

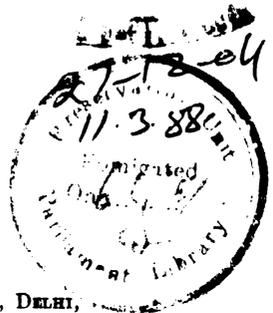
THE
COUNCIL OF STATE DEBATES

VOLUME I, 1938

(14th February to 8th April, 1938).

THIRD SESSION
OF THE
FOURTH COUNCIL OF STATE, 1938

Member designated... 18/4/38



PUBLISHED BY THE MANAGER OF PUBLICATIONS, DELHI,
PRINTED BY THE MANAGER, GOVERNMENT OF INDIA PRESS, NEW DELHI.
1938.

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COUNCIL OF STATE.

Monday, 4th April, 1938.

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

MEMBER SWORN :

The Honourable Mr. Hugh Dow (Commerce Secretary).

QUESTIONS AND ANSWERS.

PUBLICATION ENTITLED " SOME FACTS AND FIGURES ABOUT INDIAN DEFENCE ".

264. THE HONOURABLE MR. G. S. MOTILAL : Do Government propose to bring the important official publication entitled " The Army in India and its evolution " up to date with a view to enlarging the scope of its use ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : The place of " The Army in India and its evolution ", which is now obsolete, has been taken by " Some Facts and Figures about Indian Defence ", supplemented by the annual issue of a pamphlet entitled " A Summary of Important Matters concerning the Defence Services in India " in which all material developments of the previous year are summarised and explained.

SPEECH OF THE SECRETARY OF STATE FOR WAR ON THE ARMY ESTIMATES AND THE PROPOSED REORGANISATION OF THE BRITISH ARMY.

265. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) Did the British Secretary of State for War say in the House of Commons on the 11th March, 1938, " India was never unwilling to despatch her forces beyond the Indian frontiers in time of need, but he and the Secretary of State for India have come to the conclusion that the time has come for an objective examination of the position " ?

(b) What are the questions that will be considered in this connection and will the result of the enquiry be published ? What steps do Government propose to take to have Indians associated with the enquiry ?

(c) On what basis did the Secretary of State for War say that " India was never unwilling to despatch her forces beyond the Indian frontiers in time of need " ? Has the Legislative Assembly protested against Indian troops being despatched beyond Indian frontiers ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: With your permission, Sir, I propose to answer question Nos. 265, 266 and 267 together.

In the course of his speech on the Army estimates of 1938 the Secretary of State for War outlined the proposed reorganisation of the British Army and the measures proposed to improve its conditions of service. In doing so, he pointed out generally the difficulties which the fact that a portion of the Army is stationed in India presented not only to His Majesty's Government but also to the Government of India.

The Government of India, on their part had already represented to the Secretary of State for India the serious effect upon the Indian budget of increase in cost of British troops in India which must necessarily result from the various measures announced by the Secretary of State for War for the purpose of improving conditions of service in the Army. The Prime Minister has authorised the opening of discussions between the Secretary of State for India and the Secretary of State for War on certain aspects of Indian defence in relation to the problem of Imperial defence as a whole, and the Government of India propose to take advantage of these discussions to place their views on all aspects of the question before His Majesty's Government. These discussions are to take place immediately, and it is obviously not in the public interest to give any further details of their scope.

As regards the parts of the Honourable Member's questions which have not been covered by this reply, I may add that the quotation used by him in part (a) of question 265 has been inaccurately reported, and, also, that the Secretary of State for War made no such statement as imputed to him in question No. 266. A copy of Hansard containing a full report of his speech will shortly be placed in the Library of the House.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: With regard to question No. 266 will His Excellency the Commander-in-Chief state whether it is a fact that the additional cost thrown on the Indian military budget will be in the neighbourhood of half a million pounds?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: Sir, I have already made it clear that that statement was not made by the Secretary of State for War.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: His Excellency referred to question 265(a). My supplementary question is with reference to question No. 266. So far as I could listen it has not been answered at all.

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: May I repeat what I have said. At the end of my reply I said, "I may add that the quotation used by him in part (a) of question 265 has been inaccurately reported and also that the Secretary of State for War made no such statement as imputed to him in question 266".

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: There is another question that has not been answered. I asked whether Indians would be associated with the enquiries now proposed to be undertaken.

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: The discussions I have referred to, Sir, are purely inter-departmental and therefore of a highly technical nature, and the question of associating Indians in them does not therefore arise.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Is it not possible to associate Indians with the enquiry in the same way as Indians were associated with the enquiry undertaken by the Garron Tribunal ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : I have got nothing further to say, Sir.

FINANCIAL EFFECT ON INDIA OF THE REORGANISATION OF THE BRITISH ARMY.

266. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : What is the additional burden that will be borne by Indian revenues owing to the improvements in the pay and allowances of officers and soldiers of the British Army recently sanctioned by His Majesty's Government ? Did the Secretary of State for War state in the House of Commons that the burden involved would amount to about £500,000 ?

(See reply to question No. 265.)

DISCUSSIONS BETWEEN THE WAR OFFICE AND INDIA OFFICE ON CERTAIN ASPECTS OF INDIAN DEFENCE IN RELATION TO THE PROBLEM OF IMPERIAL DEFENCE AS A WHOLE.

267. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : What is the exact scope of the inter-departmental discussions which the Prime Minister proposes to initiate in order to re-examine questions concerning the employment of British soldiers in India which have already been discussed between the India Office and the War Office ? Will they result in increasing the cost of the British Army stationed in India ?

(See reply to question No. 265.)

MECHANIZATION OF THE DUKE OF CONNAUGHT'S OWN LANCERS AND THE SCINDE HORSE.

268. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) Have Government decided to convert the Duke of Connaught's Own Lancers and the Scinde Horse into armoured car regiments ?

(b) If so, what will be the cost of the conversion and the period over which it will be spread ? How is it proposed to find any additional money required ?

(c) Will the conversion of these Indian regiments like that of British regiments lead to economy in recurring expenditure or will it result in increased permanent expenditure ? What will be the amount of the increase or decrease, as the case may be ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : (a) Yes.

(b) Rs. 49 lakhs, spread over two years. The money will be provided in the Budgets of 1938-39 and 1939-40.

(c) A recurring saving of Rs. 4.83 lakhs is anticipated.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : With reference to part (b) of the question, will the increased cost lead to an increase in the military budget or will the additional money be found by savings in the ordinary expenditure ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: It is going to be found from savings in the ordinary expenditure, and as I have stated the recurring savings will be Rs. 4.83 lakhs.

OPENING OF A MILITARY SCHOOL IN BIHAR, ETC.

269. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (on behalf of the Honourable Raja Yeweraj Datta Singh): (a) Will a military school, where students would be trained in aviation as well as other subjects, be opened in Bihar?

(b) If so, will Government make a statement on the subject, giving the general outline of the proposal and its financial implications?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: (a) and (b). Government have seen a press report to the effect that the Government of Bihar propose to open such a school, but have no further information on the subject and are not aware of the nature of the scheme or of its financial implications.

THE HONOURABLE MR. HOSSAIN IMAM: Did the Bihar Government make any representation to the Government of India?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: I have not seen it, Sir.

AUTHORISED CLERICAL STRENGTH OF INDIAN CIVILIAN CLERKS FOR U.T.C. AND A. F. (I.) UNITS.

270. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: (a) What is the authorised clerical strength for the U.T.C. and A.F.(I.) units?

(b) What is the number of clerks, British other ranks, Indian other ranks and Indian civilians in employment at present with their grades of pay?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: (a) and (b). One Indian civilian clerk is allowed for each of the 10 U.T.C. units at a rate of pay varying from Rs. 50 to Rs. 90 per mensem. For A.F.(I.) units of which there are 44 no definite clerical establishment is laid down. The number that may be required and the salary that is paid is a matter for local arrangement and varies from time to time and from place to place. No British or Indian other ranks are employed as clerks in these units.

MAXIMUM SALARY ADMISSIBLE TO INDIAN CIVILIAN CLERKS EMPLOYED IN U.T.C. AND A.F.(I.) UNITS.

271. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: (a) Are Indian civilian clerks employed in the U.T.C. and A.F.(I.) units entitled to draw a maximum salary of only Rs. 90 per month?

(b) Do the clerks of similar status in other departments connected with the Army rise to a maximum salary of Rs. 375 per month by annual increments?

(c) Has the scale of pay for the Army Remount Department recently been revised and fixed at Rs. 50 rising to Rs. 325 per month?

(d) If the answers to (a), (b) and (c) are in the affirmative, do Government propose to raise the standard of the salaries of the Indian civilian clerks in the U.T.C. and A.F.(I.) units to that of the other departments of the Army? If not, why not?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: (a) I refer the Honourable Member to the reply I have just given.

(b) No. The status of the clerks employed in U.T.C. and A.F.(I.) units is comparable to that of clerks in military schools and establishments whose scales of pay vary from Rs. 37—54 to Rs. 46—70, apart from the fact that they are not permanent.

(c) Yes, except that the starting pay is Rs. 45 per mensem and not Rs. 50 per mensem.

(d) Does not arise.

PENSIONS OR GRATUITIES ADMISSIBLE TO INDIAN CIVILIAN CLERKS EMPLOYED IN U.T.C. AND A.F.(I.) UNITS.

272. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: (a) Are Government servants entitled either to a pension or gratuity on completion of the stipulated period of service?

(b) Are British other ranks serving in the U.T.C. and A.F.(I.) units entitled to full pension on their retirement?

(c) Is no provision for a pension or gratuity made for Indian clerks serving in the U.T.C. and A.F.(I.) units?

(d) If the answer to (c) is in the affirmative, do Government propose to make provision for a pension or gratuity for Indian civilian clerks of the U.T.C. and A.F.(I.) units on a scale similar to that applicable in other departments?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: (a) No.

(b) Yes, those employed as instructors are so entitled. None are however employed as clerks.

(c) Yes.

(d) No. The appointments are temporary and Government has no intention of making them permanent and pensionable.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Is it a fact that these men have been in employment for a long time and that they continue in service from year to year, although they are technically called temporary?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: The answer may be in the affirmative, but I should like notice of it please.

DISCUSSIONS BETWEEN THE WAR OFFICE AND INDIA OFFICE ON CERTAIN ASPECTS OF INDIA DEFENCE IN RELATION TO THE PROBLEM OF IMPERIAL DEFENCE AS A WHOLE.

273. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (on behalf of the Honourable Raja Yuveraj Datta Singh): Will Government state whether it is intended to initiate a discussion in England in connection with the strategical distribution of the Army in India and elsewhere? If so, what is the precise object of this examination, and have the Government of India been consulted in the matter? If so, what views have they expressed?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : I refer the Honourable Member to the reply I have just given to the Honourable Pandit Hirday Nath Kunzru's questions Nos. 265 to 267.

AGREEMENT BETWEEN INDIA AND BURMA ON THE SUBJECT OF DEFENCE.

274. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (on behalf of the Honourable Raja Yuveraj Datta Singh) : (a) Will Government state whether a military agreement has been concluded between the Government of India and the Government of Burma ? If so, when ; and what are the terms of the agreement ?

(b) Will an Indian garrison be stationed permanently in Burma ? If so, why and what garrison has been selected for the purpose ?

(c) What is the total strength of the Indian Army now stationed in Burma ? Is there a proposal to recall the whole or a part of it from Burma ?

(d) Is the expenditure of the Indian troops stationed in Burma borne by the Government of India or the Government of Burma ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : (a) Yes, but it is not in the public interest to disclose its details.

(b) The reply to the first portion is in the negative. Other parts do not arise.

(c) The present strength is 954 including 73 followers. Indian units now serving in Burma will be withdrawn to India when equivalent Burman units have been raised and are considered fit to take their place, or when their services are no longer required by the Government of Burma.

