashmir was expressly asked to allow the trade between Chinese Turkestan and India to be duty-free. But in the Agreement of 1870 some concessions were given to the Kashmir Darbar.

THE HONOURABLE THE PRESIDENT: Your Resolution merely refers to Kathiawar ports.

THE HONOURABLE MR. HOSSAIN IMAM : It refers to all the land frontiers of India including the Punjab. I am not, however, going to labour the point. I will simply mention the conclusions of the Davidson Committee on this question. Under the Treaty of 1870 they had to refrain from taxing all merchandise passing through the State by the Central Asian trade route, so that there may be free trade between British India and Central Asia. And in exchange for that they were told that they would be allowed to import things in to Kashmir State free. Therefore the position of Kashmir is not so unjustifiable as that of one of the maritime States. But, Sir, what happened? Formerly the Central Asian trade was of greater value and the trade passing from British India into Kashmir was of small value. The amount of customs duty which the Kashmir Darbar would have received from British India varied between Rs. 1 and Rs. 2 lakhs. As long as that continued, no one thought about it. Now the tables are turned altogether. Now the customs duty has risen as high as Rs. 29 lakhs and the fair average value of the States' customs' share at the present time could not be reckoned at less than Rs. 25 lakhs per annum. That shows that when our own finances are depleted, and we are hard put to find ways and means of meeting our own budget, if we allow such loopholes for escape of customs income, we will be no where. I therefore appeal to the Government to take steps in order to bring the condition of our customs duties more in consonance with the ethics of the present day.

Sir, I move.

THE HONOURABLE MR. T. A. STEWART (Commerce Secretary): Sir,

I P.M.

I have listened with very great interest to the speech of the Honourable mover of this Resolution but when I tell him that the question of imposing the same customs duties on all foreign goods entering British India from land frontiers is now receiving the consideration of the Government of India he will understand that at this stage Government cannot accept the Resolution that he has just moved. If however he does not desire to press the Resolution today, I undertake to pass on to the various departments concerned the considerations which he has urged on the floor of the House today.

THE HONOURABLE MR. HOSSAIN IMAM : Will the Honourable Member be in a position to make a statement during the next session on the action that Government propose to take?

THE HONOURABLE MR. T. A. STEWART : I, Sir, can only speak for one department. There are more than one department concerned and I can make no categorical statement of the kind that the Honourable Member desires.

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

The Council then adjourned for Lunch till Half Past Two of the Clock.

The Council re-assembled after Lunch at Half Past Two of the Clock, the Honourable the President in the Chair.

RESOLUTION *RE* RE-ENACTMENT OF REPRESSIVE LEGISLATION AFTER THE EXPIRY OF ITS TIME-LIMIT.

THE HONOURABLE SIR PHIROZE SETHNA (Bombay : Non-Muham-
madan) : Sir, I beg to move :

“ That this Council recommends to the Governor General in Council that having regard to the improvement in the political situation, and in particular to the decision of the Indian National Congress to suspend civil disobedience and to contest elections to legislatures, he may be pleased to make a declaration that the repressive legislation enacted with a view to meeting and putting down the civil disobedience movement will not be re-enacted after the expiry of its time-limit, provided that in the meanwhile civil disobedience is not revived .”

Sir, this Resolution is a simple one. It makes an appeal to Government to declare that such legislation as is placed on the Statute-book during the last few years with a view to meeting the civil disobedience movement will not be re-enacted after the expiry of its time limit, and it makes this appeal on the ground that the political situation has recently undergone such improvement as to justify such a declaration.

Let me briefly review the course of events during the past few years. In 1932 the Indian National Congress re-started the civil disobedience movement and in order to meet it His Excellency the Governor General issued a series of Ordinances. The Congress leaders and thousands of their followers whose numbers ran into five figures were arrested and imprisoned and the struggle between the Congress and the Government went on for some time. The Working Committee of the Congress and other Congress organizations were notified as illegal though the Congress itself was not so notified. Mass civil disobedience was rampant for some time, but it soon discovered it could not maintain its ground against the severe measures adopted by Government to put it down. In July, 1932 a consolidated Ordinance was promulgated embodying the provisions of the various Ordinances issued to stamp out the movement and in the Simla sessions of the Indian Legislature of the same year a Bill was passed embodying the main provisions of the consolidated Ordinance. This Act, called the Criminal Law Amendment Act, 1932, is limited in its operation to a period of three years and its life will expire in December, 1935.

The civil disobedience movement spent its force, and about this time last year, voices were heard from within the Congress camp itself asking for its suspension and for a change in the policy of the Congress. About a year ago, an informal conference of members of the Congress was held at Poona, and as a result of its deliberations to the surprise of all Mr. Gandhi announced that mass civil disobedience would be suspended and only individual civil disobedience should be practised. This was an admission of defeat but an honest admission which I believe was appreciated in his own ranks as well. This call for individual civil disobedience however met with little response and the civil disobedience movement, both mass and individual, virtually ceased to exist from that time.

With the practical cessation of the civil disobedience movement, the feeling for its formal suspension grew in Congress circles. In May last, some prominent Congress leaders met at Ranchi and resolved to form a party, described in the press as the Neo-Swarajist Party with a view to contesting elections to the Legislative Assembly. That party received the blessings of Mr. Gandhi who also promised his support in framing its programme and guiding

[Sir Phiroze Sethna.]

its policy. He also issued a statement declaring that even individual civil disobedience was suspended and would be restricted only to himself.

THE HONOURABLE SAIYID RAZA ALI: What does that mean?

THE HONOURABLE SIR PHIROZE SETHNA: You might ask Mr. Gandhi.

Soon after, the All-India Congress Committee met at Patna. It endorsed Mr. Gandhi's decision to suspend civil disobedience and to restrict it to himself. It scrapped the Neo-Swarajist Party, decided to contest elections to Legislatures in the name of the Congress itself and to set up what is called a Parliamentary Election Board for the purpose. That Board has now been set up and is very active at the moment making preparations for contesting the ensuing Assembly elections. This change in the Congress policy is not confined only to fighting elections to the Central Legislature as can be judged from the fact that the Congress put up a candidate at Satara at a bye-election to the Bombay Legislative Council. His candidature received the support of the President of the Congress Sardar Vallabhai Patel and this Congress candidate Mr. Soman scored a victory about a fortnight back over his rival securing 50 per cent. more votes than the latter. I think the voting was somewhere about 8,400 against about 5,600. This Parliamentary Election Board is evidently not having all its own way for there is a rift in the lute by reason of the fact that two prominent Congress leaders Pandit Malaviya and Mr. Aney have only recently seceded from the Congress proper because of difference of opinion in the matter of the Communal Award. Apart from this difference they have however given out that they and their candidates will work in the Councils in harmony with the Congress representatives, but the new party will be known by the name of the Congress Nationalist Party.

A considerable and satisfactory change has therefore come about in the political situation within the last few months. Let us try to realise its nature, its meaning, its significance. That it is a great and welcome improvement in the situation such as existed in 1932 and in 1933, is recognised by all. It means first that the civil disobedience movement has ceased, let us hope, for all time as a factor in our politics, and secondly, what is of greater importance that the value of Legislatures as instruments of national advancement is now realised and recognised more and more even by those Congressmen who claim to be devoted followers of Mr. Gandhi. I have no hesitation in saying that this change is really a return to those normal methods of constitutional work, agitation and activity which the Congress discarded in 1920. The other political parties in the country, like the Liberals, to which party I am proud to belong and which have consistently followed these constitutional methods have been persistently held up to ridicule, misrepresentation, calumny and obloquy by many leaders and organs of the Congress, ever since the Congress resorted to dubious and harmful paths of direct action. I am aware that the Congress has not altogether abandoned civil disobedience and that Mr. Gandhi has reserved to himself the right of practising it and practising it in the name of the Congress. I am however inclined to think, at all events I sincerely hope, that he will not practise it. In

this connection, may I express the hope that in order to help matters further should he again seek an interview with His Excellency the Viceroy it will not be refused this time. Such an interview will prove all to the good. The situation has changed and the interview may well be granted. Perhaps one of the results of such an interview may be that Mr. Gandhi may feel that even he himself should no longer think of practising civil disobedience and this in itself may lead to further improvement in the situation. But supposing that he again resorts to the practice of civil disobedience, surely Government are quite able to deal with him. They have hitherto dealt with him most skilfully and no doubt they will deal with him with the same skill if he again courts arrest by resort to civil disobedience. The point is that the new Congress policy is not likely to be again suddenly altered by his practising civil disobedience. If such a sudden change was really contemplated or intended by Congress leaders, their decision to suspend civil disobedience and contest elections to the various Legislatures would have no meaning. In fact it would be positively foolish. Whether Mr. Gandhi chooses to go to jail again or not, the suspension of civil disobedience and the removal of the ban against Council entry will continue at least for some time. Whether civil disobedience is virtually dead for all time it is too much to prophesy but that it will be in a state of suspended animation, at all events, for some years to come, is an inference which may be legitimately drawn from the present circumstances. And as to the boycott of Legislatures, I venture to think that the Congress will regard that unprofitable idea as a thing of the past and not resort to it again.

The country is glad that Government have promptly responded to the new policy of the Congress and my Resolution simply means that the response may be carried a stage further. Government are entitled to praise for denotifying Congress organizations and releasing political prisoners. The country was pleased that Pandit Jawaharlal Nehru was set free to be by the side of his wife who is so seriously ill. The country expected he would be given his freedom and it deplores that Government have thought it right to send him back to jail. We sincerely hope that the demand for his release will yet be sympathetically considered. The Government deserve praise also for the announcement made in the other House that any legal bar to the candidature of Congress candidates on account of their imprisonment will be removed on application. All this reflects great credit on Government and what I suggest in this Resolution is that Government should declare or give an assurance that the legislation directed against the civil disobedience movement will not be re-enacted after the expiry of its time-limit.

THE HONOURABLE NAWAB MALIK MOHAMMAD HAYAT KHAN NOON :
(Nominated Non-Official) : Which Act please ?

THE HONOURABLE SIR PHIROZE SETHNA : The Act of 1932 for putting down civil disobedience.