(d) By the Government of Burma.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Since His Excellency the Commander-in-Chief cannot tell us the details of the military agreement, can he tell us what its principal features are ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : I am not quite sure what the Honourable Member means but it should be clear to him that as Burma has started a new career and has no soldiers of her own, we have lent her some troops from India until she can provide her own.

LIBRARIES FOR THE INDIAN ARMY.

275. THE HONOURABLE MR. B. N. BIYANI : (a) Are there any libraries for Indian soldiers and officers of the Indian Army in India ?

(b) If so, what sort of books and newspapers are supplied to such libraries ?

(c) Are there such libraries at every military station for Indian troops in India ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : (a) and (b). Libraries are maintained by the headquarters of various formations, such as districts and brigades. These are available, directly or indirectly, to all military personnel. Such libraries principally contain professional books and those dealing with travel and current world affairs. In addition many Indian units

maintain reading rooms for troops as an educational measure. These are purely unofficial and units make such arrangements for papers and periodicals as they may wish.

(c) No.

TOTAL PENSION CHARGES PAID ON BEHALF OF RETIRED PERSONNEL OF THE BRITISH ARMY AND INDIAN ARMY.

270. THE HONOURABLE MR. B. N. BIYANI : Will Government state the total cost that they are required to bear annually for retired British military officers and soldiers and for retired Indian military officers and soldiers, respectively ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : I lay on the table a statement showing the approximate average cost of pensions paid during the three financial years ending the 31st March, 1937 to the categories in question.

	Rs.
(i) Officers and men of British Army for service in India. (Paid to the War Office)	123 lakhs.
(ii) British officers and other ranks of the Indian Army (including gratuities, pensions to families and civilians, and war pensions)	324 lakhs.
(iii) Indian officers and men (including gratuities, pensions to families and civilians, and war pensions)	316 lakhs.

NUMBER OF MEN RECRUITED FOR THE INDIAN ARMY, ETC.

277. THE HONOURABLE MR. B. N. BIYANI : (a) How many Indian soldiers have been recruited annually from 1930 to 1937 ?

(b) How many Indian soldiers, if any, have been recruited from the Central Provinces and Berar during the above mentioned period ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : (a) and (b). I lay on the table a statement containing the required information.

Year.	Number of Indian soldiers recruited from		
	Whole of India.	Central Provinces.	Berar.
1930	20,432	4	..
1931	23,372	..	2
1932	19,572	1	7
1933	20,033	..	..
1934	17,675	1	..
1935	16,639	..	..
1936	18,388	..	2
1937	16,470	..	7
Total	152,581	6	18

INDIANS IN THE INDIAN MEDICAL SERVICE.

278. THE HONOURABLE MR. B. N. BIYANI : (a) Has the number of Indians in the Indian Medical Service been considerably decreasing since 1927 ?

(b) If so, why ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : (a) No.

(b) Does not arise.

RESTRICTIONS ON THE PURCHASE OF CERTAIN NEWSPAPERS BY INDIAN TROOPS.

279. THE HONOURABLE MR. B. N. BIYANI : (a) Are there any rules for Indian soldiers and Indian military officers of the Indian Army which prohibit them from subscribing to certain newspapers published in India ?

(b) If so, what are the rules ?

(c) Do Government propose to remove these restrictions ?

(d) If not, why not ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : (a) There are no such rules at present.

(b), (c) and (d) do not therefore arise.

AVERAGE ANNUAL NUMBER OF BRITISH SOLDIERS AND INDIAN SOLDIERS CONVICTED FOR CRIMINAL OFFENCES.

280. THE HONOURABLE MR. B. N. BIYANI : (a) What is the average annual number of British and Indian soldiers and officers convicted for criminal offences of assault, murder and rape ?

(b) What are the total annual expenses incurred by Government for British and Indian soldiers and officers, respectively, in defending such criminal cases ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : (a) I lay on the table a statement containing the required information for the past three years.

(b) The information is not readily available, and Government do not consider that the expenditure of time and labour involved in its collection would be justifiable.

Year.	Assault.		Murder.		Rape.	
	British other ranks.	Indian other ranks.	British other ranks.	Indian other ranks.	British other ranks.	Indian other ranks.
1935 . .	11	2	..	2	..	..
1936 . .	..	4	2	1	..	..
1937 . .	..	6	..	2	..	..

IMPORTANCE OF BURHANPUR, CENTRAL PROVINCES.

281. THE HONOURABLE MR. B. N. BIYANI : (a) Is Burhanpur one of the biggest and oldest cities of the Central Provinces ?

(b) Is it a cotton trading centre and is its cotton trade on the increase ?

(c) Do the 6-Up Punjab Mail and 5-Down Punjab Mail trains halt at Burhanpur ?

(d) Did the citizens specially the merchants of Burhanpur draw the attention of Government to this matter ?

(e) Do Government propose to take necessary steps to remove the grievance of the people specially of the merchants ?

THE HONOURABLE SIR GUTHRIE RUSSELL : (a) and (b). Government are aware that Burhanpur is an important cotton trading centre.

(c) No.

(d) I have not been able to trace any representation in my office.

(e) I will communicate the Honourable Member's suggestion to the Agent of the G.I.P.R.

RESTRICTIONS ON INDIANS IN CEYLON, BURMA, MALAYA AND FIJI.

282. THE HONOURABLE MR. B. N. BIYANI : (a) Will Government lay on the table a statement showing conditions laid down by the Malaya (F.M.S. and U.M.S.), Fiji, Burma and Ceylon Governments on the entry of Indians into their countries as tourists, for carrying on trade and commerce, for establishing industries, for entering into services, for owning residential or other properties and for agricultural purposes ?

(b) Is there any legislation in force in any of these countries which prevents discrimination between the status of Indians living there and that of the natives of these countries ?

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD : (a) So far as Malaya, Fiji and Ceylon are concerned, the attention of the Honourable Member is invited to the statement laid on the table of the Legislative Assembly on the 31st August, 1936, in reply to Mr. Husenbhai Abdullabhai Laljee's question No. 141 asked on the 18th February, 1936. As regards Burma, the Government of India are not aware of any conditions or restrictions on the entry of Indians or of any legislation discriminating against them.

(b) Government is not aware of any such legislation.

MAINTENANCE OF RECORDS OF PERMANENT AND WORK-CHARGED STAFF IN DIVISIONS OF THE CENTRAL PUBLIC WORKS DEPARTMENT.

283. THE HONOURABLE HAJI SYED MUHAMMAD HUSAIN : Are no complete lists of the employees, permanent as well as work-charged maintained in each division of the Central Public Works Department ? If the lists are maintained, will Government lay on the table the aforesaid lists relating to each Circle showing the proportion of each community ?

THE HONOURABLE MR. A. G. CLOW : Records of the permanent and work-charged staff employed in each Division are maintained in Divisional offices. Government regret that they cannot undertake the work of collecting material for a complete list of the entire staff including work-charged employees in all Divisions in the Central Public Works Department, as this would involve an amount of labour incommensurate with the utility of such a compilation. A printed list of establishment in the Central Public Works Department, exclusive of the menial and work-charged staff, is maintained. As this list runs to more than 70 pages of print it is not suitable for laying on the table of the House, but a copy has been placed in the Library.

QUALITY OF WORK DONE BY CONTRACTORS IN THE BUILDING OF QUARTERS IN NEW DELHI.

284. THE HONOURABLE HAJI SYED MUHAMMAD HUSAIN : (a) Will Government place on the table any correspondence that passed between the Superintending Engineer and Executive Engineer concerned and the Work Assistant regarding the defective work done by Messrs. S. D. Marker & Co. in the unorthodox "C" quarters, etc. ?

(b) What action was taken against the above contractors for doing bad work ?

(c) What are the reasons for not debarring them from doing further work in the Central Public Works Department ?

(d) Is the person in charge of the local branch of the above firm a relative of one of the Superintending Engineers ?

(e) How many contractors have been put on the black list and debarred from tendering for work to the Central Public Works Department during the last two years ?

THE HONOURABLE MR. A. G. CLOW : (a) There was no correspondence between the officials named. Some notes were written discussing the quality of the work done by the contractors. Government are not prepared to lay these on the table.

(b) There was no need to take any action against the contractors as the work done by them was not bad.

(c) Does not arise.

(d) No.

(e) Twenty contractors have been removed from the list.

OFFICIATING ADMINISTRATIVE OFFICER, CENTRAL PUBLIC WORKS DEPARTMENT.

285. THE HONOURABLE HAJI SYED MUHAMMAD HUSAIN : (a) Will Government state the reason why a very junior person was appointed to officiate as the Administrative Officer, Central Public Works Department, when the permanent incumbent proceeded on leave ?

(b) What was the total number of Hindus recruited in different Divisions, as well as in the Central Office, during the officiating period of this officer ?

(c) How many persons recruited were "Kayasths" ?

(d) How many persons then recruited are relatives of the above officer or his wife ?

THE HONOURABLE MR. A. G. CLOW : (a) The most senior non-technical officer in the Department was selected to officiate as Administrative Officer in a leave vacancy last summer as he was considered the most suitable person for the vacancy?

(b), (c) and (d). Twelve Hindus, four Muslims, one Sikh and one European were recruited to vacancies in the Central Office during the period. Two of these were Kayasths and none was related to the Officiating Administrative Officer or his wife. Information regarding appointments made in the different Divisions is not readily available. Such appointments are made by the Divisional Officers and the Administrative Officer has no concern with them.

CONSULTATION WITH COMMERCIAL BODIES IN CONNECTION WITH INDO-AFGHAN NEGOTIATIONS FOR IMPROVING TRADE RELATIONS WITH AFGHANISTAN.

286. THE HONOURABLE MR. B. N. BIYANI : (a) Do Government propose to consult the Federation of Indian Chambers of Commerce and Industry and the Frontier Chamber of Commerce while negotiating with the Afghan Government to improve trade relations between India and Afghanistan ?

(b) If so, have Government taken any steps in the matter ?

(c) If not, why not ?

THE HONOURABLE MR. H. DOW : (a) to (c). The stage of negotiating with the Afghan Government has not yet been reached. Should it be reached Government will take such steps as they consider necessary to inform themselves of the views of the commercial interests concerned.

STAFF OF THE INDIAN TRADE COMMISSIONERS IN JAPAN AND EAST AFRICA.

287. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : When Government appointed Indian Trade Commissioners in Japan and East Africa were their superintendents and stenographers deputed from India ?

THE HONOURABLE MR. H. DOW : Yes. I may however point out that the person in charge of the office of these Trade Commissioners is designated head clerk and not superintendent.

STAFF OF THE INDIAN TRADE COMMISSIONER IN THE UNITED STATES OF AMERICA.

288. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) Do Government propose to send an Indian Trade Commissioner to the United States of America this year ?

(b) Is it contemplated to depute the staff required by him from the Office of the High Commissioner for India in London ?

(c) If the answer to (b) is in the affirmative, why has the previous practice referred to in the preceding question been departed ?

THE HONOURABLE MR. H. DOW : (a) Yes.

(b) No.

(c) Does not arise.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Am I to understand from the Honourable Member's answer to part (b) that the head clerk and stenographers will be deputed from India as usual ?

THE HONOURABLE MR. H. DOW : No, they will not ; but that is not the usual practice either. It is rather difficult therefore for me to give a direct answer to the Honourable Member's question.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Could the Honourable Member state what is the method that will be adopted in the present case for supplying the Trade Commissioner with the necessary clerical assistance ?

THE HONOURABLE MR. H. DOW : The method that it is proposed to adopt is that the Trade Commissioner in New York will be permitted to recruit his own staff in such manner as he thinks fit. There is no general practice of recruiting the staff of Trade Commissioners from India. In the case of Mombasa and Japan this has been done because there was no other efficient method open ; but in the case, for example, of Hamburg, that has not been done. There is no such general rule as the Honourable Member seems to envisage.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : May we hope, however, that the scales will be weighted in favour of Indians ?

THE HONOURABLE MR. J. C. NIXON : I would have to object to that on financial grounds.

THE HONOURABLE MR. H. DOW : It is mainly a matter of finance. It is not a question of giving training to Indians for these are purely clerical posts of which the Honourable Member is speaking. We must deal with such matters on business principles.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : But I hope not purely on financial grounds which are so dear to my Honourable friend Mr. Nixon even though they may conflict with larger interests !

THE HONOURABLE MR. H. DOW : The Trade Commissioner-Designate of New York is himself an Indian.

TEMPORARY PERMITS AND FEES FOR VISITORS TO SOUTHERN RHODESIA.

289. **THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** (a) Do the rules relating to visitors to Southern Rhodesia require that Union-born African servants and Asiatic servants who accompany their masters should obtain a temporary permit for which a fee of £1 is charged ?

(b) Are the visitors from India whatever their status required to comply with this condition ?

(c) Do Government propose to make the necessary representations for putting an end to this condition and for subjecting Indian visitors only to conditions applying to European visitors ?

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD : (a) and (b). Under section 2 of the Immigrants Regulation Ordinance of Southern Rhodesia,

certain classes of persons are treated as prohibited immigrants and may not enter that territory unless exempted by the Governor in Council, at his discretion, or authorised under a temporary permit to enter and reside in the territory upon prescribed conditions. The Government of India have no information that the Government of Southern Rhodesia have declared either African servants or Asiatic servants or visitors from India as prohibited immigrants; nor have they received any complaints in this respect.

(c) If the Honourable Member has, in his possession, any information which would suggest the desirability of representations by the Government of India, I shall be glad if he will furnish it to me, so that I can consider what action, if any, the Government of India should take.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : May I say, Sir, that I have got the necessary information in my possession ?

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD : Sir, then I shall be very glad to receive it.

LETTER DELIVERY CLERKS IN THE ALLAHABAD DIVISION, E.I.R.

290. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) Were the posts of letter delivery clerks in the Allahabad Division of the E.I.R. abolished in 1936 and recreated under a new name for the performance of the same duties but on a lower scale of salary ? Had some of the men who were affected by the abolition served for nearly 25 years and were they required to accept a reduction of nearly 33 per cent. in their salaries ?

(b) Were revised scales of pay introduced in all departments but made applicable only to new entrants and not to men already in service ? If so, why were the Indian letter delivery clerks differently treated ?

(c) Do Government contemplate restoring the old scale of salary in the case of the Indian letter delivery clerks who were employed before the revision of salary referred to above ?

THE HONOURABLE SIR GUTHRIE RUSSELL : I am obtaining information and will lay a reply on the table in due course.

LABOUR DISTURBANCES IN MAURITIUS.

291. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) Have Government received or asked for information regarding the riots which occurred a few months ago in Mauritius and which affected the Indian owners of sugarcane plantations ?

(b) Will they state how the Indian planters have been affected by the riots and what steps are being taken to protect their interests ?

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD : (a) The attention of the Honourable Member is invited to the reply given to part (b) of Mr. S. Satyamurti's starred question No. 837 on the 28th September, 1937, in the Legislative Assembly.

(b) Government understand that a large Indian-owned estate was affected by the riots. Details will become available when the Report of the Commission set up to enquire into the disturbances is received. The Government of India have already asked to be supplied with copies.

I may add that in reply to a question in the House of Commons, Mr. Ormsby Gore stated that the Governor of Mauritius expected to receive the Report about the middle of March. So it had not reached the Colonial Secretary in February.

CRIMINAL PROCEEDINGS AGAINST MR. GORDON, LATE STATION MASTER, HYDERABAD (SIND), N.W.R., AND OTHERS, ETC.

292. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : (a) Were Mr. Gordon, lately Station Master, Hyderabad (Sind) on the N.W.R., Bholoo, Head Jemadar and Handoo, Naib-Jemadar of licensed coolies of the Hyderabad railway station, last year convicted in a criminal case brought against them by certain licensed coolies of that station, and was Mr. Gordon sentenced to detention till rising of the Court and a fine of Rs. 1,000, and were Bholoo and Handoo sentenced each to six months' imprisonment and fine of Rs. 500? If so, what action have the Railway authorities taken for the prevention of such cases?

(b) What are the terms and conditions on which licensed coolies are employed on the N.W.R., and are they in the employ of the Railway or not? If not, why not? How many jemadars and contractors for the supply of such licensed coolies are employed and on what basis and terms, and what charge per cooly are they allowed to collect? Are the numbers allotted to each cooly changed from time to time? If so, why?

THE HONOURABLE SIR GUTHRIE RUSSELL : (a) The reply to the first part is in the affirmative. As regard the latter part, the Agent states that both Bholoo and Handoo were discharged, and that no action could be taken against Mr. Gordon, as he had retired from railway service in May, 1934, whereas the judgment in the criminal case referred to was delivered in September, 1937.

(b) At important stations, cooly jemadars are appointed who are responsible for arranging to provide a fixed number of licensed porters. These porters are not railway employees. A copy of the agreement which jemadars are required to sign is in the Library of the House. At the smaller stations, the station master is responsible for arranging for porters to meet passenger trains: these porters also are not railway employees. As the porters obtain their remuneration from the travelling public according to the services they render, there is no necessity for appointing them as railway employees.

I am calling for information in regard to the number of jemadars employed and will place a reply on the table when it has been received.

In regard to the charge which each cooly is authorised to collect, I would refer the Honourable Member to paragraph 19, page 167 of the N.W.R.'s Time and Fare Table.

As regards the last part of the Honourable Member's question, the Agent, N.W.R., states that licensed coolies are employed by the jemadars who themselves allot the numbers, and it rests entirely with these jemadars to make any changes they consider necessary.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : What are the responsibilities of these jemadars in the employment of the Railways?

THE HONOURABLE SIR GUTHRIE RUSSELL : The responsibility of the jemadars is to see that a sufficient number of coolies are engaged.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : And in case of loss or misappropriation of luggage or misbehaviour who is responsible ? Is not the jemadar responsible ?

THE HONOURABLE SIR GUTHRIE RUSSELL : I have not heard of such a case but, if the Honourable Member will instance one, I will enquire what exactly does happen.

THE HONOURABLE MR. HOSSAIN IMAM : Are the jemadars railway employees or contractors ?

THE HONOURABLE SIR GUTHRIE RUSSELL : They are engaged by the Railways, but they are not railway employees, no.

THE HONOURABLE MR. HOSSAIN IMAM : Then what are they ? What is their exact position ?

THE HONOURABLE SIR GUTHRIE RUSSELL : Presumably they are contractors.

OFFER OF GHULAM MOHIYUDDIN TO SUPPLY LICENSED COOLIES FOR LAHORE RAILWAY STATION, N. W. R.

293. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Will Government state whether one Ghulam Mohiyuddin offered to pay a sum of Rs. 3,000 per month for the supply of 350 licensed coolies for the Lahore railway station and to deposit one year's sum, viz., Rs. 36,000, in advance if he be given the contract for supply ? If so, what action have the Railway authorities taken in the matter ? If the offer has been refused, on what grounds ?

THE HONOURABLE SIR GUTHRIE RUSSELL : The Agent, N.W.R., states that Ghulam Mohiyuddin's application suggested that, if the Railway Administration were introducing any scheme for the control of station porters at Lahore, he was prepared to serve free of charge for about a month. He further stated that he could produce an income of Rs. 3,000 from the licensed porters as a contribution to railway revenues, based on a calculation he had made in regard to what the cooly jemadar at Lahore was earning from the 350 licensed porters now employed there. As the agreement with cooly jemadars prescribes a maximum of Rs. 2 only per mensem to be recovered by the jemadar from each licensed cooly, the acceptance of Ghulam Mohiyuddin's suggestion would have meant each cooly having to pay him about Rs. 10 per month. No action was, therefore, called for on Ghulam Mohiyuddin's application.

THE HONOURABLE MR. HOSSAIN IMAM : Does the Government say that jemadars do not charge more than Rs. 2 per head ?

THE HONOURABLE SIR GUTHRIE RUSSELL : I think I would like notice of that question.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Sir, on a two-rupee basis, these jemadars are getting something like Rs. 700 to Rs. 800 a month. Is that a right charge for the jemadar to exact from porters ? What are the jemadar's qualifications ?

THE HONOURABLE SIR GUTHRIE RUSSELL : All jemadars are entitled to exact Rs. 2 per head.

THE HONOURABLE MR. HOSSAIN IMAM : We want to know why a free gift of Rs. 700 per month was made. If there are 350 coolies in Lahore and you authorise him to charge Rs. 2 a head, he will get Rs. 700 a month or Rs. 8,400 a year. Why this present to the jemadar ?

THE HONOURABLE THE PRESIDENT : Order, order. You assume that it is a present.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Sir, cannot the Honourable Member answer that simple question ?

THE HONOURABLE MR. HOSSAIN IMAM : The Honourable Member stated that the jemadars are authorised to charge Rs. 2 per head.. Now there are 350 coolies. That means that he makes Rs. 8,400 a year. Why is this present given to the jemadar ?

THE HONOURABLE SIR GUTHRIE RUSSELL : The Honourable Member's arithmetic is quite correct, but these are the terms on which we get a jemadar.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Sir, I ask why, when a certain contractor, Ghulam Mohiyuddin, offered to pay a sum of Rs. 3,000 per month for the supply of 350 licensed coolies at Lahore railway station, on exactly the same terms as rule at present, why should that offer be refused ?

THE HONOURABLE SIR GUTHRIE RUSSELL : The offer was that this Ghulam Mohiyuddin would pay the Railway Rs. 3,000 a month. Well, it was quite obvious that to pay that Rs. 3,000, he must get it from somewhere and the only place was from the coolies. This could not be countenanced by Government.

THE HONOURABLE MR. HOSSAIN IMAM : Is it not a fact that at present more income is being made than Rs. 3,000 a month ? Otherwise the new contractor would never have offered Rs. 3,000 a month.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : What is the number of jemadars ?

THE HONOURABLE SIR GUTHRIE RUSSELL : I think that comes in the next question.

TOTAL NUMBER OF LICENSED COOLIES ON STATIONS OF THE N.W.R.

294. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS :
(a) What is the total number of licensed coolies at each of the following stations on the N.W.R. :

- (i) Lahore, (ii) Delhi, (iii) Ludhiana, (iv) Amritsar, (v) Rawalpindi,
- (vi) Mooltan Cantonment, (vii) Karachi City, (viii) Hyderabad,
- (ix) Peshawar Cantonment, (x) Sukkur, (xi) Jullundur City,
- (xii) Bhatinda and (xiii) Kalka.

(b) Are there any night shifts working at any of these stations ? If so, at what stations and in what numbers ?

THE HONOURABLE SIR GUTHRIE RUSSELL : I am calling for the information required by the Honourable Member and will place a reply on the table when it has been received.

THE HONOURABLE MR. HOSSAIN IMAM : We would like to have the names of the jemadars at each station.

THE HONOURABLE SIR GUTHRIE RUSSELL : I don't think I can give that information.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Is the Honourable Member ready to give information as to the number of jemadars at each place ?

THE HONOURABLE SIR GUTHRIE RUSSELL : Yes, I have promised that information.

INFORMATION PROMISED IN REPLY TO QUESTIONS LAID ON THE TABLE.

THE HONOURABLE MR. H. DOW (Commerce Secretary) : Sir, I lay on the table the information promised in reply to questions No. 78 asked by the Honourable Mr. Hossain Imam on the 14th February, and No. 110 asked by the Honourable Mr. G. S. Motilal on the 21st February, 1938.

FOREIGN TRADE.

Value of foreign trade of British India including and excluding Burma during the period April to December, 1937-38 and 1936-37.

British India including Burma.

(Pre-separation basis.)