THE HONOURABLE NAWAB MALIK MOHAMMAD HAYAT KHAN NOON :
And not the Press Act ?

THE HONOURABLE SIR PHIROZE SETHNA : It is all one Act.

As I have already said, there is the Criminal Law Amendment Act of 1932 whose life will expire in December, 1935. Besides this there are similar

[Sir Phiroze Sethna.]

Provincial Acts passed to supplement it. I submit that these measures should not be renewed after the expiry of their time-limits and that Government should make a declaration to that effect. Honourable Members will have noticed that the Resolution is restricted only to measures directed against the civil disobedience movement, it has nothing to do with measures passed to stamp out the terrorist movement. They are entirely excluded from the purview of my Resolution as they stand on a different footing altogether although speaking for myself I would certainly say that Government have not acted in their own interests in having made them permanent. They should have been re-enacted for a period of only three or five years. I invite the attention of the House to the proviso in my Resolution. It will be seen that I do not urge the immediate repeal of the legislation. It may remain on the Statute-book till the expiry of its time-limit, but after that it should not be re-enacted, provided that in the meanwhile civil disobedience is not revived. As I have already said, there is no immediate or near possibility of its being revived, but all the same, there is the proviso which means that the legislation will not be renewed only on the condition that in the meanwhile the Congress does not revive civil disobedience.

I shall deal with one more point before I conclude. It may be said the civil disobedience movement may not be revived for two or three years, but what guarantee is there that it may not be revived after that period. My answer is that if such a contingency arises, Government will be quite able to meet it. I sincerely hope that it may not arise; I feel that very likely it will not arise because the Congress has learnt a bitter lesson these last two years. I trust that both the Government and the Congress will see to it that it may not arise. But if it unfortunately does arise it can be met in the same way in which the renewal of civil disobedience in 1932 has been met. Sufficient unto the day is the evil thereof and Government will not be justified in re-enacting the legislation simply because there is the contingency of a future revival of civil disobedience. The legislation was passed to meet a particular emergency and the emergency having disappeared the legislation also should disappear.

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

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal: Non-Muhammadan): Sir, there is nothing very much for me to add to what has fallen from the Honourable the mover of the Resolution. In supporting the Resolution I make bold to say that it falls far short of what the country demands. Several repressive laws were enacted only to meet the emergencies created by the adoption of the creed of the civil disobedience movement by the Congress. When the emergencies arose, the Indian Legislature did not hesitate to give the Government the necessary powers to meet the movement with a firm hand. Now that the movement has been completely abandoned by the Congress there appears to be no justification of those repressive measures to be on the Statute-book even for a single day more. Had there been a national Government, the first and foremost work of theirs would have been to come

before the Legislature with a proposal for the repeal of all those repressive laws enacted for meeting the civil disobedience movement only. But the foreign bureaucracy enthroned not on the suffrage of the people of this country but on the solid and stony foundation of the autocracy of the British Cabinet never cares for the sentiments and the feelings of the nationals of the country. They neither care for the suffrages of the people. The only thing they care is to please their master at Whitehall who are in office on the suffrage of the British people. Sir, as I said before, the Resolution demanding the assurance from Government that they would not re-enact those repressive laws enacted for meeting the civil disobedience movement falls far short of the demand of the country and if the Government do not see their way even to accept this very modest demand it will show the inner workings in the minds of the bureaucrats in its nakedness. It will prove to the world that the bureaucracy do not require repressive laws for meeting emergencies but they get such legislations passed in times of emergency only to get it permanently transferred on to the Statute-book as they did in the case of the Bengal Criminal Law Amendment Act not very long ago.

With these words, Sir, I whole-heartedly support the Resolution.

THE HONOURABLE SAIYID RAZA ALI (United Provinces : Nominated Non-Official) : Sir, before the Honourable Sir Henry Craik, the new Home Member, whom I am delighted to see amongst us today (Applause), and who was a distinguished Member of this Council in 1921, rises to make his official reply, I would like to make a few observations on the scope of the Resolution moved by the Honourable Sir Phiroze Sethna. Sir, I may say at once that it is gratifying to all patriotic men and women in the country to see that saner counsels have prevailed in the Congress; the Congress has abandoned its programme of civil disobedience and has after all decided to participate in constitutional agitation. My only hope is that this decision of the Congress will be more stable than has been the case with some of its decisions in the past and that having given up the civil disobedience it will not consider it fit to resume it in the near future. The object which the mover of this Resolution, the Honourable Sir Phiroze Sethna, has in view is one which I am sure will commend itself to Honourable Members of this House. Sir, most valuable time, three to four years, has passed in a most meaningless political fight. The Congress surely could have done much more useful work during these three to four years if it had turned its attention to improving the scheme of the political constitution better and making it more acceptable to the people than it has by directing its energies and activities along the fruitless channel of civil disobedience. Fortunately, as I say, all that is over. The Congress has announced its decision that now it is going to do useful constructive work and I am sure the Honourable Sir Phiroze Sethna is right when he invites the Government of India to show an attitude of responsiveness and to help the Congress as far as Government can in the programme of co-operation that the Congress has newly chalked out for itself. I think, Sir, the Government have certainly done their duty and as much I think the country owe them thanks for the withdrawal of the various notifications that had been issued against various Congress organizations.

3 P.M.

[Saiyid Raza Ali.]

The question now is what more can the Government do and what more should the Members of this House call upon the Government to do to help the Congress in its new programme. Sir, so far as the proposed negotiations between his Excellency the Viceroy and Mr. Gandhi to which the Honourable Sir Phiroze Sethna referred are concerned, I am sure that, if any such proposal is set on foot, Honourable Members of this House would surely wish and desire that such negotiations should become fruitful and result in something for the good of the country. There is unfortunately a split in the Congress. I do not want to dilate upon that. Most unfortunately there is a split in the Congress and an important section have seceded from the parent body. What the outcome of that will be is more than I can say but I am sure I can say this much that the political future of this country, in view of what is going on on all sides does not seem to be very hopeful. I hope I am not a pessimist but, Sir, I cannot help saying this: "What is going to happen to us when all the important political bodies are so obviously in conflict that there is no reasonable hope of the electorate being able to give a considered verdict on the appeal that is being made to it?" For instance, Sir, I do not think I wish to dwell at any length on this question but I just want to refer to it in passing—what is happening today? What is the Congress attitude to the Communal Award? Well, Congressmen's attitude is that they neither accept nor reject it. I ask this House to realise the consequences of that. Then there is a section which says: "Down with the Communal Award! No constitution is going to be acceptable to us unless the Communal Award is scrapped". Then there are the Mussalmans who swear by the Communal Award and they in their turn say: "No constitution will be welcome to us unless we have our Communal Award *plus* such safeguards in the White Paper as have been conceded to us". Then there is the Hindu Mahasabha whose programme is too well known to Honourable Members of this House for me to mention. So with these conflicting interests, with these irreconcilable claims, can we hope that our electorates are going to come to a reasoned and considered verdict. I am extremely sorry, Sir, at what is happening and I can only hope things will take a turn for the better.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : When will it take a turn?

THE HONOURABLE SAIYID RAZA ALI : That depends on most of us, Sir. Perhaps more so on Bengal than on any other province.

Having said this much, let me invite the attention of my Honourable friend, Sir Phiroze Sethna, to a few difficulties that occur to me as a non-official Member in the way of accepting his Resolution. There seem to me to be four fatal objections which can be urged against his Resolution. In the first place, his Resolution is of such a hypothetical nature that it is not possible to form any decision on that. The terms of the Resolution were read out by the mover. He himself has seen the mess and has tried to explain it away. Now, the position is this, Sir. How are we to know what is going to be the attitude of the Congress in December, 1935. Very briefly stated, there is a principal Act, Act No. XXIII of 1932, which was passed in that year and which expires on the 19th December, 1935. The Honourable Sir Phiroze Sethna says that on the expiration of that Act its provisions should not be re-enacted. Now, that surely is a desire which is very laudable, which I hope we all share, but who can say for

certain as to what will be the condition of the country in December, 1935. Surely it is too much to expect this House in August, 1934 to advise the Governor General in Council as to what legislative measures he should undertake to bring or should undertake not to bring before this Council in December, 1935. The next point in this connection is that, assuming that the Government made a declaration like that which the Honourable Sir Phiroze Sethna wants, what would be the effect of that declaration? That declaration, I need hardly say, Sir, would have no binding effect on the Government, assuming that the civil disobedience was launched again between now and December, 1935. So, even assuming that declaration was made, it would have absolutely no effect and everything would depend on what turn events would take by the end of 1935. In the third place, as my Honourable friend Sir Phiroze Sethna has himself admitted, to me it seems that it hardly lies in his mouth to move a Resolution of this character. We know, Sir, that Congressmen have decided to offer themselves in large numbers for election to the Legislative Assembly. Whether they will be in a position to capture the majority of seats is more than I can say. Anyway, remembering the claim of Mr. Gandhi before the second Round Table Conference that he was the one true representative of India and that he alone could claim to speak for the people of India, I do not think they are wrong in the expectation that they would be returned in very large numbers. If so, I take it that the next Assembly would be holding its session in January, 1935. Surely it would be for those Congressmen who would be returned to the Assembly on the Congress ticket to make a demand of this character and satisfy the Government that their parent body, namely, the Congress is not likely to re-start the civil disobedience movement. I do not think an assurance of this character can come at all gracefully or even reasonably from the Honourable Sir Phiroze Sethna who has given a list of his own grievances against the Congress.

Lastly, I know that it is considered by some people the weakest argument of all if anybody were to express confidence in Government. I believe in certain circles that is supposed to be something very wrong; but in spite of that, I can not help saying that the Resolution is based on distrust of Government. What I mean is this. Assuming that the situation remains till the end of 1935 as it is today, is there any reason to suppose that Government will be cruel enough, Government will be callous enough, Government will be indifferent enough to re-enact the provisions of the expiring Act of 1932 and not care for public feeling and public opinion at all?

Having regard to all these considerations, Sir, my submission is that while I entirely agree with the object of my Honourable friend that every thing should be done to promote more harmonious relations between Congress and Government—that while we who do not belong to the Congress and who are not responsible in any way for the policy of the Government should do every thing to bring about this end—I do not see how it is possible for us to advise Government today about what they should do about 18 or 19 months hence.