	Nine months ending December, 1937.	Nine months ending December, 1936.
Merchandise private—	Rs. (lakhs).	Rs. (lakhs).
Imports	1,19,31	90,17
Exports (including re-exports)	1,67,67	1,36,14
Total	2,76,88	2,29,31

British India excluding Burma.

(Post-separation basis.)

Merchandise private—		
Imports	1,29,70	1,02,63
Exports (including re-exports)	1,47,16	1,32,76
Total	2,76,86	2,35,39

COMMERCIAL LIBRARY IN CALCUTTA.

A sum of about Rs. 98,500 has been spent from 1919-20—the year of its establishment—to 1936-37 on furniture and fittings and purchase of books for the Commercial Library. The present average cost of maintaining the Library is about Rs. 8,800 per annum.

STANDING ADVISORY COMMITTEE FOR THE INDIAN POSTS AND TELEGRAPHS DEPARTMENT.

THE HONOURABLE THE PRESIDENT : With reference to the announcement made by me on the 1st April, 1938, regarding nominations to the Standing Advisory Committee for the Indian Posts and Telegraphs Department for the financial year 1938-39, I have to announce that the following Honourable Members have been nominated for election to that Committee :

- (1) The Honourable Sir David Devadoss.
- (2) The Honourable Mr. Chidambaram Chettiyar.
- (3) The Honourable Mr. G. S. Motilal.

There are three candidates for two seats and an election will be necessary. The date of election will be announced later.

CENTRAL ADVISORY COUNCIL FOR RAILWAYS.

THE HONOURABLE THE PRESIDENT : I have to inform the Council that as a result of the election held on the 1st April, 1938, the following six non-official Members have been elected to serve on the Central Advisory Council for Railways :

- (1) The Honourable Mr. Ramadas Pantulu.
- (2) The Honourable Haji Syed Muhammad Husain.
- (3) The Honourable Lt.-Col. Sir Hissamuddin Bahadur.
- (4) The Honourable Sirdar Nihal Singh.
- (5) The Honourable Sir David Devadoss.
- (6) The Honourable Mr. Sitakanta Mahapatra.

RESOLUTION *RE* DECLARATION OF THE BIRTHDAYS OF GURU NANAK DEV AND GURU GOBIND SINGH AS HOLIDAYS.

THE HONOURABLE SARDAR BUTA SINGH (Punjab : Sikh) : Sir, I beg to move :

“That this Council recommends to the Governor General in Council to declare the birthdays of Guru Nanak Dev and Guru Gobind Singh as holidays under the Negotiable Instruments Act.”

I do not think it is necessary for me to make a long speech. Government have recognised and given holidays to all communities. The birthdays of Guru Nanak Dev and Guru Gobind Singh, the founders of the Sikh religion, are observed by Sikhs wherever they happen to be. Even non-Sikhs celebrate these days. There is hardly any province in India where my community is not established. Calcutta and Bombay have a fairly large Sikh population, as well as other cities all over India. We have Gurudwaras in almost all towns, large and small. There is a keen demand from my community that these days be declared as holidays under the Negotiable Instruments Act.

Only on Friday last, a similar Resolution was moved in the Legislative Assembly which shows that the demand is universal. I earnestly request the Government to be so good as to declare these days as holidays under the Negotiable Instruments Act.

THE HONOURABLE MR. F. H. PUCKLE (Government of India : Nominated Official) : Sir, I am very sorry that I cannot accept my Honourable friend's Resolution. I think it is hardly necessary for me to go into statistics of the Sikh population, but it really seems to me asking rather a lot that all the Banks in Madras, say, where the Sikh population must be a tiny fraction of one per cent., should be closed on two days in the year simply for what is in that province a tiny minority. But my main reason for refusing to accept this Resolution is a much more fundamental one. Under the Adaptation of Laws Order, the Central Government have power to declare a day as a public holiday under the Negotiable Instruments Act. For one year after the 1st of April, 1937, under the Transitory Provisions Order, that power was vested in Provincial Governments. The effect of that Order lapsed a few days ago. It is the policy of the Government of India to leave matters like this in the hands of Provincial Governments, and it is the intention of the Government of India to take steps at once to delegate the power of declaring holidays under the Negotiable Instruments Act to Provincial Governments. Therefore, if my Honourable friend Sardar Buta Singh's community in any particular province wishes to move its own Government to declare these particular days as public holidays under the Act, they are perfectly at liberty to do so, but the Government of India do not propose to move in this matter.

THE HONOURABLE SARDAR BUTA SINGH : Sir, I am sorry to find that my modest request has been turned down by the Government, and the non-official Members also have not thought it fit to give me their support. My Honourable friend Mr. Puckle says that Government have decided to delegate these powers to the provinces. But may I ask him if he is willing to take action so far as the Centrally administered areas are concerned? Though I can foresee the fate of this Resolution, yet, I would leave it to the fair sense of the House, the Members of which are custodians of the interests of minorities also.

THE HONOURABLE THE PRESIDENT : Resolution moved :

"That this Council recommends to the Governor General in Council to declare the birthdays of Guru Nanak Dev and Guru Gobind Singh as holidays under the Negotiable Instruments Act."

Question put and Resolution negatived.

RESOLUTION *RE* SUBJECTION TO INCOME-TAX OF THE INTEREST ON STERLING LOANS AND PENSIONS PAID FROM INDIAN REVENUES.

THE HONOURABLE MR. G. S. MOTILAL (Bombay : Non-Muhammadian) : Sir, I rise to move :

"That this Council recommends to the Governor General in Council to make representations to His Majesty's Government for undertaking suitable legislation in Parliament so as to make it competent for the Indian Legislature to subject to income-tax the interest on sterling loans and salaries and pensions paid out of the revenues of the Central and Provincial Governments in India."

[Mr. G. S. Motilal.]

The public debt of India, Sir, consists of the rupee debts and the sterling debts. The rupee debt is divided into what are known as permanent loans, that is, those which are redeemable at one year's notice and those that are redeemable at fixed periods. Similarly, the sterling loans or some of them are redeemable after one year's notice and others at fixed periods. Those that are redeemable after one year's notice are known as non-terminable loans. The interest charges which India pays on her total public debt, looking to the figures in the 1938-39 Budget come to Rs. 46 crores. That is for rupee loans as well as sterling loans. On rupee loans known as the permanent debt, the Indian Treasury pays Rs. 17,60 lakhs. I will not inflict on the House the figures relating to the interest on the floating loans and unfunded debts in this country. I may, however, be permitted to refer to the figures of interest relating to sterling loans. For 1938-39, the provision made in the Budget is for a payment of about Rs. 13 crores on the sterling loans raised by India in England. To this we have to add the interest portion of annuities created in purchase of railway shares and interest in respect of that comes to Rs. 1.81 crores. We have other obligations in sterling in regard to the purchase on termination of railway contracts and interest liabilities in respect of those come to about Rs. 1.13 crores. Thus, on our sterling liabilities we pay out of the revenues of India Rs. 16 crores. The amount which Indian revenues are paying in respect of their sterling obligations is not negligible. The loans outstanding to-day are £276 millions, the non-terminable loans being of £177 millions and the terminable loans of £99 millions equal to a sum of Rs. 368 crores. It will be seen that our liabilities in respect of sterling loans alone come up to Rs. 368 crores. As against this it will be interesting for the House to note that our rupee loans total Rs. 484 crores and this is in addition to the floating loans. Hence our liabilities in respect of these two kinds of loans amount to Rs. 853 crores. At one time not very long ago we used to be supplied along with the Budget Estimates a statement of the unproductive and productive loans of India, i.e., of those loans which were covered by interest-yielding assets and those not covered by such assets. Since the last two years this practice has been discontinued. It is somewhat unfortunate that the information which was so useful is not now being furnished to us and we have to ask questions about it in this House in order to get it. We also find that from year to year during these last few years the statistical data which was being furnished to the House is being curtailed. If we only look to this year's Budget the Explanatory Memorandum which used to cover 43 pages now covers only 29, and the statistical information has been considerably cut down. Therefore, I am not in a position to state at this moment what is the present amount of our productive debts but I take the figures which were furnished by Government sometime ago and from those I gather that our unproductive loans are in the proximity of Rs. 200 crores. This shows that the loans which India has raised are largely covered by assets. Before the war our unproductive loans were only of Rs. 3 crores. The war expenditure and the contribution which India made or was made to pay and the budget deficits have raised India's unproductive loans to only Rs. 200 crores. I say *only* Rs. 200 crores because if we compare the unproductive loans of other countries with ours, this amount is certainly a small amount. Before the war the national debt of England herself was about £700 millions; to-day it stands at the staggering figure of £8,000 millions and most of it is unproductive loan. The increase in the productive portion of the loans of England is comparatively very little. Sir, the money which this country has borrowed from England is used for remunerative purposes and is yielding

revenue in this country and is not an unproductive loan. This is a fact which we have to bear in mind.

Sir, the next fact which I should like the House to grasp is that in 1914 our revenue from income-tax was only in the vicinity of Rs. 3 crores whereas in the 1938-39 Budget provision is made for a revenue of Rs. 14 crores from this source. These facts and figures show that the income from this tax has been rising and it has now become an important source of revenue to the Government of India. Next to the Customs revenue this is the most important source of income to the Central Government and if we are not getting the revenue which is legitimately due to this country it is our duty to make an effort in roping the income which is not coming to us. Sir, the question was raised first as far as I can see in 1916 in the old Imperial Legislative Council by the distinguished Member the Honourable Mr. C. Vijayaraghavachariar. In moving an amendment to one of the sections of the Indian Income-tax Act which was then on the anvil, he pleaded that sterling loans should be subjected to income-tax. I may be allowed to quote a passage from his speech to refresh the memory of Members after so many years.

THE HONOURABLE THE PRESIDENT : The amendment was in respect of loans to be floated in the future, not loans floated in the past.

THE HONOURABLE MR. G. S. MOTILAL : Sir, you were a Member of that House and probably you remember it, but I can only look to the terms of the amendment itself. I do not think it is necessary for me to read the text of the amendment but what I shall read are some portions of the speech made by that Honourable Member. He said :

“ My suspicion is that certain proprietors of income by reason of the words which I wish to delete escape the payment of income-tax altogether. My amendment relates to the following clause which is repeated in the present Bill, *viz.*, part (iii) clause (a), that is, interest on promissory notes, debentures, stock or other securities of the Government of India including securities of the Government of India whereon interest is payable out of British India by draft on any place in British India. But in all these cases the income-tax is taken at the source and not collected afterwards from the owner of the income by proof of what he has obtained ”.

Now in this particular case there is this difference between the holders of rupee securities and the holders of sterling securities as a class. And the Member further continued :

“ The holders of our sterling securities unlike the holders of the rupee securities escape paying income-tax altogether. They are caught at the source on account of the existing wording of the clause in question and as they are beyond the jurisdiction of the Government of India, they altogether escape as the second method of assessing and collecting the tax is not available in their case ”.

He advanced further arguments which I need not, having regard to the time limit, go into at this stage, but I must refer to one fact. The Finance Member of the time, the Honourable Sir William Meyer, expressed his sympathy with the amendment.

THE HONOURABLE THE PRESIDENT : All this has no bearing on your Resolution. Your Resolution is entirely different—to pass an Act of Parliament to enable the Legislature to perpetuate a breach of faith.

THE HONOURABLE MR. G. S. MOTILAL : I am stating relevant facts as they stand and in the course of my speech I shall deal with this aspect of the question.

THE HONOURABLE THE PRESIDENT: This has nothing to do with your Resolution.

THE HONOURABLE MR. G. S. MOTILAL: If the Government Member feels that it is not relevant, then I will have an answer. These escape income-tax "because they are not liable to it". That was the Government's answer then. They were not liable to it, was the statement then made on behalf of Government. How they were not liable to it, was not explained by the Finance Member. There is one other fact which he stated and which we also must bear in mind. He said it would be inexpedient to subject the sterling loans to Indian income-tax. What he said was that we are now entering into negotiations with His Majesty's Government and a conference is being called in London in order to come to some arrangement with regard to the relief to be given in the case of double income-tax. There are taxes which are paid in this country because the income is derived from and originates in this country and then there are some incomes which are taxed again in another country where they are received. A conference was going to be convened for discussing the problem of double taxation. Therefore the Finance Member of that time said, "It will weaken our case if this amendment is accepted". The Honourable Mr. Vijayaraghavachariar thereupon formulated some four questions and he wanted answers to them, but the Finance Member instead of answering the questions preferred to proceed with the voting. Sir, since then a conference did meet in London which the representatives of the Dominions and of the United Kingdom and of India also attended. On behalf of India, it was, I believe, Sir James Meston who took part in the negotiations. At this conference an arrangement was arrived at whereby the incomes that were taxed in this country and were also taxed by reason of the Income-tax law in the United Kingdom or in the Dominions, were given relief and in pursuance of that agreement a provision was introduced in the Income-tax law of this country in the year 1920. Under that provision India is now paying by way of relief in respect of double income-tax as much as Rs. 1·2 crores. Before this relief was given, I could understand the reason for the Government's attitude, *viz.*, that if these securities were subjected to Indian income-tax besides British income-tax which the holders of those securities had to pay under the British Income-tax Act then the additional burden of Indian income-tax will have to be borne by India, but since the principle of double taxation relief has been accepted and incorporated in the Indian Income-tax Act, there can be no hardship on the investor, and there is nothing which should stand in the way of the Government of India in obtaining the revenue from income-tax which is legitimately and properly leviable on the interest paid by this country on the sterling securities.

THE HONOURABLE SIR A. P. PATRO (Madras: Nominated Non-Official): Do you wish that the British Government should forego the income-tax on pensions paid in England?

THE HONOURABLE MR. G. S. MOTILAL: That is not what I am saying. What I am saying is that now that you have double income-tax relief provision in the Indian Income-tax Act, the British Government will under their own Act get the revenue by their Income-tax Act and give the assesses the relief in respect of double income-tax.

THE HONOURABLE SIR A. P. PATRO: Compensation?

THE HONOURABLE MR. G. S. MOTILAL : I wish you to read section 49 of the Indian Income-tax Act.

THE HONOURABLE SIR A. P. PATRO : Quite so.

THE HONOURABLE MR. G. S. MOTILAL : India also gives relief under this section. India is giving relief under this section though it is only one-sided. Before this arrangement was arrived at, no relief was given by India and the Indian Treasury retained more than one crore and twenty lakhs of rupees taking the latest figures available of the double income-tax relief. It will be obvious that there is no hardship imposed on the investor in England if he is made to pay the Indian income-tax on such investments, and by an equitable arrangement both the Treasuries should get their due share of the taxes. The Taxation Enquiry Committee which was appointed by the Government of India, in its report made in 1924-25, said that :

“ The opinion has been somewhat widely expressed that India has been a sufferer because Indian income-tax is not deducted from the interest on sterling loans which is payable in London. It seems necessary to emphasise that in a case where one country borrows from another, the question whether income-tax should be payable on the interest paid should be decided by the terms of the loan ”,

and they in the end said,

“ It is clearly desirable that there should be a definite statement in the prospectus as to whether Indian income-tax is going to be charged on the interest on the loan or not ”.

A Retrenchment Committee was appointed in the year 1931 and a very distinguished member of the Assembly, Sir Abdur Rahim, presided over it. That Committee also recommended that sterling loans should be subjected to Indian income-tax. This demand has been persistently put forward by responsible commercial associations in India but to our great surprise, when this Government of India Act of 1935 came to be enacted, this right of India which existed till then was taken away. Before this Act, there was no legislative prohibition against India levying a tax on the incomes paid outside India from the revenues of this country, but by this Act, the power of this Legislature in this matter was taken away. A provision was inserted which took away the right for the transitory period and another section was introduced which took away the right of the Indian Legislatures to tax interest on all the existing sterling loans of India even after the Federal constitution comes into operation. And this is the inequitous constitutional restriction

12 Noon.

which has been imposed upon India. Such a restriction, Sir, does not find a place in the constitution of any of the Dominions and the question was, I understand from my Honourable friend Sir Phiroze Sethna, discussed at the Round Table Conference also and that he had raised it. But notwithstanding all this these provisions have been made and what attitude the Government of India took in this matter is not yet known to us. The Government of India as the custodians of the revenues of India are a responsible body who have to get what revenues are due to India for the Indian Treasury. We urge upon them that they should even now take this step, make representations to His Majesty's Government to remove the restrictions which they have imposed and make it competent to the Indian Legislature to deduct income-tax on the interest which they pay on sterling loans.

THE HONOURABLE THE PRESIDENT : What about the terms of the old contract on which the loans are floated ?

THE HONOURABLE MR. G. S. MOTILAL : If there is a contract, certainly no one in this House will come forward to say that it should not be respected.

THE HONOURABLE THE PRESIDENT: Will the public lend money to Government hereafter ?

THE HONOURABLE MR. G. S. MOTILAL: I do not know, Sir, why the public should not lend. The income-tax in India was introduced in 1860 for the first time for five years only.

THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern : Non-Muhammadan) : A National Government would repudiate all obligations.

THE HONOURABLE MR. G. S. MOTILAL: There is a safeguard for it in the other provisions of the Act. A thousand million pounds were lost from their loans to Russia but not a single pie will be lost from loans to India. Can the argument at all stand that if the Government did not impose a particular tax before any given year, there is a contractual obligation between the people and the Government that it shall never impose such a tax. This argument has not been put forward even by Government. When this question was raised, what Sir Samuel Hoare said was that there is a long-standing practice and by that practice these loans and pensions were not subjected to Indian income-tax. This was the only argument advanced in justification of their attitude.

THE HONOURABLE THE PRESIDENT: Never mind the argument. But what would the investors say ?

THE HONOURABLE MR. G. S. MOTILAL: Well, Sir, you know the investors and you can speak the mind of the investor.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: What does it matter to the investor whether he pays the tax in India or in England ?

THE HONOURABLE SIR DAVID DEVADOOS: He gets the credit for the amount paid in India. He does not lose.

THE HONOURABLE MR. G. S. MOTILAL: Then, Sir, the recent Committee which was appointed has dealt with this question also,—the Indian Income-tax Committee of 1936 say :—

“ As the interest on such securities is payable in London, it has been held to accrue or arise without British India and therefore not to be taxable ”.

They escape income-tax because the expression “ accrue or arise ” used in the Indian Income-tax Act has been construed to mean that the income accrues or arises where it is receivable ; income which “ accrues ” or “ is derived ” or “ arises ” in ordinary parlance would mean income which has been earned in this country. But some judicial decisions go the length of laying down that it applies only to the place where it is receivable. Although the decisions are not uniform, in some cases, it has been held that if the income is receivable outside British India it is not liable to Indian income-tax. In another set of cases, as pointed out by Mr. Sundaram in his “ Income-tax Law ”, the courts have laid down that though the amount was paid outside India, it was liable to income-tax. The question was taken up again and representations were made before the recent Income-tax Enquiry Committee, which in its Report observes :

“ As the interest on such securities is payable in London, it has been held to accrue or arise without British India and therefore not to be taxable except to the comparatively small extent to which the securities are held by residents in British India and the interest is brought into this country ”.

On these very securities, if interest is brought into this country, it is taxable. Had there been a contract that these securities are to be exempt from Indian income-tax, the Government would certainly not take income-tax on the interest of these securities when it is received here. The Committee further observed :

“ Repeated representations have been made to us that since this interest is a burden upon Indian revenues, there is no justification for not subjecting it to Indian income-tax ”.

It then continued to state :

“ As against this contention it may be remarked that when these securities were issued, the non-taxability of the interest under the existing Income-tax Law was a known fact and may almost have been taken to be an implied condition of issue ”.

In conclusion, the Committee said :

“ If in spite of these considerations, it is desired to bring such interest within the scope of British Indian income-tax, this could only be done by the amendment of that Act by the United Kingdom Legislature ”.

The Committee does not say that it is against this proposal nor does it accept the argument of contract. It sets out the argument used on either side but do not express themselves to be against the amendment of the Act.

Now, Sir, I must pass on to the second part of my Resolution rather hurriedly. The pensions which we pay in respect of the defence forces come to about Rs. 5 crores which are paid in England. And something like Rs. 4 crores of other pensions are also paid in England. On the whole they come to about Rs. 10 crores. The Income-tax Enquiry Committee considered this question also and with reference to this matter too, they said that it involved the amendment of the Act. On the merits, they were not in favour of continuing the exemption. It is only because of the existence of provisions in the Act, they say they are precluded from making any recommendations and remarked that it was a question of financial policy. I would now quote what they have said with regard to leave salary which applies with equal force to pensions :

“ The argument that this exemption is an existing right, tantamount to a contractual condition of service, has in our opinion no more validity than a claim that the rate of income-tax in respect of salary and other emoluments should never be increased ”.

Well, Sir, as I have taken up my full time, I must here stop.

THE HONOURABLE THE PRESIDENT : As the List of Business for today is a very heavy one and this is the last non-official day, I request Honourable Members to be as brief as possible and help me to finish the List of Business by 4-30 in the afternoon.

THE HONOURABLE SIR DAVID DEVADOSS (Nominated : Indian Christians) : Sir, some years ago I brought forward a more modest Resolution than this, namely, that the pensions and leave allowances paid to officers should be subject to the Indian Income Tax Act. That Resolution was almost carried against the Government, but the Government would not accept it. On a subsequent occasion I had to refer to the parable mentioned to King David. I simply remind Honourable Members of it. There was a very rich man who had flocks and herds and other things. A guest came to his house. Instead of killing one of the fatted calves in his flock, he took his neighbour's ewe lamb, which was the only one the neighbour possessed and which he treated as his own daughter. He killed it and feasted the guest.

[Sir David Devadoss.]

That is exactly what the Government of India are doing. The income of the United Kingdom is about £800,000,000, whereas our income, all told, so far as our present Government is concerned, is only about Rs. 90 crores. I said if the Honourable the Finance Member would consent to my Resolution, he would be making at least Rs. 50 lakhs a year. He did not want to have that. That was the gift I was prepared to give him.

Let me make the law on the point clear. There was an impression that if we taxed the pensions, leave allowance and leave pay, the recipients in England would suffer. That is not so. So far as the British Income-tax Act is concerned, it gives relief so far as the income-tax paid either in India or in the Colonies. I also referred at that time to the Australian Act. Australia assesses incomes paid out of Australia to income-tax, and relief is given so far as that is concerned by the British Act. The only people who are likely to suffer by our taxing pensions and leave allowances are those who live in the Free State of Ireland or on the Continent, say, France, or on the Riveira. There they do not get any relief, by paying only the Indian income-tax. The Indian income-tax is not so heavy, as you know, as the British income-tax. It used to be 4s. in the £, and now it is 5s. in the £ if my memory is correct.

THE HONOURABLE THE PRESIDENT : It is nearly as heavy.