THE HONOURABLE PANDIT PRAKASH NARAIN SAPRU (United Provinces {Southern : Non-Muhammadan): Sir, it is necessary to explain my point of view on this Resolution as I do not wish to give a silent vote. I belong to a small group of men in the country. They are called the Liberals,

[Pandit Prakash Narain Sapru.]

and Sir Phiroze Sethna is one of the distinguished leaders of the Liberal Group. The position of the Liberal Group to which I belong has been that the steps taken by the Government in putting down the civil disobedience movement were far in excess of the requirements of the situation, that the ordinary law of the land was sufficient to cope with the situation that had been created by the civil disobedience movement, that with a certain amount of tact on the part of Government the civil disobedience movement could have been averted and would have been avoided, and that there is no longer any need for the laws that disfigure the Statute-book—

THE HONOURABLE THE PRESIDENT : We are not concerned now with the past ; we are only concerned with the future.

THE HONOURABLE PANDIT PRAKASH NARAIN SAPRU : If you will just excuse me, Sir, I am developing my argument. My argument is that there is no longer any need for these laws and therefore they ought to be repealed now and in any case there is no reason why Government should not make a declaration now that it will not re-enact these laws after the expiry of their term. Sir, we Liberals have never agreed with the policy of the civil disobedience movement. That is a policy which has not met with our approval. We have voiced our dissent from that policy. At the same time, Sir, we are glad that the Congress has given up civil disobedience. At any rate, it has suspended civil disobedience *sine die*. We are glad that it has done so, because civil disobedience has hampered the growth of public life in this country, and it is from that point of view that we have not been able to approve of civil disobedience. What is sacred with us is not any particular method. The method must be legitimate and peaceful. Those are the only qualifications I make. What is with us sacrosanct, is not, I say, any particular method. What is sacred with us is Indian freedom and it is because we felt that by filling jails and bearing *lathi* charges cheerfully we cannot create a force which will enable us to achieve freedom—it is because we felt that we cannot by this method create that force—that we have been critical of civil disobedience. The position today is that there is no civil disobedience. Then why have this emergency legislation which you thought was necessary and which we do not think was ever necessary ? The Viceroy of India or the head of the executive in India has very, very large powers indeed. He has almost, one might say, dictatorial powers, and if you at any time feel that there is a situation which requires to be dealt with promptly, you can have your Ordinances in the twinkling of an eye. It will not take you five minutes to have these Ordinances. You have the drafts ready ; you have the Acts ready ; it only requires the signature of the head of the Government to deal with the situation by Ordinances. Sir, if you ever want to have permanent legislation, you can have your permanent laws, because even under the White Paper the Governor General will have all preventive powers of legislation, all affirmative powers of legislation, and all negative powers of legislation. Then, Sir, where is the difficulty in the way of repealing these laws ? Sir, the Honourable Sir Phiroze Sethna has referred to the improvement in the political situation. It is necessary to speak with a certain amount of straightforwardness on this matter and I propose to do this. The political situation from

our point of view has certainly improved in the sense that an obsolete weapon like civil disobedience has been abandoned, that it has been made possible for Congress to enter the Legislatures because the Legislatures touch the life of the community intimately and it is a fatal policy to ignore them. It has improved in this sense. But it has not improved in the sense that people are more happy, that the people are more satisfied and contented with the Government. There is grave dissatisfaction, not in Congress circles alone but in Liberal circles as well. Men like Mr. Sastri, Sir Chimanlal Setalvad, Mr. Chintamani, men who cannot be accused of great extremism, men like Mr. Jayakar and—I cannot obviously refer to a certain name—these men are dissatisfied with the way in which the constitutional issue is being tackled. They have never been satisfied with the White Paper. They feel that things are shaping themselves in a way which is very disheartening for constitutionalists. We probably will have some further whittling down of what was not a very satisfactory paper. Well, Sir, you can govern this country by force if you like. I am prepared to recognise that we have failed. Mr. Gokhale once said “that we can in existing circumstances only serve our country by our failures”. That remark remains as true today as when it was made in the past. All that we can do in existing circumstances is to educate public opinion, to do some spade work, so that the generations that might come hereafter might reap the harvest. So far as we are concerned, I am prepared to confess in all humility that we have failed in our endeavour to induce you to give us a constitution that will place this country firmly on the road to Dominion status. Sir, I speak in all humility and in all sorrow, because I belong to a school of thought which believes in Indian freedom as a sacred principle, but which also believes that Indian freedom is not irreconcilable with loyalty to the British Commonwealth and it is because I feel that the position of this group is becoming more and more difficult in the public life of this country that I think it a solemn duty to say that the present policy of the Government will not do, that it will alienate whatever moderate opinion there is in this country and that it will make the task of constitutionalists very difficult. Sir, I have some difficulty in regard to the Resolution of the Honourable Sir Phiroze Sethna. My difficulty is created by the words “provided that in the meanwhile civil disobedience is not revived”. It might be open to the construction that in our opinion these measures were necessary to meet civil disobedience. As I have said, they were not. I have seen, Sir, a *lathi* charge myself. I shall never forget that scene in all my life. I saw a young girl of 16 beaten by *lathis*. I do not say deliberately beaten. I do not think the policeman would have done it deliberately. But I saw it and it was a most painful sight for me, and I can honestly tell you I did not have any sleep that night.

THE HONOURABLE SAIYID RAZA ALI: That must have been before the Act of 1932.

THE HONOURABLE PANDIT PRAKASH NARAIN SAPRU: I cannot exactly remember the date, Sir. My Honourable friend Saiyid Raza Ali says, “Why bother about the Congress?”

THE HONOURABLE THE PRESIDENT: I have given you a good deal of latitude Mr. Sapru and I must ask you now to stick to the Resolution.

THE HONOURABLE PANDIT PRAKASH NARAIN SAPRU: I am sticking to the Resolution.

THE HONOURABLE THE PRESIDENT : I am afraid you are not.

THE HONOURABLE PANDIT PRAKASH NARAIN SAPRU : My Honourable friend Saiyid Raza Ali said, " Why bother about the Congress ? " Well, the Congress is a great organization. It is a dynamic organization, and even though we Liberals have the misfortune to differ from that organization in certain matters we cannot be uninterested in the vicissitudes of Congress politics.

Sir, with these words, I will resume my seat.

THE HONOURABLE SIR GHULAM HUSAIN HIDAYATALLAH (Bombay : Nominated Non-Official) : Sir, I have heard with great attention the most eloquent speech of the mover of the Resolution and the speeches of his supporters. It is indeed gratifying to see that the Congress has withdrawn civil disobedience, though the leader of the Congress, Mahatmaji, has reserved to himself the option of practising civil disobedience. But I join in the wish of the mover of the Resolution that better counsels will prevail on him and his followers and that they will not revive civil disobedience. But, Sir, my difficulty is quite different and I hope the mover of the Resolution will try to meet it when replying. It is with reference to his words that repressive legislation should not be re-enacted after the expiry of its time-limit. Now, I will call the Bombay Special Emergency Powers Act a repressive legislation, and there I am sure the mover of the Resolution will agree with me. But the Honourable mover of the Resolution does not realise that the Special Emergency Powers Act of Bombay does not only deal with civil disobedience but with terrorism and communism as well. Now, if the Government were not to re-enact this Act may I ask him will he then support the Government of Bombay if they bring forward a separate Bill to uproot terrorism and communism ?

THE HONOURABLE SIR PHIROZE SETHNA : Most certainly !

THE HONOURABLE SIR GHULAM HUSAIN HIDAYATALLAH : Now, Sir, I will read out to the House an extract from the speech of the Honourable Home Member when he introduced that Bill. He says :

" Then, Sir, it is suggested that we should have power only to deal with the civil disobedience, which also of course is not practicable for two reasons. First of all because in addition to the civil disobedience movement there is also a thing called the terrorist movement, although Honourable Members may imagine that does not exist in this presidency I regret to say that it is not the case ".

So, Sir, the Honourable Member should see that this repressive legislation, the Bombay Act, deals, besides the civil disobedience movement, with terrorism and communism. Now, again, my Honourable friend from Bombay knows of the present strikes. What were the ringleaders doing in this strike ? They were making inflammatory speeches, inciting workers to use violence against the police and loyal workers. Well, when they were asked what their demands were, the Joint Strike Committee put forward 20 demands. I will only deal with two of them. They were to withdraw all repressive measures and to release all political prisoners. Well, Sir, what has labour to do with politics that they should want to insist on the withdrawal of repressive legislation and the release of political prisoners ? That clearly shows that there

was communism at the bottom. When the Government of Bombay realised that the leaders of the strike were communists, they exercised the powers in section 3 of the Special Act and arrested the ringleaders, and it had a very good effect. I need not waste the time of the House reading out the Press Note of the Government of Bombay. It was due to that section 3 of that Act that the ringleaders were arrested and the strike came to an end and thus the Bombay Government saved the sinking ship of the millowners from ruin. I remember once as a Member of the Government of Bombay I was in charge of Labour and there was a strike. And there came to me in deputation my ex-colleagues and the ex-President of the Assembly and leading Bombay gentlemen, and what they suggested was that the Government should abdicate because they could not deal with that strike. Communism was rampant and the Government could not do anything. At that time we had no power. Had we had these powers we should have at once resorted to them. Then, Sir, my friend knows about picketing by intimidation. My Honourable friend Mr. Sapru knows that under the Indian Penal Code it is not a cognizable offence unless the man who is intimidated lodges a complaint. But here is a poor coolie, a labourer living in his *chawl*; he is picketed and intimidated. He is not allowed to go to his work. How can he get out of the clutches of the picketers and go and lodge a complaint. We found the same difficulty in Bombay this year. Therefore we made out a case that this movement was a communist movement and applied to the Government of India to allow us to use section 7 of the Indian Criminal Law Amendment Act, 1932. Till we made use of that, Sir, loyal workers were not allowed to go to their work. This also, Act XXIII of 1932, is a repressive measure. If we do away with that, Sir, when next there is a strike how are we going to ask the Government of India to use section 7 of that Act to stop picketing at the *chawls*. Lastly, Sir, I will refer to another Act of the Government of India, but I am sorry I do not know the number; but I understand that the Government of India have proscribed the Indian Communist Party of India under a certain Act of the Central Legislature.

THE HONOURABLE SIR HENRY CRAIK: The Criminal Law Amendment Act of 1908.

THE HONOURABLE SIR GHULAM HUSAIN HIDAYATALLAH: Under that Act they have the power to prevent anybody subscribing to the funds within India or outside India from Moscow and other places. That is again a piece of repressive legislation. If we do away with all that, is the Honourable Member prepared to give Government all these powers by fresh legislation? Then, I might request the Honourable Home Member to consider this Resolution.

With these words, Sir, I resume my seat.

THE HONOURABLE SIR HENRY CRAIK (Home Member): Sir, before I address myself to the Resolution under consideration, I trust you will allow me to express my very great appreciation of the privilege of being allowed to address this House, of which I had the honour of being a Member so long ago as 1921. I should like to add how glad I am to recognise so many faces of my companions of those days, one such being my Honourable friend the mover of the Resolution, and another, Sir, yourself, who now occupy the Chair.

[Sir Henry Craik.]

I think it is desirable that it should be clearly put before the House what legislation is covered by the terms of the Resolution. We have first the central Act, which was passed in December, 1932 ; but besides that Act, there are no less than six Provincial Acts, in Bengal, the United Provinces, Bombay, the Punjab, Bihar and Orissa and the North-West Frontier. My Honourable friend the mover of the Resolution did not allude to these six provincial Acts, but it is undoubted that they do come within the four corners of the Resolution. He is asking us to declare that these Acts, provincial as well as central, shall not be re-enacted when they expire. All of them, with one exception, expire in December, 1935. The one exception is the North-West Frontier Act, the term of which is five years and not three. Now, Sir, most of these Provincial Acts are very much on the same lines. They include provisions against picketing and other forms of civil disobedience, such, for example, as that peculiarly cowardly form of bullying which some civil disobedience volunteers indulged in, the mock funeral ceremony or *Syapa* ; but besides that they also include certain provisions which enable Local Governments to restrict the movements of any persons who have acted, or acting or are about to act in a manner prejudicial to the public safety or peace ; and they further give the power of detaining such persons in custody without trial for a limited period of two months. Those are the local Acts. The central Act, however, contains certain special provisions the most important of which are perhaps those relating to the press. To those provisions no allusion has been made today by any speaker. But I consider them perhaps the most important sections of the Central Act. Those sections extended the Indian Press (Emergency Powers) Act of 1931 during the currency of the Central Act, that is to say, up to December, 1935 ; and they also widened the scope of certain sections of the Press Emergency Powers Act.

Now, Sir, my Honourable friend's Resolution asks the Government to make a declaration that the whole of this legislation will not be re-enacted when its natural term expires, provided that in the meantime civil disobedience is not revived. That is to say, about half-way through the currency of these Acts my Honourable friend asks Government to assume the mantle of a prophet and to say that 16 months hence the state of the country will be so peaceful that these Acts need not be re-enacted. I would like to remind the House that civil disobedience was suspended in effect on the authority of Mr. Gandhi's statement of the 7th April last. That statement was in more than one respect open to several interpretations, but one thing was perfectly clear, that it was not the intention that civil disobedience as a political weapon should be permanently abandoned. It was suspended for the time being ; and moreover, let the House mark this, it was suspended only as a means of obtaining *swaraj*. It was explicitly not suspended at all in reference to what Mr. Gandhi termed specific grievances. This was made clear by several public utterances about that date, in April or May this year. For example, in a special and exclusive interview given to the *Statesman* on the 18th April Mr. Gandhi was asked whether it was correct to say that the suspension of civil disobedience was only temporary or whether he meant that it would have to be resorted to in the near or distant future. That was a perfectly straight question and his reply was that :

" He had no notion when the call would come to him to ask his co-workers to resume the struggle ".

That certainly does not indicate that there was any intention of abandoning civil disobedience permanently. On May the 19th—that was about a month later—in a long speech delivered at Patna he made it clear that :

“ By suspending civil disobedience he had saved this weapon for the country for future use when the country would be ready ”.

In the same speech he spoke of

“ It being his duty to warn members that a far severer discipline and keener appreciation of the necessity of non-violence would be expected before people could be called upon to re-engage in the struggle ”.

Obviously in all these three utterances he contemplated the possibility of civil disobedience being resumed again ; and that attitude has been endorsed on more than one occasion by various of his follows. For example, Mr. Varadachari, in a speech in Madras on the 18th April, said :

“ The Congress gives up, it is true, civil disobedience for some time, but it will not abandon agitation among the masses ”.

And a much more recent pronouncement was made by Mr. Rajagopalachariar, actually in the present month, that is to say in the beginning of August. In an interview with a representative of the *Hindustan Times* he in effect urged that candidates (*i.e.*, Parliamentary candidates) on the Congress ticket should be selected from those who had practised civil disobedience in the past and who may be called upon to resume civil disobedience in the future.

Now, Sir, in the face of these utterances it seems to me idle to assert, as the Honourable Mr. Banerjee did, that civil disobedience has been permanently abandoned. All that has happened is that its use as a political weapon has been for the moment suspended, and greatly as Government welcomes this change of heart, I think it would be a bold man who would assert that civil disobedience may not be again resumed within the next few years.

Sir, it was made perfectly clear when the central Bill was passed in December, 1932, or rather when it was under discussion in September, 1932, that the original intention of Government was to make it a permanent measure. My predecessor, Sir Harry Haig, said, and I would ask the House to weigh these words carefully :

“ It is not sufficient that the powers should be in existence merely until the civil disobedience movement ceases, but that they should be available—without the odium that naturally attaches to the issue of an Ordinance—in case that movement or a similar movement is revived. When the civil disobedience movement ceases, the ideas may lie dormant, but they will not be dead ”.

And he went on to say :

“ I would impress very earnestly on the House that we are engaged in the very delicate and difficult operation of handing over power in this vast country from one set of hands to another. I am not aware that as a deliberate policy an attempt on such a scale has ever been made before in the history of the world. That operation is bound, according to my reading of history, to set up conditions that have proved to be the most favourable occasions for revolution. It is when the system of government that has been in force for many years begins to reform itself or to transfer its powers to others, that the forces of revolution tend to gather strength. I think that is a fair reading of those tremendous upheavals known as the French Revolution and the Russian Revolution. At such times the minds of men become disturbed, and unless the Government is reasonably strong and can retain

[Sir Henry Craik.]

control of the situation, the whisper of change is the signal for a sudden uprush of all the discontented elements. We need at such a time to have the authority of Government unquestioned, if we are to avoid the danger of an upheaval in which property and parliaments alike may disappear”.

Now, it is quite true that at a subsequent stage in the discussions of that Bill, Government agreed, in response to pressure from various quarters, to place a time-limit of three years on the duration of the measure in the hope that by the end of that time the futility, the waste of effort, the injury to the country, both moral and economic, caused by the civil disobedience movement, would have been realised and that the movement itself would have been finally discredited. But I would ask the House to consider carefully whether it can yet be said that that hope has been realised.

Moreover, as more than one speaker has pointed out, this legislation is directed against other dangers besides the civil disobedience movement. It was made clear in the Central Legislature and I think in most Provincial Legislatures, that these Acts would be used as weapons against the two dangers of terrorism and communism. My Honourable friend, Sir Ghulam Husain Hidayatallah, has made it clear that that was the declared intention in Bombay and the Act there has so been used. I myself was Member in charge of the Bill that was passed in the Punjab and I made that equally clear, and I can assert with confidence that the more serious sections of the Act, that is those relating to the power of detention without trial, have been exclusively against terrorists and communists in the Punjab. Now, Sir, those dangers are still present. Terrorism is certainly not dead and communism is becoming daily a more serious menace. Are we justified in depriving Local Governments of these weapons which experience has shown, as my Honourable friend Sir Ghulam Husain Hidayatallah pointed out, to be the only effective weapons against the two dangers to which I have alluded.

Sir, I referred just now to the fact that the central Act contained provisions for the control of the press. How necessary that control is is shown by a glance back at recent history. The second Press Ordinance was withdrawn early in the year 1931 and shortly afterwards several Local Governments reported to the Government of India that the withdrawal of that Ordinance, which had had the effect of silencing the worst organs of the press, immediately led to a very marked deterioration in the tone of the press. All or most of these organs, which had been temporarily silenced by the Ordinance, reappeared and many of them began openly to preach revolution and quite openly to repudiate the doctrine of non-violence. Praise was lavished daily in a dozen newspapers in the Punjab on murderers such as Bhagat Singh who were extolled as heroes, and the youth of the country were urged to follow his example. Many of these papers also (and this is an important point) deliberately fomented communal hatred, that is hatred between one great community and the other. Indeed it was obvious that their circulation depended on this kind of writing.

Sir, this is a subject on which I speak from long personal experience. I had much to do some years ago with the press and I formed the opinion that the lower section of the press (what is still termed, I think, the gutter press) is about as low an organism as can possibly be conceived. These newspapers,

as they call themselves, are run entirely for personal profit. Their circulation depends on their getting into their headlines something thrilling and they are absolutely unscrupulous about perverting the truth. Nearly all of them are run by a dummy editor whom the law cannot touch. The only person we can touch is the person who poses as the editor, usually the office *chaprasi*. There were dozens of such organs in the Punjab, in Lahore, in Amritsar, in those days when the Ordinance was allowed to lapse and I am quite certain that dozens would spring up again if this Press law was relaxed. I could spend an hour quoting to the House extracts from these papers—I have a large collection here—which I am certain would make every Honourable Member thrill with horror to think that anybody could be so debased as to put such sentiments on paper, but I will spare the feelings of Honourable Members. I would only allude once more to the danger to communal peace from an uncontrolled press of that kind. At that time, that is to say, in 1931, Local Government after Local Government represented to the Government of India that every day saw the most subtle provocation, the most bitter exacerbation of communal feelings and of racial hatred appearing in a dozen organs. The Local Governments emphasised the prompt necessity in the interests of internal peace of the passing of very early legislation to protect the public in general from the inflammatory articles on communal lines of that handful of journalists whose pens are constantly directed towards the provocation of civil strife.