THE HONOURABLE SIR DAVID DEVADOSS : Under the new Act, our taxes will be heavy and even in that case they get relief. The point is this. The pensioners and those on leave who get leave allowances will not suffer. So, Government need not at all consider that their servants will suffer in any way. The only thing is that the British Exchequer will have to pay a deduction in respect of it. Is it justifiable that a poor country like India should try to benefit a rich country like England by foregoing what is its legitimate due? That is exactly, as I said, Sir, where the parable applies. Here is a rich man—immensely rich—I will call him a millionaire, talking in present day language—who refuses to take something out of his own purse and picks the pocket of a neighbour, a poor man who has only 2d. for his dinner, and deprives him of his dinner. This is exactly the position, Sir. Before the Act, we had the right to tax these pensions. Probably, knowing the Resolution moved by me, the Act now makes it impossible for use to tax them. Unless the Act of 1935 is amended now so as to give us the power to tax these pensions, we cannot do so. I entirely sympathise with this Resolution and I think that Government ought also to feel sympathetic towards the Resolution. It may feel its hands tied, but there is one way of escape from it. Pay all the pensions in India and let them be remitted through banks. We can always get round this. If they are paid in England, no doubt we cannot tax them. But pay them here. Pay all the leave allowances here, if not to the present men, at least to future entrants. You can pay all your leave allowances, salaries and pensions, in India, to your men, whether they are Europeans or Indians or whatever their nationality may be. The civil servants who retire and who are living here are subject to our income-tax. Only those who go out of India escape our income-tax. But at the same time they pay the British income-tax. The remedy lies, therefore, in getting the Act amended in such a way as not in any way to inconvenience or to cause loss to the recipients of pensions and allowances but at the same time benefit the Indian Exchequer at the expense of the British Exchequer.

With these words, Sir, I express my entire sympathy with the Resolution.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Mr. President, I rise to support the Resolution which has been so ably moved by my Honourable friend Mr. Motilal. This Resolution, although differently worded, is on the same lines, but a little wider, than the Resolution moved by the Honourable Sir David Devadoss on the 14th March, 1931, to which reference has been made. I moved a Resolution on the subject on the 15th March, 1933, and in the Resolution, as the Government of India Act's cramping effect had not come into operation, I had asked only for legislative sanction to impose taxation on interests on sterling securities, because the pensions were not affected by legislative sanction but by executive orders. It was an exemption granted by the Governor General, who had exempted pensions from Indian income-tax. We want to know whether Government base their claim on the theory of might or whether they are prepared to discuss the question of rights. If they base their case on might, there is nothing to be said. We are a subject nation and they are the people who have got the power. They can perpetrate whatever hardship and injustice they like. But if they are prepared to discuss the question on the basis of equity and rights, I am ready to join issue with them. The present Resolution deals with three items, sterling loans, salaries and pensions. Salary is still, I believe, not enmeshed by the Government of India Act. Leave salary is open to Indian taxation if the Government of India so desires.

THE HONOURABLE MR. R. H. PARKER (Bombay Chamber of Commerce) : May I say it is dealt with in the new Bill ?

THE HONOURABLE MR. HOSSAIN IMAM : I am very glad to hear this news. I rightly thought that it is exempt from this provision, and so far our friend has been anticipated by the Finance Department and we should be thankful to the Finance Department for this.

Now, coming to the question of pensions, the exemption granted to pensions is based on the legal fiction that they accrue outside India as in the service contracts pensions are payable in sterling out of India, while those of Asiatic domicile who live in India they are subjected to income-tax because of the fact that they get their salary in India and even if it were construed as accruing outside India as it is being brought inside the country it is subject to Indian income-tax. Now, on this subject we have authoritative books as well as the practices of the British Exchequer. The British Exchequer classifies income into three kinds. Firstly, there is the income arising in the country and derived by the people resident in the country. That is subjected to English income-tax as well as subjected to Indian income-tax. There is a second class of income, that derived from outside the country but by people who reside inside the country, the external income of the residents, that is subjected to English as well as Indian income-tax. Now, there is a third kind of income in which there is a difference between the practice of the British Exchequer and the Indian Treasury, that is the income derived by an outsider but accruing in India. Now, there is a difference of opinion, I should rather say there was a difference of opinion as to whether this income accrued in India or outside India. The sterling loans are issued under the East India Loans Act. Now, one of the provisions of the Government of India Act from the time of our connection with the Crown has been that no expenditure from Indian revenues for matters other than Indian concerns can be taken except with the sanction of Parliament. Parliamentary sanction is necessary for all expenses which are not in the interests of India. Take the instance of our war loan ; for that sanction had to be given by the British Parliament before it could be undertaken. Now, if this

[Mr. Hossain Imam.]

expenditure of interest on loans is covered by a sanction of Parliament then a fiction might be created that it has accrued outside India. But until that happens the location of the accrual will be taken to be in India, although the commitment might be made outside. It is an ordinary fact that although the Government of India has its headquarters in Delhi, its expenses are taking place in several towns of India. Now, on these sterling securities the position of the Government seems to be this—that if we subject them to Indian income-tax it will be breaking an old practice, and a reference was made by you to what would be the effect on the investing public. Now, our point on this issue is very clear. We do not wish that those who have invested their money in sterling securities should be subjected to higher taxation than they are at present paying. We only wish that at the time of the disbursement of the interest when the British income-tax is deducted Indian income-tax too may be deducted. In this connection I should like to be illuminated by the Honourable Finance Secretary whether the statement of Sir David Devadoss was correct that those who live in the Irish Free State are not subjected to British income-tax on the sterling securities. I believe that I have the authority of the Finance Department, I asked a question on the subject and the reply was that they are all subject to British income-tax wherever they might be resident, because it is taken that it has accrued in Great Britain. Wherever received no one escapes from British income-tax. Now, our quarrel, as Sir David Devadoss very graphically put it, is between two, one a rich and the other a poor man, and the rich man wants to pick the pocket of the poor man. There will be absolutely no effect on the investing public. We are prepared even to be subjected to a restriction that no income-tax greater than half the amount of British income-tax can be levied on those persons because after all it comes to the same thing. By giving double income-tax relief you come to the same conclusion but in order to guarantee that in no case they will be subjected to a higher rate you might restrict the right of the Indian Government to impose taxation and realise in no case exceeding 50 per cent. of the taxation of the British Government.

Now, Sir, the Act as far as I have studied it is not clear about future sterling loans that might be floated by the Federal Government, when, if ever, it comes into being. (*An Honourable Member* : "There is no restriction there".) So I say, the Federal Government has not been restricted in the future sterling loans. Now, the question may very well be asked, if the thing is wrong why has it been allowed in the future? If it is based on wrong assumptions why not restrict it for the future as well? They knew that they had not a leg to stand upon. It was simply the action of a stronger power trying to dictate to a small fry. There is no justification for it, no equity behind this. It is just as bad as Hitler's move in Austria.

Mr. President, I should like to remind the House that as far as pension is concerned I have a definite reply of the Honourable Mr. Alan Parsons. Question No. 1167 of the Legislative Assembly of 1932 was "Have the Government taken legal advice on the question whether sterling pensions accrue in India or outside India?" The Honourable Member replied that that is the view held by the Government, that sterling pensions accrue in India. Now, if accrual is in India, what is the reason that it should be exempted from Indian income-tax? If the Government is really anxious to strengthen income-tax legislation and they want to rope in those who are evading tax, I think that charity must begin at home. First of all, they should preach their dogmas to the British Parliament and get them to sanction in future that sterling pensions

will be subject to Indian income-tax. If they do not do this the Government will be open to the charge, and a proved charge, that they are making differences between the Indian and the British people. Discrimination will be taught to us by the British Government itself who in this way discriminates. Is the Government going to give this lesson to the Provincial Governments that discrimination is to be started by the Government itself and we are told that we should not have discrimination and that the British people should be given a free latitude. A man who draws his pension in India and a man who draws his pension in England should not be treated on different footings.

In conclusion I should like to say that in this matter the Government of India functions as the post office. We do not ask them to pass the legislation necessary. It is for the British Government to pass the legislation and therefore I hope that statesmanship is not altogether lost in the Government of India and they will rise to the occasion and accept this Resolution.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, I rise to support the Resolution. The other speakers who have preceded me have not left much for me to say. But as regards the agreement with the British personnel and as regards the payment of their pensions or interest or any other charges in England, I would support what the Honourable Mr. Hossain Imam has said and add that the Act should be so revised as to allow the Indian Government to realise their income-tax from such incomes ; but in the meantime I would like to suggest that the British Government be asked to credit to the Government of India the income-tax that is due to them from the collections of income-tax that did accrue in India. That is our due, because after all whether payments are made in England or in India, they accrue in India. Therefore I would like my suggestion to be considered and the British Government should be asked to remit to us by transfer the amount due on income-tax on the sums which accrue in India but are paid outside British India and on which Indian income-tax is due.

THE HONOURABLE MR. RAMADAS PANTULU (Madras : Non-Muhammadan) : Sir, I rise to support the Resolution. It seems to me that the real issue is between the British Treasury and the Government of India. The person who receives the interest on securities or pension does not suffer. Whatever may have been the case before the provision for relief against double taxation had been introduced, the present position is that the assessee pays a certain amount of tax and he is not required by the Resolution moved by my friend to pay anything more than what he pays now ; perhaps he pays less if he pays Indian income-tax and not the British tax. Therefore I think that the issue is side-tracked by bringing in the question of contract with the assessee or the interests of the assessee. Indeed, that is a matter which does not arise in my opinion. There is only one other matter to which I should like to refer. In the Government India Act, with regard to the interest on sterling loans, the provisions are contained in section 315 (4) and section 178. By the former on the loans borrowed by the Secretary of State in the transitory period on behalf of the Governor General no deduction of tax can be made on the interest paid. In the interim period between now and the introduction of Federation the Government of India is not allowed to borrow but only the Secretary of State is allowed to borrow with the previous concurrence of his advisers. On such loans tax cannot be deducted by the Indian Government. By section 178 further provision is made for the interest being paid without deducting the tax by the Government of India on all loans incurred up to date. The Government

[Mr. Ramadas Pantulu.]

of India Act leaves it open to the Indian Legislature to tax interest paid on securities held in England after the Federation is set up. In this interim period it is not permissible to do so. The reason is not very apparent. Of course we want to draw public attention to the injustice done to the Indian Treasury in the interim period, the transitional period between the introduction of Federation and now. Therefore this Resolution raises a very important point and a direct protest against the sections of the Government of India Act which deprive the Indian Treasury of its legitimate dues on interest paid on sterling securities out of the revenues of the Government of India or of the provinces to people residing outside India. That is a direct question on which we want an answer as to why it is done. We know it is in the Act, but how it is to be justified is the question that we are anxious to hear the reply on. I hope the Honourable Mr. Nixon will enlighten us as to what the reasons were which led the framers of the Act to deprive the Government of India of a legitimate source of tax to which they are entitled.

Sir, the second point is that with regard to pensions the position is much worse. As regards the interest on sterling loans, while Federation when it is set up may tax and collect, with regard to pensions it is curious that section 272 not only prevents the Government of India from taxing pensions paid outside India in regard to persons who have been employed before the commencement of the Act but it makes it incumbent on the Government of India not to tax pensions even of future entrants, persons appointed after the commencement of Part III. If it is based on the theory of contract I can understand—contract with persons who were appointed hitherto. With regard to future entrants there is no contract not to tax their pensions and a contract can be validly entered into by stipulating that their pensions will be subject to Indian income-tax. I really see no obstacle to such a contract being entered into. So, the provisions with regard to pensions are more drastic, more unjustifiable and more indefensible from the Indian standpoint than even the provision with regard to interest on sterling loans. It is hardly necessary for Mr. Nixon when he replies to say that so long as the Government of India Act stands as it is we cannot do anything in these matters. That we all know. We do not want to be told that. We can read the Act; it is well drafted that way. What we cannot do, what we cannot get, are very clearly set forth there; the Act is full of negations. To define what India cannot get, what India cannot claim, is more the object of this Act than what India gets. Therefore, Sir, I want to know why this distinction is made in the case of pensions and is there any logical basis with regard to this?

There is only one word more. With regard to the contract with investors, I do not think it arises at all. There is no such contract so far as I know. As I already said, it is a fight between the British Treasury and the Indian Treasury. Sir, there are other classes of interests paid, namely, by commercial bodies. Now they are not taxed. Supposing merchants in India borrow in England and have got to pay interest in England, I do not see why they should not be taxed. They enjoy exemption only under a notification issued by virtue of the powers vested in the Governor General by section 60 of the Income-tax Act. So also salaries and leave allowances; they do not enjoy any exemption under the Government of India Act, but they enjoy exemption by virtue of a notification issued by the Governor General. So far as the interest and pensions paid by commercial bodies are concerned and also salaries and leave allowances paid to officers of the Government of India in England, they can all be taxed and I hope they will be taxed.