I have spoken of the Punjab in this connection, but I may say that in Bengal things appear to have been even worse. The Bengal Government reported in the summer of 1931 that the constant and reiterated elevation of cowardly murder (in the press) to the plane of heroism and the criminal's expiation of his crime to the plane of martyrdom undoubtedly had the effect of diverting large number of immature and sentimental minds to the doctrines of terrorism. I would ask the House to reflect that if the central Act to which the Honourable mover has referred were to be allowed to lapse, there would in effect be no control of any kind over the press, and in a country like this where writings in the press, when allowed liberty, degenerate so easily into licence, I submit that that is not a state of things that Government can contemplate with equanimity at present.

Sir, I would like to pass on to another aspect of this question. In the early days of the new constitution it seems to me essential that there should be stability and continuity in the new form of government, and in order that there may be that stability and continuity, it seems to me that it will be necessary to arm the new forms of government with means for dealing promptly with dangerous forms of agitation. The new government will in many ways be more susceptible to such influences than the present governments, and will find such influences as violent agitation on communal lines more difficult to resist than the present governments do. I would ask the House whether it will be giving the new constitution a fair trial we say here and now that the new governments which are shortly to come into being will be deprived of the only weapons which the present Government has found really effective in dealing with the more subversive and dangerous forms of agitation. Without these weapons I personally doubt very much whether the civil disobedience movement could have been brought under control. I am afraid I must join

[Sir Henry Craik.]

issue with my Honourable friend Mr. Sapru when he says that the civil disobedience movement is one which could have been dealt with under the ordinary law. I have myself had to deal with no less than three civil disobedience movements. I can assure the House that the Honourable Member is quite mistaken if he thinks that these movements could have been dealt with under the ordinary law, and I am quite certain that my views on this subject will be corroborated by every Member of this House—and I know there are several—who were in the same position as myself of having to deal, either as Secretary or Member of Government or as a district officer, with the civil disobedience movement.

Sir, there is one other point, and that is, that although the Honourable Member has not, as I have said referred to the Acts of the Local Legislature—

THE HONOURABLE SIR PHIROZE SETHNA: I did refer to them—to the supplementary Acts in the provinces.

THE HONOURABLE SIR HENRY CRAIK: But those Acts were not supplementary. They are quite independent of the central Act. They conferred on Local Governments powers which the central Act did not in all cases confer on any Government. But my point is this, that to ask the Government of India to make a declaration now that these Acts will not be re-enacted—surely that is treating the Local Legislatures with very scant courtesy. The Acts in question were passed by Provincial Legislatures and surely it is not for the Government of India to say, especially on the eve of what one may expect will be some form of autonomy in the provinces, what legislative action the Provincial Legislatures ought to take.

Sir, I know that some Honourable Members of this House and many others outside honestly disagree with Government as to the justification of legislation of the type now under consideration, but I would ask them to give Government credit for having acted honestly and from conviction. I myself, Sir, can claim to have no less respect for the system of British law than my Honourable friend the mover or any of these who supported him. But it is wrong to think that the law, as it is applied in the British Empire in times of peace and under settled conditions, contains provisions to meet every kind of emergency. Take for example only one principle. It is admitted by every jurist that under the system of British law, as opposed to the systems of law in force in other countries, the scales are weighted heavily against the accuser and in favour of the accused. That is of course a commonplace known to students of jurisprudence. But even under British law, in emergencies of a kind that are not contemplated and are not provided for in the ordinary law of the land, it has on innumerable occasions been necessary for the Government to take to itself powers to meet particular circumstances. To quote only one example, I would refer to the enormous executive powers given to His Majesty's Government and to other Governments throughout the British Empire during the Great War, powers far in excess of anything conferred on the executive by the legislation now under consideration. The Acts which we are now discussing were admittedly designed to meet special emergencies. My case is that those emergencies still exist. Some of them, I admit, may be less active than they were a short time ago. I do not deny that for a moment. I am glad that it is so. But

it would be a very brave man who would assert that all the emergencies for which these Acts were created no longer exist. My Honourable friend asks us to go further than that and to take action now on the assumption that none of these emergencies will exist 16 months ahead. I must say that I think that is asking us to take too great a risk and I hope that my Honourable friend will,

4 P. M.

after hearing what I have said, agree not to press his Resolution but to leave it to the Government, at the time when these Acts have run their course, to decide whether they will put before the Legislatures proposals for their re-enactment or allow them to lapse. I submit, Sir, that this is not the time at which Government should be called upon to take a decision of such far-reaching importance and I trust in view of what I have said that my Honourable friend will not press his Resolution.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Sir, we were waiting with great attention to hear what the announcement of the Government would be on the subject. We have been accustomed for a long time to a different method of government than that which we were having before. I am not going to complain about this change of the Government attitude, but I will just put in a few words on the Resolution. When the original Bill was brought in 1932 and a period of three years was attached to it, we all understood that the idea was not to have this law after the lapse of three years, and that it will not be enacted again irrespective of the circumstances. What we thought, Sir, was that the Government had given an inkling to the public that if these methods proved successful, and civil disobedience waned then these laws would not be re-enacted. In fact our complaint with our Honourable colleague Sir Phiroze Sethna was that his Resolution was too mild, that it did not go far enough. But we understood that he wanted to arrive at a *via media* in order to bridge the gap between advanced opinion and the Government and so were ready to support him. But it seems that the Government does not want the gap bridged. The Honourable Home Member referred to that infamous lady "Dora". The "Defence of Realm Act" in England was passed to meet an emergency which was something quite different from the emergency which the Government of India had to face. England armed itself by this Act to meet the German menace. If they think that the Congress stands on a par with the German army, then we can understand it, otherwise we cannot understand how such an armament is necessary to cope with the Congress.

Then we were told that the Central Legislature cannot bind the Provincial Legislatures. We do not ask for any binding down. What we wish for is just a hand of friendship, a sort of promise to the discontented that if they behave themselves the Government will not use all this frightfulness. The fact that there is terrorism cannot be used as an argument to allow lawlessness on behalf of the Government. I also do not understand why the Government is always bracketing the Congress and the terrorists together. They are as poles asunder. Take the case of Pandit Jawaharlal Nehru which is so prominently in the public eye. All the civil disobedience prisoners are being liberated except Jawaharlal. Why? Because he is regarded as a dangerous man. Has he done any overt act of terrorism that he is being held in durance? Government think that there is a very thin line of demarcation between the extreme Congressites and the terrorists, therefore they practically label them

[Mr. Hossain Imam.]

together. If we know once for all time that the British Government has decided to rule India with the mailed fist and the iron heel, that would be something to go upon. We would know where we were. There are some other people too who have learned a lesson in frightfulness from the Germans and we think the British Government has also learned from them. The press has been suppressed. In every country there are bad and good presses. Who can deny the existence of a gutter press in England. We all know the yellow journalism of England. But is that any reason why the liberty of every press should be taken away. The Press Law of 1931 was bad enough, but since the Criminal Law Amendment Act of 1932 has been brought in, it has been made worse. Because there is still some strife in the country is no reason why there should be no liberty.

But let us see what the Government has done to put a premium on co-operation. We have seen three Round Table Conferences and are awaiting the result of the fourth, the Joint Parliamentary Committee. Is the Government placing a premium on co-operation? Is it not a fact that with the disappearance and falling fortunes of the Congress, the tone of the Government is changing for the worse every year? We are seeing more and more that the reforms are being whittled down, and becoming shadowy and reduced to a sham. Is that placing a premium on co-operation, or is that inviting us, teaching us to be more violent; and telling us in so many words that the people must be satisfied to take up the crumbs thrown at them, or in the alternative they should stand shoulder to shoulder with the Congress and take to direct action? The Moderates are nowhere. They cannot find favour either with the people or with the Government. With the people they are out of favour because they do not go far enough; with the Government they are not *persona grata* because they always criticise its actions and demand advance. That, Sir, is really driving the strife underground, and I am very much afraid if full scope for expression of opinion, liberty of association and other fundamental rights are not conceded, we may have to face not these paltry things but a much graver *red danger* from the north-west.

Sir, I support this Resolution.

THE HONOURABLE KHAN BAHADUR CHAUDRI MUHAMMAD DIN (East Punjab: Muhammadan): Sir, India has suffered terribly owing to the civil disobedience movement. The horrors of the movement are fresh in the minds of the people. Having regard to previous experience in such matters, any hasty steps in this connection would defeat the very object of this Resolution. Peace is one of those masterpieces of human art that requires constant efforts. Constant vigilance on the part of the Government is required to eradicate the evils of terrorism and civil disobedience in the interests of the teeming millions of India. The first duty of the Government is to keep the peace. When the civil disobedience movement was at its height, Government was being accused of weakness in taking timely measures. I hope the Government will not delay in doing away with remedial measures as soon as it is convinced that there was no necessity for them. I would therefore request my Honourable friend not to press the Resolution.

THE HONOURABLE SIR PHIROZE SETHNA (Bombay: Non-Muham-
madan): Sir, I will not take up the time of the House by commenting on the
speeches by those Honourable Members who chose to support me. In short, I
thank them for the help they have given me. I shall deal with the speeches of
those who cannot see eye to eye with me in regard to this Resolution, first the
Honourable Members, and finally the Honourable the Home Member himself.

My Honourable friend Saiyid Raza Ali found fault with my Resolution,
because he said it was hypothetical and that I asked Government to assume
what will happen in December, 1935, and he added: "Who can say for certain
what will happen then?" He also wanted to know what will be the effect of
such declaration if made by Government? My answer in one line to him is
that all these comments have been made by him ignoring altogether the proviso
at the end of my Resolution. That proviso clearly lays down that if
between now and December, 1935, there is any attempt, any fresh attempt, at
reviving civil disobedience, Government will be fully justified in renewing
the legislation.

THE HONOURABLE SAIYID RAZA ALI: Therefore the declaration be-
comes at once useless.

THE HONOURABLE SIR PHIROZE SETHNA: The declaration is not
binding; it is binding on certain conditions, which I have clearly explained
in my first speech and just now. I now come to my Honourable friend, Sir
Ghulam Husain Hidaytallah. He dealt largely with the Bombay Act, which
covers civil disobedience, terrorism and communism. He inquired if we
would like to do away with the provisions of the Bombay Act in regard to
terrorism and communism and he got an emphatic reply from this
whole line "Certainly not"; and that is my reply and that of my friends
to him in regard to the question that he put us. He referred again to the ring-
leaders of the Bombay strike. I wonder why he did so, because whilst they
may be members of the Congress it is a patent fact that they are communists
and it is because they are communists that they gave the Bombay Government
and the Bombay millowners the amount of trouble which they did and
which resulted in the loss not of lakhs but of crores of rupees to the Bombay
Presidency during the recent strike. My Honourable friend Chaudri Muham-
mad Din has desired me to accept the recommendation of the Honourable
Home Member and to withdraw my Resolution.

I now come to my Honourable friend Sir Henry Craik. The Honourable the
Home Member commenced his speech by expressing his pleasure at being once
again in this House in which he sat many years ago. Let me assure him that
not only those Members who knew him then but every Member of this House
welcomes his presence amongst us today (Applause) and we hope that we will
introduce Resolutions and Bills of this nature, which will necessitate the
presence of Sir Henry Craik oftener in this House. Sir Henry Craik observed
that he has seen today some faces that he knew in 1921. So far as my
memory serves me I believe there are five of us in this House who sat with the
Honourable the Home Member then, namely, yourself, Sir, Major Nawab Sir
Mahomed Akbar Khan, Raja Charanjit Singh, Saiyid Raza Ali and myself.

THE HONOURABLE SIR HENRY CRAIK: Rai Bahadur Lala Ram Saran
Das.

THE HONOURABLE SIR PHIROZE SETHNA : I beg his pardon and I am sorry I omitted Rai Bahadur Lala Ram Saran Das. With the knowledge that we six had then of Sir Henry Craik, and from the reports which we see in the press of his attitude towards the Assembly since he assumed his high office of Home Member, I for one certainly expected that he would have no objection in accepting this what I call my modest Resolution. However, he has thought fit to oppose it and has advanced arguments against it. I will try to meet those arguments to the best of my ability, for I am sorry to say I am not convinced and I am not prepared to accept his counsel to withdraw my Resolution.

I should like to ask the Honourable the Home Member as to what the Government of India will lose by accepting my Resolution, because they have the right at a moment's notice, by a stroke of the pen, to issue not a single Ordinance, but a series of Ordinances and then convert them into Acts whenever they want to do so. That being their position, he ought to accede to our request. He may well turn round and ask if that is so and if the public know full well that Government can when they like by a stroke of the pen restore these Ordinances and these Acts, why should not the public accept the continuance of these Acts? My answer to that is that there are two different views on this subject. If Government accept our recommendation, they convince the public that Government are just and generous, and because the Congress has seen the error of its ways Government are prepared to forget the past. And just think of the favourable impression that that would create in the minds of the entire public, Congressmen or otherwise. If Government, however, do not see their way to accept the Resolution, I leave it to the House to judge what the feeling will be in the public mind; it will simply mean that you will alienate the public all over the country. Therefore they are missing a very good chance indeed. The Honourable the Home Member will pardon my saying that the difference is the difference between a national Government and a foreign Government. If there were a national Government it would not dare to flout public opinion and my Resolution undoubtedly conveys the general public opinion in regard to this very important question.

The Honourable Saiyid Raza Ali referred to a remark of Mr. Gandhi at the second Round Table Conference that he was speaking for the whole of India. I for one certainly do not endorse that statement. I go further and say that the Congress is a large body, but is certainly not the largest in India. It is more vocal I admit but those who are not members of the Congress, whether they belong to other particular political parties or whether they belong to different religions—and I especially mention religion because 95 per cent. of the Congress may well be said to consist of Hindus, they form the majority and it is this large majority which strives to befriend Government and considers it its duty to point out to Government what should be the right course for them to adopt. If Government do not choose to accept our advice the fault cannot be laid at our door.

Sir, the Honourable Sir Henry Craik referred to the Criminal Law Amendment Act, 1932, and said it referred not only to civil disobedience but particularly to the press and also to terrorism and communism. I do not deny

that for a moment. What I have asked for in my Resolution is only to delete those sections which relate to civil disobedience. Sir Henry told us a lot in regard to the gutter press. I have not said one word in regard to the press either in my Resolution or in my speech nor do I propose to. I do not suggest for one moment that at this stage sections in the Act relating to the press be deleted although it would be right to say that the better sections of the press have to suffer owing to the sins of what Sir Henry rightly described as the gutter press. Let the press as a whole prove, as the Congress has done, that it has set aside its nefarious methods and then will be the time for other Members or myself to advocate their cause before Government. Just at present all that I ask is that those sections which relate to civil disobedience not be re-enacted after December, 1935 if civil disobedience is not revived by then.

The Honourable Sir Henry Craik said that Mr. Gandhi and the Congress have not permanently abandoned civil disobedience and he quoted from the speeches of Mr. Gandhi and some of his followers. I admit all that. At the same time I may point out to the Honourable the Home Member that when the Act was passed in December, 1932, conditions in regard to civil disobedience whether Congress would permanently abandon it or not were exactly the same, that is to say, Government knew very well that, whether they passed that law for three years or for 30 years, Congress would reserve to itself the right of practising this political weapon if and when it wanted to do so. Whether they will or not now do so is another matter. If, therefore, Government knew it in December, 1932, why, Sir, may I ask, did not Government put this measure as a permanent Act on the Statute-book and only proposed for it a life of three years? That is my answer to the question which my Honourable friend has raised.

Now, in regard to the supplementary Acts in support of the parent Act passed by the Government of India, the Honourable Sir Henry Craik observed that it would be scant courtesy to the other Governments to tell them to follow suit.

THE HONOURABLE SIR HENRY CRAIK : The other Legislatures?

THE HONOURABLE SIR PHIROZE SETHNA : Thank you. I should say to tell the other Legislatures to follow suit. I am sure that if the other Legislatures knew that the Central Legislature was in favour of this amendment, they would like to follow in their footsteps.

Again, Sir Henry Craik observed that under the reforms the present Government should give every possible help to their successors. My reply to that is very simple. Your successors will adopt the steps which you have followed and if necessary will pass Ordinances and Acts and it will not take them weeks or months to do so. It will take them only a few hours to accomplish these results so that we need not show such solicitude for them.

The main object of my Resolution is to ask Government to make a gesture in response to the new policy of the Congress and if Government did so I am sure that this would be one of the considerations which would weigh seriously with Mr. Gandhi and would influence Mr. Gandhi in not reviving civil disobedience. The Honourable Sir Henry Craik observed and I repeat his words that "terrorism is not dead and communism is a serious menace". We all

[Sir Phiroze Sethna.]

entirely agree with him but that is the very reason why I suggest to Government that it is in their own interests to get Mr. Gandhi to co-operate with them because with his co-operation they will stamp out terrorism and communism from the country sooner than otherwise.

Sir, I repeat I cannot accept the Honourable Sir Henry Craik's explanations nor the recommendation to withdraw my Resolution.

THE HONOURABLE SIR HENRY CRAIK : Sir, in reply to the Honourable the mover's last observations, I only wish to say that I regret I am a little sceptical of the proposition that a popular Government would not dare to flout public opinion in the way that the Government of India are now doing. I must say my experience of politics rather points to the opposite conclusion. A Government whose position and whose retention of office depends on the popular vote is, I think, more likely to take drastic measures to see that the popular will is not expressed against the Government. That, I think, has been the experience of recent years in democratic countries. The Honourable mover has made an eloquent appeal to Government to act on his Resolution as a gesture of reconciliation, that is to say, to repeal these enactments with a view to winning over our former opponents to co-operation with Government. Now, there again, Sir, I fear that experience has shown that the repeal of special enactments has not in the past had quite that effect. It will be within the recollection of the House that after what was known as the Irwin-Gandhi Pact a large number of special Ordinances were repealed. Well, I cannot remember that that led to any very cordial reconciliation between Congress and Government. In fact, my recollection of that event is that the majority of the followers of Congress availed themselves of the repeal of those special enactments as an opportunity for recuperating their resources and for thinking out fresh schemes for the embarrassment of Government. No, Sir, I am a little sceptical of the value of these "gestures" in conciliating your political opponents. I was glad to hear my Honourable friend make it plain that he did not intend that his Resolution should apply to those sections of the central Act which control the press and I am sorry if I misrepresented the intention of his Resolution but certainly, as I read it, I thought that he meant us to let the entire Act lapse. I am glad that on that point at any rate he is in agreement with me, that is, in admitting the necessity of some form of control of the press.

Finally, Sir, I can only say that I am sorry that my Honourable friend does not see his way to withdraw his Resolution and, as he has come to that conclusion, I can only ask the House to reject this Motion. (Applause.)

THE HONOURABLE THE PRESIDENT : Resolution moved :

"That this Council recommends to the Governor General in Council that having regard to the improvement in the political situation, and in particular to the decision of the Indian National Congress to suspend civil disobedience and to contest elections to legislatures, he may be pleased to make a declaration that the repressive legislation enacted with a view to meeting and putting down the civil disobedience movement will not be re-enacted after the expiry of its time-limit, provided that in the meanwhile civil disobedience is not revived."

The Question is :

"That that Resolution be adopted."

The Council divided :

AYES—8.

Banerjee, the Honourable Mr. Jagadish Chandra.	Jagdish Prasad, the Honourable Rai Bahadur Lala.
Chari, the Honourable Mr. P. C. D.	Ram Saran Das, the Honourable Rai Bahadur Lala.
Ghosh Maulik, the Honourable Mr. Satyendra Chandra.	Sapru, the Honourable Pandit Prakash Narain.
Hossain Imam, the Honourable Mr.	Sethna, the Honourable Sir Phiroze.

NOES—26.