THE HONOURABLE MR. J. C. NIXON (Finance Secretary): Sir, I know my friend the Honourable Mr. Motilal does not always come to this House dressed in the very fine raiment that he has on today! I know he does not sometimes squander very large sums on his headdress. But I still fail to recognise in him the ewe lamb to which my Honourable friend Sir David Devadoss must have been referring. We all know our friend Mr. Motilal. We know he is not one of the silent toiling millions of India. We know that he belongs distinctly to the better class and therefore we quite understand why he has brought forward a Resolution of this sort. He has a quality common to those of the better class of knowing that the Government require taxes but wishing that anybody but themselves shall pay those taxes. Therefore, I rather look on this Resolution, if I may say so, as in the nature of a red herring brought forward, I take it, because the Finance Member has chosen today for introducing an income-tax Bill in the other House. I suppose by now he is fairly well satisfied that when he mentioned the word "salaries" in his Resolution he was making an error, that there is no need to make any representation at all to His Majesty's Government in order that Indian income-tax should be recovered on salaries paid from Government revenues in England. His grievances, legitimate or what may be called legally legitimate, centre round two or three sections of the Government of India Act. Section 272 definitely exempts a certain quite limited class of pension from the imposition of Indian income-tax. For myself, I have never heard the argument advanced, as Mr. Hossain Imam said he had, that pensions paid from Indian revenues accrue outside India. The argument may have been used; I have never heard it. Possibly he has to some extent thrown light on why this section appears in the Government of India Act when he made the suggestion that there should be some limitation on the right of the Legislature to impose income-tax on this particular class of pension. I do not propose at the moment to deal any further with the merits of pensions.

My Honourable friend Mr. Motilal, as was natural, spent more of his time on the subject of securities. He had some very curious arguments. One I failed entirely to follow. It seemed to be to this effect; that the Government of India had managed to borrow money in London, that the money in India had been used productively, that is, it was earning more than its debt charges, and for that reason and for no other, we were justified in taking something more from the lender. I do not know if I have got the argument right.

It is one thing to place on the Statute-book the power to impose income-tax on non-residents, it is another thing to devise a procedure to collect those taxes. To give you an example—if, say, the Italian Government set up an Italian Income-tax Collector in India to collect Italian income-tax on certain portions of the incomes of Italians residing in India, I fancy the Italian residents could resist the levy in the Indian courts. It is not a matter of whether the income is subject to Italian income-tax. It is the devising of a legal machinery to collect it.

As I have no doubt the Honourable Mr. Motilal has discovered, there is a very distinct difference in wording between section 273 of the Government of India Act, which deals with pensions and the two sections of the Act, 178 and 315, which deal with sterling loans. Pensions are exempt from Indian taxes. In regard to sterling loans the phrase is "no deduction", which clearly means no deduction at source. I do not know whether there was a slight twinge of conscience on the part of my Honourable friend Mr. Motilal; that, if he does perchance own some Indian sterling securities he feels he ought to pay Indian

[Mr. J. C. Nixon.]

income-tax on them ; because if that is really his apprehension I can give him an assurance that no change in the Government of India Act is required in order to permit us to relieve his conscience on that point.

I have little doubt that if income-tax were imposed on the sterling securities of the Government of India, the credit of India in the London market and in other foreign markets would suffer. I would go further than that. I would say the loss of credit to India would be reflected not only in reduced quotations for Indian sterling loans but also in the treatment accorded to credit instruments in foreign markets connected with Indian trade.

THE HONOURABLE MR. HOSSAIN IMAM : Is not the 3½ per cent. sterling loan five points below the rupee loan at the moment ?

THE HONOURABLE MR. J. C. NIXON : However, I do not intend to go any further into the merits of these particular sections. These sections of the Government of India Act must be presumed to embody the considered decisions of His Majesty's Government arrived at less than three years ago. The Government of India consider that it would be out of the question for them to approach His Majesty's Government at the moment with proposals for their amendment and in the circumstances I consider that no useful purpose would be served by my further entering into the merits of the case.

There is only one further thing I should like to say. The party to which the Honourable Mover of this Resolution owes allegiance I understand assumes a certain attitude towards amendments of the Act—I think the phrase is that they will have nothing to do with tinkering with the Government of India Act. And therefore, I presume, that, good Congressman as he is, and I also say this about my Honourable friend Mr. Ramadas Pantulu, he will vote with me in regard to the Resolution.

THE HONOURABLE MR. RAMADAS PANTULU : The Resolution, Sir, is a protest against the provisions of the Act.

THE HONOURABLE MR. J. C. NIXON : I will read the Resolution to my Honourable friend :

“ This Council recommends to the Governor General in Council to make representations to His Majesty's Government for undertaking suitable legislation in Parliament so as to make it competent for the Indian Legislature to subject to income-tax the interest on sterling loans and salaries and pensions paid out of the revenues of the Central and Provincial Governments in India ”.

THE HONOURABLE MR. RAMADAS PANTULU : The idea is to raise a protest.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (United Provinces Northern : Non-Muhammadan) : Sir, my Honourable friend Mr. Nixon will, I am sure, not be surprised when we tell him that his reply was utterly disappointing. We all know the relevant sections of the Government of India Act. My Honourable friend Mr. Ramadas Pantulu had drawn attention to them and pointedly asked Mr. Nixon not to content himself with referring to these sections but to explain to us the grounds on which they are based. We expected him not merely to repeat what there was in the Government of India Act, but since the Resolution asked for an amendment of the Act, to explain the reasons justifying the retention of the present

provisions. He has done nothing of the kind. He has merely indulged in wordy pyrotechnics. He has gone round the subject, but he has been careful not to touch any of the questions raised by my Honourable friend the Mover of the Resolution, or those who spoke after him.

The main questions we have to consider are whether it will be unfair to the investors to impose a tax on the interest on sterling loans and whether the credit of India in foreign markets will suffer if we follow such a course. My Honourable friend Mr. Nixon made out no case against the Resolution on the score that the investor would in any way suffer if he were asked to pay income-tax on the interest on the loan advanced by him to this country. He has to pay that income-tax somewhere. It does not matter to him where he pays it. It is all the same to him whether he pays it in England or in India or the two countries jointly so long as the total that he will have to pay does not exceed the total that he has to pay now. That is all that the investor is interested in. We are not suggesting that the British investor should in any way be penalised. If our proposal is accepted, it will only mean that the British Exchequer will be entitled to take less from him than it does at the present time.

THE HONOURABLE SIR DAVID DEVADOSS : It gives credit for the amount paid here.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Certainly. Since the principle of preventing the payment of double income-tax has been accepted, I take it that if the British Government agree to the imposition of income-tax on the interest on the sterling loans in India, they will in conformity with this principle take steps to reduce the tax leviable in England on incomes that have already had to pay a tax in India.

As regards the second point, namely, the credit of India in the foreign market, my Honourable friend roundly asserted that the credit of India would suffer. But he was not good enough to advance even the weakest argument in support of this thesis. Why should the credit of India suffer? Does he mean to say that India is at present getting loans on cheaper terms than, say, England? Nobody has ever said that. The rates of interest prevalent give a sufficiently cogent reply in the negative on that point. The reason for it is plain. The British investor knows that India can be made to pay the same rate of interest which is prevalent in England. The money market in India has not been fully developed. In consequence of this, we have to resort to borrowing outside this country. The British investor can, therefore, within limits, impose his own terms. If our own money market were fully developed, or if we could go to countries other than the United Kingdom for borrowing money for our needs, then it is possible that the British investor may in competition with investors from other countries reduce the rate of interest which he charges in consideration of the fact that India does not levy any tax on the interest payable on his loan. But even this will be possible only on condition that the money invested in India is liable to a lower income-tax in England than that invested in England. So long as income-tax is leviable in England, that is, so long as the investor knows that he has to pay a certain amount of tax, whether in England singly or in England and India jointly, he cannot obviously reduce the rate of interest he charges to this country. There is nothing, therefore, in the assertion of my Honourable friend Mr. Nixon that the credit of India in foreign markets would suffer if the interest on foreign loans were made chargeable to income-tax in this country.

[Pandit Hirday Nath Kunzru.]

I come now to salaries. I must confess that my Honourable friend the Mover has worded his Resolution rather broadly in respect of salaries. His demand really applies only to leave salaries of persons residing permanently outside India and not to salaries payable to persons on active duty in this country. My Honourable friend Mr. Nixon taking advantage of this said that he did not propose to say anything with regard to salaries, because salaries could be taxed. But what he said was only partly true and he knew that. But it was convenient for him to take advantage of the slip made by the Honourable Mover of the Resolution and to get over a difficult subject in that way. But he is mistaken if he thinks that the reply given by him will pass muster in this House. He has to tell us why leave salaries should be treated separately from other salaries. My Honourable friend Mr. Parker pointed out that in the Income-tax (Amendment) Bill introduced in the other House, a provision had been inserted subjecting leave salaries to income-tax. If that is so, that would have been a better argument for my Honourable friend Mr. Nixon than the one which he contented himself with. I do not propose to say more with regard to pensions, but here again I must point out the utterly inadequate and unsatisfactory nature of the reply given by my Honourable friend Mr. Nixon. We know that pensions cannot be subjected to income-tax in this country either now or in the future, but why it is so, we cannot understand. The receiver of pensions from the Indian Exchequer will be in the same position as the British investor in regard to the payment of income-tax. It does not matter to him where he pays his income-tax so long as the total that he is made to pay is not higher than what he pays now. That is all that he is interested in.

Sir, if I may revert to the question of securities, I will offer one additional observation. It has been pointed out that interest on loans in existence at the time of the passing of the Government of India Act is exempt from the Indian income-tax. It has also been

1 P.M.

pointed out that the interest on loans raised during the transitory period will also be exempt from Indian income-tax. But if I have read the Government of India Act correctly, interest on loans raised after the establishment of a Federal Government at the Centre will not enjoy this exemption. Now, what is the ground for this kind of differentiation? If there was any value in the argument that a change in the old practice would be unfair to the existing British investors, then the old practice could be retained in regard to loans contracted up to the passing of the Government of India Act. One could understand the exemption made up to 1935, but why should the exemption have been extended to loans raised during the transitory period. There was no need whatsoever for treating loans raised after the passing of the Act of 1935 in the same way as the previous loans. Sir, there is no rhyme or reason I am afraid in the affair. The fact is, there is no conflict of interests between the British investor and receiver of pensions from the Indian Exchequer and the Indian Government. The conflict lies only between the Government of the United Kingdom and the Government of India. The Government of England are not prepared to deal justly by this country because it is politically weak. If it were however in the same position as the Dominions I am quite certain that better treatment would be accorded to it and its Exchequer would be allowed to retain the large sums that are allowed to go out of this country for the benefit of the British Exchequer.

My Honourable friend Mr. Nixon had a fling at the Honourable Mover of the Resolution. He thought that the Resolution was a clever dodge for

opposing the Income-tax (Amendment) Bill. The object of the Income-tax (Amendment) Bill is only to raise more money.

THE HONOURABLE MR. R. H. PARKER : No, no.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : What else is it ?

THE HONOURABLE MR. R. H. PARKER : To raise the same amount in a more equitable manner.

THE HONOURABLE THE PRESIDENT : No Member has seen that Bill as yet and I do not think it is fair to refer to it.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : I think, Sir, it has been freely said on behalf of Government that if the Legislature accepts the new Bill the Government of India would be in a position to give more money to the Provincial Governments. How they will be able to give more money to the Provincial Governments unless their income increases, I cannot see.