Akbar Khan, the Honourable Major Nawab Sir Mahomed.	Muhammad Din, the Honourable Khan Bahadur Chaudri.
Charanjit Singh, the Honourable Raja.	Nair, the Honourable Mr. C. Govindan.
Choksy, the Honourable Khan Bahadur Dr. Sir Nasarvanji.	Noon, the Honourable Nawab Malik Mohammad Hayat Khan.
Commander-in-Chief, His Excellency the.	Parsons, the Honourable Sir Alan.
Devadoss, the Honourable Sir David.	Philip, the Honourable Mr. C. L.
Fazl-i-Husain, the Honourable Khan Bahadur Mian Sir.	Raghunandan Prasad Singh, the Honourable Raja.
Gladstone, the Honourable Mr. S. D.	Ray of Dinajpur, the Honourable Maharaja Jagadish Nath.
Glass, the Honourable Mr. J. B.	Raza Ali, the Honourable Saiyid.
Hallett, the Honourable Mr. M. G.	Russell, the Honourable Sir Guthrie.
Hidayatallah, the Honourable Sir Ghulam Husain.	Stewart, the Honourable Mr. F. W.
Menon, the Honourable Diwan Bahadur Sir Ramunni.	Stewart, the Honourable Mr. T. A.
Miller, the Honourable Mr. E.	Suhrawardy, the Honourable Mr. Mahmood.
Mitchell, the Honourable Mr. D. G.	Wingate, the Honourable Mr. R. E. L.

The motion was negatived.

HINDU WOMAN'S INHERITANCE BILL.

THE HONOURABLE MR. P. C. D. CHARI (Burma : General) : Sir, I beg to move :

“ For leave to introduce a Bill to amend the Hindu Law of inheritance in certain respects and entitling women to certain rights to the property of a joint Hindu family and to a share of inheritance on partition.”

Sir, I will not detain the House long in asking for leave to introduce the Bill. It is well known that under Hindu Law a woman is excluded from inheritance and from the right to the property of the father or the grand-father. This system is too archaic and requires modification in the light of modern conditions. Almost every system of law gives the woman a share in the family properties and a right to partition. My object in bringing forward this Bill is this : no social reform intended to improve the status of women can be effective

[Mr. P. C. D. Chari.]

unless she is placed on the same footing as men as regards the right to property and inheritance. The Bill seeks to place the Hindu woman on the same footing as man with regard to property belonging to a joint Hindu family.

Sir, I move.

The Motion was adopted.

THE HONOURABLE MR. P. C. D. CHARI : Sir, I introduce the Bill.

THE HONOURABLE THE PRESIDENT : The next Motion of the Honourable Mr. Chari is to circulate this Bill, which has just been introduced, for the purpose of eliciting opinion thereon. I must draw the attention of the Council to the fact that this motion makes a serious departure from the well-established convention of this House. That well-established convention is that on the day on which a motion is made to introduce a Bill, another motion either to circulate or to appoint a Select Committee or to take the Bill into consideration is not usual. I must point out to Honourable Members that the Honourable Mr. Chari is perfectly within his rights and that if he insists, I have no other alternative but to allow him to make the motion. Standing Order 37 says :

“ When a Bill is introduced, or on some subsequent occasion, the Member in charge may make one of the following motions in regard to his Bill, namely :

- (1) that it be taken into consideration * * * ; or
- (2) that it be referred to a Select Committee ; or
- (3) that it be circulated for the purpose of eliciting opinion thereon ”.

There is however one important condition imposed by the proviso and that is that copies of the Bill have been made available for the use of Members three clear days before the day on which the motion is made. The Honourable Mr. Chari's Bill I understand was circulated three days prior to this day and therefore technically he is within his rights. I may point out that two of my distinguished predecessors have allowed this practice in the past. The late Sir Alexander Muddiman, in 1922, permitted a similar motion. A motion for leave to introduce a Bill was first made and on the same day a motion for circulation was also allowed and adopted. But at that time the point regarding the convention was not at all raised. This was just a year after the first Council of State was established. Sir Montagu Butler also permitted a similar motion to be adopted immediately after the introduction of a Bill. This was in 1924 when the Honourable Sir Arthur Froom made a similar motion. Lately, I find that in the other House a similar motion was permitted by my brother President. I will just read a passage from his ruling as I entirely agree with the dictum laid down there. The Honourable the President of the Assembly said :

“ Since copies of the Bill have been made available to Honourable Members in time, according to Standing Order 38,—which is equivalent to our Standing Order 37,—“ the Chair has no right to prevent the Honourable Member if he chooses to do so from making such a motion, because a positive right conferred by the standing order cannot be negatived by the force of convention ”.

This is my own personal feeling, that a standing order cannot be thrown overboard and that a convention can under no circumstances over ride the clear provisions of a standing order made under the Government of India Act. But

at the same time I am not disposed to disturb or interrupt the convention which has arisen and I would appeal to my Honourable friend Mr. Chari to reconsider his position. I must point out that this order regarding a second motion to be made that very day is founded upon good reasons, and the reasons are obvious. Today of course the motion is to refer the Bill for circulation; but suppose any Honourable Member tomorrow or on a similar occasion arising makes a motion to take the Bill into consideration. Think of the serious inconvenience and hardship which would be felt by other Honourable Members and the inconvenience felt by the Department in charge. Unless my Honourable friend has to leave Simla immediately and will not be present at the next non-official meeting which is on the 5th September, I would advise him not to disturb this convention, well established for many years and for obvious and sound reasons. I would therefore ask him to reconsider his decision. But if he insists on exercising his right, I have no option but to allow him to move.

THE HONOURABLE MR. P. C. D. CHARI : Sir, in view of what has fallen from you I would prefer to move this on the next non-official day, which is the 5th September.

THE HONOURABLE THE PRESIDENT : Thank you.

(The Honourable Rai Bahadur Lala Mathura Prasad Mehrotra in whose name stood the next Resolution* was not present when called on.)

RESOLUTION *RE* ABOLITION OF VICEROY'S COMMISSIONS.

THE HONOURABLE PANDIT PRAKASH NARAIN SAPRU (United Provinces Southern : Non-Muhammadan) : Sir, I rise to move :

"That this Council recommends to the Governor General in Council that Viceroy's commissions in the Indianized units of the army should not be abolished".

Sir, I am asking in this Resolution the Government and the military authorities to reconsider their decision in regard to the abolition of Viceroy's commissions. The scheme of Indianization which has commended itself to the Government contemplates what may be called the segregation of Indian King's commissioned officers. They will be posted to units selected for Indianization. They will have no chance of selecting the unit they wish to serve in. As a corollary to this scheme it has been decided to abolish the Viceroy's commission in these units. Therefore the elimination of the Viceroy's commission is, according to the official view, a necessary concomitant of the policy of segregated Indianized units. Sir, as far as I have been able to understand it, the argument is that if you accept the principle that it is desirable to have Indianized units and segregate Indians, you have to go further and accept the position that the Viceroy's commissioned officer in those units would be an anachronism. Now, Sir, in this Resolution I am not raising any question directly as to the policy of what I may call segregation of Indians, but as the two questions are to a great extent interdependent, the position in regard to one being dependent on the other, it is necessary to state that Indian opinion

* "This Council recommends to the Governor General in Council to exempt sugar factories established on co-operative lines from the excise duty."

[Pandit Prakash Narain Sapru.]

is wholly and irreconcilably opposed to this policy of segregation. The arguments against this policy of segregation have been stated with admirable ability in the Report of the Skeen Committee and also in the very able minutes of dissent by Sir Abdur Rahim and Sir Sivaswamy Aiyar. I will just refer to paragraph 9 of the minute of Sir Abdur Rahim, where he has summed up the whole case :

" We hold that the process of Indianizing should go on simultaneously in all the divisions of the Indian Army. We are decidedly of the opinion that a general policy of segregating Indian and English officers in different divisions of the Indian Army is certain to give rise to considerable difficulties, hampering the development of that feeling of comradeship which at this stage is so essential in the interests of efficiency. It is calculated to breed mistrust and jealousies and to give rise to embarrassments when questions of promotions to higher commands will arise in a concrete form. With the experience that we had in the civil departments of Government, we feel it our duty to impress upon the Government the necessity for guarding at the very outset against such risks as the policy of segregation is bound to involve. No one can be more anxious than we are that our Indian officers should accept full responsibility for leadership of the Indian Army as soon as possible, but so long as at least half of the officer establishment of the army is not Indianized the proper policy is to encourage co-operation and not to enforce segregation. The Skeen Committee, I find, also expressed the same view in no ambiguous language ".

Now, Sir, the basic assumption of the official scheme is that Indianization is an experiment whose results have to be carefully watched. That is a position to which we Indian nationalists cannot agree. It is a position which is not consistent with the Resolution of the Defence Sub-Committee of the Round Table Conference, which said that with the advent of the new political structure Indians must take an increasing share in the defence of the country. What Indian opinion will alone regard as satisfactory is what I may call planned effort at definite Indianization within a reasonable period of time, so that India may be able to assume the responsibility of a complete dominion within the meaning of the Statute of Westminster. There is, therefore, this serious divergence of opinion between the British and Indian point of view. Nothing less so far as we are concerned will or can satisfy us. Therefore the position is that the principle of Indianized units having been accepted, it is argued that the Viceroy's commissioned officer is an anachronism as no such officer exists in the army of any other European country and Indian commissioned officers should not be in need of support from a class of officers intermediate between them and the non-commissioned ranks. That is the argument, Sir. This argument might have had some force if a complete policy of Indianization involving the stoppage of British recruitment and elimination of British troops was being followed. But that is not the case. The result from our point of view of the elimination of the Viceroy's commissioned officers will be that, while on paper the Government are able to show an actual increase in the number of commissions, in point of actual fact there will be no real increase in the pace of Indianization. Sir Abdur Rahim in his very able minute has pointed out that the old intake of 29 cadets a year at Sandhurst supplemented by the Viceroy's commissions would have sufficed to Indianize one complete division and one cavalry brigade in the same period as is contemplated by the new scheme.

Now, Sir, it is true that the Indian officer who will replace the Viceroy's commissioned officer will get a better pay and have a higher status, but these

are gains merely personal to him ; they do not speed up the process of Indianization ; they do not mean anything so far as the country is concerned. The result of the elimination of the Viceroy's commissioned officers which is, as I have said, a corollary of the policy of Indianization is that the Resolution of the Defence Sub-Committee that there should be substantial increase in Indianization has been practically negated. That Resolution remains a dead letter. For—and it is important to stress this—the intake of 60 is accompanied by the condition that the graduates of the new Indian Military College will displace the present Viceroy's commissioned officers, a condition which makes the advance from 29 to 60 illusory and shadowy.

Sir, I am not very well acquainted with the army organization, but as far as I have been able to understand it, the position seems to be that in a unit there are at present 12 to 14 King's commissioned officers and 19 Viceroy's commissioned officers. The proposal hereafter is that each Indianized unit should consist of 28 King's commissioned officers. Therefore the position hereafter will be that nearly half of the men annually recruited will take the place of the Viceroy's commissioned officers. The result is that the pace of Indianization will be retarded and with the advance of the new-political structure, Indians will not be able to take an increasing part in the defence of the country, and all this because of the policy of segregation of Indianized units. Sir, the new Military College with its initial intake of 60 a year would have, if the Viceroy's commissioned officers had not been abolished, served to Indianize two divisions and two cavalry brigades with a little more cost than what would be required now to Indianize one complete division and one cavalry brigade. Therefore the scheme as it has actually commended itself to the military authorities is also open to objection from a financial point of view as it will cost more than it need have. We shall now spend on Indianization of one division what would have very nearly sufficed to Indianize two divisions. Sir, a simultaneous process of Indianization of all the units would have avoided all this ; it would not have necessitated the elimination of the Viceroy's commissioned officer in one unit and his retention in other units. It would have contributed, as Sir Abdur Rahim has pointed out, to the growth of a feeling of comradeship among the officers, British and Indian, and not give rise to suspicion and embarrassment when questions of command arise in future. Sir, if you were taking a big step towards Indianization it might have been possible to reconcile oneself to this segregation, but as you are not doing this, the result is that, as your policy necessitates the abolition of the Viceroy's commission, you are increasing the annual intake on paper but in fact not doing anything to accelerate the pace of Indianization. Even if that intake were not accompanied by any such reservation as now, namely, the abolition of the Viceroy's commissioned officer, it would still be regarded as exceedingly slow not by extreme Indian politicians but by what may be called moderate Indian politicians.

Sir, there is another consideration to which I would invite the attention of the House. The effect of the abolition of the Viceroy's commissioned officer on Indianization and the further difficulty in recruitment, which the decision creates, are aspects on which it is necessary to lay some stress. I stress them as arguments against the abolition of the Viceroy's commissioned officer. Your argument is, Sir, as I understand it, that you had to abolish these Viceroy's commissioned officers as you see no reason why Indian units should have

[Pandit Prakash Narain Sapru.]

Viceroy's commissioned officers. Our answer is that we are not responsible for the policy of segregation ; we are opposed to it ; you are responsible for it. It is—

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : Nor are you responsible for the defence of this country.

THE HONOURABLE PANDIT PRAKASH NARAIN SAPRU : So far as that question is concerned, it is for the British Government to answer and it does not lie in the mouth of any Britisher to say that we are not capable of defending ourselves after the policy that has been followed during the last 50 or 60 years.

What will be the position now ? Viceroy's commissioned officers will be abolished in Indianized units only ; they will be retained in units which are to be officered by Britishers. Just consider the effect of this decision upon the quality of recruits to Indianized units ? The non-Indianized units will be more popular with the recruiting classes because they will have more chances of promotion in those units as it will be possible for a private to rise to the position of a Viceroy's commissioned officer in an Indian unit officered by Britishers. Therefore the popularity of Indianized units will suffer with the class from which the average recruit is drawn. It is to be apprehended that there will be less efficiency so far as Indianized units are concerned and then after 20 years you will say that the Indianized units have not given a good account of themselves and therefore Indianization has not been the success you thought it would be. Sir, my point is that you will by this policy lower the character and quality of recruits to Indianized units. If the Viceroy's commissioned officers had been abolished in all units of the Indian Army, there would have been no danger of this, but you are abolishing these ranks in one class of the army and you are retaining these ranks in the other classes of the army. The necessary result of this will be that there will be differentiation between the two classes of officers, between the Indian officer and the British officer. You say that the Indian officer ought not to shirk his responsibility, that he ought to be prepared to act as a platoon commander. Let that be so ; but the inevitable result of this will be that so far as the status, dignity and the position of the Indian officer is concerned, it will suffer in the eyes of his British officers, it will also suffer in the eyes of the rank and file of the army. Then I come to the argument that such officers do not exist in the army of any other country. Well, Sir, our country is a very peculiar one. We have had this system of army organization for a very long time and the burden of proving that there is something wrong with this army organization is upon those who desire a change in the present system of army organization. I say our country is a peculiar one, because it must be remembered that we have got a Government which is not national. Other countries have got national Governments, and that makes a vast difference. There is no use referring us to the army organization of other countries. The present organization has time and tradition behind it and the burden of proving that the change is desirable is upon you. The removal of the intermediate link may or may not be desirable on theoretical or expert grounds, but it is, I submit, highly inexpedient to remove it in one branch of the army and retain it in the other. If you do this, you will be treating the two classes of officers differently. There is no real justification for treating them differently.

The Indian officers are bound to regard it as an indication of inferior status. Sir, it has been said that the prospects of the rank and file will be improved if the Viceroy's commissioned officers are abolished in Indianized units. I do not see how.

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: Nobody has ever said that.

THE HONOURABLE PANDIT PRAKASH NARAIN SAPRU: Then, Sir, by abolishing the Viceroy's commissioned officers in Indianized units and substituting King's commissioned officers for them in Indianized units, you are laying an additional burden on the taxpayer because the King's commissioned officers cost more than Viceroy's commissioned officers. Sir, the case as I understand it,—I am just summarising it,—for abolition is that there is no need for a Viceroy's commissioned officer—

THE HONOURABLE THE PRESIDENT: You have already gone into that.

THE HONOURABLE PANDIT PRAKASH NARAIN SAPRU: I am just winding up. I have endeavoured to show, Sir, that no real case has been made out for the abolition. I have alluded to the policy of segregation which is responsible for all this trouble. I have endeavoured to show that abolition of these commissions in Indianized units is a decision contrary to the letter and spirit of the Defence Subjects Committee of the Round Table Conference and that there is everything to be said against a system which will introduce two systems of organization side by side in the army. The idea that the Indian Army should be modelled on the British pattern immediately is premature. It is a question which should and can only be properly taken up by the responsible Government of the future when all the ranks have been Indianized.

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

THE HONOURABLE MAJOR NAWAB SIR MAHOMED AKBAR KHAN (North-West Frontier Province: Nominated Non-Official): Sir, I had no wish to participate in this debate because my knowledge of the army in these days is not up to date but after hearing the arguments of my friend, the Honourable Mr. Sapru, I have got something to say, Sir. On the one hand, we are pressing the Government that there should be retrenchment in the army expenditure. On the other hand, when His Excellency the Commander-in-Chief comes out with some proposals then my friend objects to those proposals. I do not know what he wants. He said right through his speech that the Viceroy's commission should not be abolished. Well, Sir, if the Indian officer of the Viceroy's commission is abolished how does he know that His Excellency the Commander-in-Chief may not bring the Indian Army on the same lines as the British Army? In the British Army there are King's commissioned officers and warrant officers. If these are replaced by Indian officers in future, I do not know whether it will be the King's commission or whether it will be a commission like those prevailing in the colonies. Whatever is settled, Sir, that is still a question to be decided but if Indian officers with the Viceroy's commissions are abolished, they can very easily be replaced by the warrant rank just as exists in the British Army. And I take it for granted, Sir, that

[Major Nawab Sir Mahomed Akbar Khan.]

when they get the warrant and non-commissioned rank, they will be paid considerably less than now. Sir, I do not know if the Honourable Mr. Sapru is correct in saying that there will be 28 officers in future—I have my doubts. I know nothing about what is being contemplated under the new constitution but if the strength of the British officers remains as it is at present, 14 or 15 officers, and the Viceroy's commissioned officers are done away with and they are replaced by warrant rank, I think there will be considerable retrenchment made in the expenses. But as I am not aware of what is being contemplated, Sir, so I said from the very beginning that I am not in a position to say much on the subject. As for my own impression, Sir, I heartily agree with my Honourable friend when he says that the Indian officers have been the backbone—I myself called them the tower of the Indian Army, and in the past wars and from the days of the East India Company, the Indian officer has been a tower of strength to the Indian Army. But what is to come I do not know. And when we are not certain as to what is being contemplated, I think my Honourable friend Mr. Sapru would be well advised to leave it to the choice of His Excellency the Commander-in-Chief for the present because he is the head of the army and when he is contemplating something I think it will be for the good of India. We are not in a position to know so much what our requirements are and what our requirements are going to be. His Excellency the Commander-in-Chief is the best judge. He is the head of the Indian Army here. For me it is a difficult position. Fortunately, my friend the Honourable Mr. Sapru is not in the same position as I am. I am a pensioned officer of the army and I believe that in the army a junior has no right to discuss the merits or demerits of a superior officer or of his proposal, but here I find that the Honourable Mr. Sapru has been discussing things very freely and I would advise him to leave it to the discretion of His Excellency the Commander-in-Chief because he can be the best judge of what he is going to undertake and I think that his proposal will at any rate bring in a considerable reduction in the army expenditure.

THE HONOURABLE THE PRESIDENT: This will be a convenient stage to adjourn. The debate will be resumed on the next non-official day.

STATEMENT OF BUSINESS.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Leader of the House): Sir, the Council will not meet tomorrow and on Thursday, the 30th August, for the transaction of any business. *Janam Ashimi*, the Leader of the Opposition informs me, falls on the 31st. I therefore suggest that the Council meet at 10-30 A.M. on Saturday, the 1st September, when the Petroleum Bill, and the Iron and Steel Duties Bill, which has been laid on the table today, will be taken up and, if the business on the order paper is not concluded, it will be continued on Monday, the 3rd September.

The Council then adjourned till Half Past Ten on Saturday, the 1st September, 1934.