Well, then, before we raise the rates on our income-tax or before we get more out of the Indian income-tax payers we ought to see that the loopholes in the Government of India Act are stopped and that all the politically unjust evasion of income-tax which goes on at the present time is discontinued. When that is done, when those who should justly pay income-tax to us have paid their share, then alone will there be time for us to consider whether further demands should be made upon the pockets of the Indian taxpayer. Till then I think we shall be justified in view of the considerations pointed out in the course of the debate if we resist the Bill introduced today in the other House.

THE HONOURABLE MR. G. S. MOTILAL : Sir, I had expected that the Government of India and their spokesman in this House would accord a sympathetic reception to this Resolution and would make the representations which would on the one hand secure justice for them and for this country and at the same time bring in more revenue—

THE HONOURABLE SIR A. P. PATRO : During the interim period only before the introduction of Federation.

THE HONOURABLE MR. RAMADAS PANTULU : It will never be introduced.

THE HONOURABLE SIR A. P. PATRO : Do not think so. It is bound to come.

THE HONOURABLE THE PRESIDENT : Order, order.

THE HONOURABLE MR. G. S. MOTILAL : I do not understand the implications of this interruption. Anyway, I am really very much surprised that the only answer which the Honourable Mr. Nixon has given is that the Parliament itself had but three years ago introduced these provisions in the Government of India Act and therefore it will not serve any useful purpose to make representations about it. No representation had been made by the Government of India in this respect so far. Had representation been made in the past or is made now, I do not see why, if the justice of our claim is pressed

[Mr. G. S. Motilal.]

On the authorities in England, it should be assumed that they would be altogether deaf in the matter of such a financial adjustment. So far as political issues are concerned, it would be difficult for us to expect that they would be equally responsive. But on this financial issue where the Government of this country can make out an irresistible case, why cannot we ask this Government to take up the matter with His Majesty's Government and get a satisfactory answer from them ?

Sir, another argument which my Honourable friend advanced was that if there are Italians living in this country and having an income, is it proposed that they should set up some Government machinery in this country to collect taxes from them and he says that if we want taxes to be collected on these securities it will be tantamount to that. The argument is really specious. If there are Italians in this country, who possess Italian Government loans, I am sure that that Government should be deducting the income-tax on those loans and be getting that tax without setting up any machinery in this country for collection. I hope that this will not be denied by the Honourable Member who spoke for Government.

Another argument that was put forward with great force by my Honourable friend Pandit Kunzru should have convinced the Finance Secretary that if in future we raise loans after the Federation comes in there will be no restriction on income-tax being imposed on the interest on these loans. The payment will be made by this country and just as the Government now deduct income-tax on Indian loans, so will they deduct it at source on future sterling loans. It is after deduction that the double income-tax relief will be applied for, say, a man is not liable to pay income-tax if his income is below Rs. 1,000 or Rs. 2,000 whichever be the exemption limit, tax on his securities is deducted before payment of interest and refund is paid to him when he subsequently applies for it. Similarly, tax on sterling securities should be deducted and refund paid in respect of double income-tax paid.

Sir, I am certainly opposed to the Act as it is. I want the whole Act to go and I want that we should have the same status as other free countries have and be free in our country to frame our own constitution. I want this and nothing short of this, until that comes we shall not relax our efforts for framing our own constitution ; but this Resolution aims at removal of the financial injustice done to India by the Act. It is for the Government of India to urge that in the interests of the two countries and in the interest of justice and equity, the British Parliament must not deny this modicum of justice to this country any longer. Sir, I request the Members of this House and the Government also, in spite of the answer they have given, to accept the Resolution.

THE HONOURABLE MR. J. C. NIXON : Sir, there are two matters to which I should like to refer. I do not propose to advance arguments. I shall make what my Honourable friend Mr. Kunzru will certainly call mere assertions. He seems to have a very happy mind in regard to the matter of double income-tax relief. I do not know whether he himself has ever been in the position of having to apply for double income-tax relief ; I thought he had not. He would come to two conclusions if he ever had been in that position. One is, it is very difficult to get it at all, and secondly, that it does not necessarily lead to the assessee's paying only the bigger of the two income-taxes. Further, when I state that the credit of India in foreign markets will suffer I do not produce an argument any more than I produce

an argument when I make the assertion that twice two are four. There is only one other thing I would like to say, because he raised the question, and that is that, so far as I know, there is not the slightest indication, nor has there ever been the slightest indication, that India could have borrowed money in any other market in the world outside India cheaper than she has borrowed money in London.

THE HONOURABLE THE PRESIDENT : Resolution moved :

"That this Council recommends to the Governor General in Council to make representations to His Majesty's Government for undertaking suitable legislation in Parliament so as to make it competent for the Indian Legislature to subject to income-tax the interest on sterling loans and salaries and pensions paid out of the revenues of the Central and Provincial Governments in India."

Question put : the Council divided :

AYES—18.

Askuran, Hon. Mr. Shantidas.
Biyani, Hon. Mr. B. N.
Buta Singh, Hon. Sardar.
Hossain Imam, Hon. Mr.
Kalikar, Hon. Mr. V. V.
Kunzru, Hon. Pandit Hirday Nath.
Maltha, Hon. Rai Bahadur Sri Narain.
Mitha, Hon. Sir Suleman Cassum Haji.
Motilal, Hon. Mr. G. S.

Muhammad Husain, Hon. Haji Syed.
Niamatullah, Hon. Chaudhri.
Pantulu, Hon. Mr. Ramadas.
Ram Saran Das, Hon. Rai Bahadur Lala.
Ray Chaudhury, Hon. Mr. Kumarsenkar.
Roy Chowdhury, Hon. Mr. Susil Kumar.
Sapru, Hon. Mr. P. N.
Sethna, Hon. Sir Phiroze.
Sinha, Hon. Kumar Nripendra Narayan.

NOES—21.

Akram Husain Bahadur, Hon. Prince
Afsar-ul-Mulk Mirza Muhammad.
Charanjit Singh, Hon. Raja.
Clow, Hon. Mr A. G.
Das, Hon. Rai Bahadur Satyendra Kumar.
Dow, Hon. Mr. H.
Ghosal, Hon. Sir Josna.
Haidar, Hon. Khan Bahadur Shams-ud-
Din.
Ismail Ali Khan, Hon. Kunwar Haji
Jagdish Prasad, Hon. Kunwar Sir.
Khurshid Ali Khan, Hon. Nawabzada.

Menon, Hon. Diwan Bahadur Sir Ramunni.
Muhammad Yakub, Hon. Sir.
Nihal Singh, Hon. Sirdar.
Nixon, Hon. Mr. J. C.
Parker, Hon. Mr. R. H.
Patro, Hon. Sir A. P.
Puckle, Hon. Mr. F. H.
Roy, Hon. Mr. S. N.
Russell, Hon. Sir Gtthrie.
Singh, Hon. Raja Devaki Nandan Prasad.
Williams, Hon. Mr. A. deC.

The Motion was negatived.

The Council then adjourned for Lunch till a Quarter to Three of the Clock.

The Council re-assembled after Lunch at a Quarter to Three of the Clock, the Honourable the President in the Chair.

RESOLUTION *RE* DISCRIMINATION AGAINST INDIANS SETTLING IN THE HIGHLANDS OF KENYA.

THE HONOURABLE MR. RAMADAS PANTULU (Madras : Non-Muhamadan) : Sir, I wish to make a request to you, namely, to permit me to move my Resolution in a somewhat altered form. I wish to omit a few words and substitute a few, leaving the Resolution practically intact and making no material alteration in its substance. If you will permit me, Sir, I would like to do so.

THE HONOURABLE THE PRESIDENT : I have seen the copy that you have supplied to me just now. I do not think there is any material change. It is substantially the same, and unless the Honourable the Leader of the House objects—

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD : I have no objection, Sir.

THE HONOURABLE THE PRESIDENT : Then it is all right.

THE HONOURABLE MR. RAMADAS PANTULU : Sir, I beg to move :

“ That this Council recommends to the Governor General in Council to take prompt and effective action to prevent the issue of the proposed Order in Council by His Majesty's Government implementing the recommendations of the Kenya Land Commission which in effect shut out the Indian settlers from the European Highlands and discriminate against them in favour of even non-British settlers ”

Sir, it will be somewhat difficult for an Indian to speak on this Resolution with moderation. But fortunately it will not be necessary for me to put any passion or sentiment into my speech, for I am convinced that a bare narration of facts will be enough to convince the Members of this House of the justice of the Resolution.

THE HONOURABLE THE PRESIDENT : Moreover, you are always moderate.

THE HONOURABLE MR. RAMADAS PANTULU : Sir, the injustice perpetrated is so gross and the discrimination against the Indian subjects of His Majesty is so barefaced that really no arguments are necessary after the facts are set out to commend this Resolution to the acceptance of the House.

Before I state the position with regard to the recommendations of the Kenya Land Commission and the proposed Order in Council, I will say a few words regarding the background of the proposed legislation. Sir, the Indian community in East Africa is a very important community. It had settled there for many years and it differs in many ways from the Indian settlers in South Africa and other Colonies. The East African Indians are men of independent status and position, who have an assured place in the services, in the trade and commerce of the country, and have gone there either voluntarily for settlement or at the invitation of the Government of the Colonies. East Africa, as is well known, consists of four large territories, Tanganyika, Zanzibar, Uganda and Kenya. In these four colonies there are about 92,000 Indians, 11 million Africans, and 28,000 European settlers. But the European settlers in all these four colonies have been pursuing for some years past a policy of eliminating Indians from these territories, inspired by the success of the South African Government in imposing disabilities on Indians in South Africa. In fact, there is a concerted action on the part of the European settlers and the Governments of these four colonies in regard to elimination of Indians and imposing such disabilities on them as will ultimately induce the Indians to leave the Colonies. The avenues for employment are being curtailed and there is also an attempt to restrict their numbers and also to subject them to racial segregation in the spheres of business, residence and agricultural occupation. Fortunately, so far, there have not been very serious disabilities imposed in regard to business and residence. But the disabilities that are being imposed are in regard to agricultural land and its occupation.

Sir, I shall briefly trace in a few minutes the history of the proposed Order in Council. Sir, when the Indians settled in Kenya some years ago,

They were given very specific assurances that the Kenya Government did not intend to make any distinction between Indian and European settlers in the matter of grant or occupation of lands. In 1902, on the 23rd February, the Deputy Commissioner of the East Africa Protectorate sent a letter to the Indian Association at Nairobi, who petitioned him regarding the impending discrimination. There was a fear of certain discriminatory measures being passed. They then petitioned the Deputy Commissioner of the Protectorate who sent a letter saying :

“ You are in error in supposing that the Government has any intention of drawing a distinction between Europeans and Indians so far as the rights of mining, settling and acquiring land are concerned ”.

This letter of 1902 contained a very specific assurance by the Deputy Commissioner of the Protectorate that no discriminatory measures will be passed and that Indian and European settlers will be treated on an equal footing. But that assurance was soon revoked, practically four years later. In 1906, a Commission was appointed with reference to the rights of the Indians and Europeans. Lord Delamere was the Chairman of that Commission. In the Report of that Commission it was stated that it was desirable that land within certain areas should be reserved for and maintenance of a white population. That is the beginning of the trouble. That Commission definitely said that it was desirable that land should be reserved for and maintenance of a white population. This recommendation of the Commission of 1906 was accepted by the Colonial Office. I believe Lord Elgin was the Secretary of State for the Colonies in 1908, and in a Despatch by Lord Elgin, he said :

“ With regard to the grant of land to Indians it is not consistent with the view of His Majesty's Government to impose legal restrictions on any particular section of the community, but as a matter of administrative convenience grants should not be made to Indians in the Highland areas ”.

Sir, for the first time, while recognising that there was no legal restriction and admitting that it will be inconsistent with the views of His Majesty's Government to impose any legal disabilities in future, a recommendation was made that as a matter of administrative convenience, grant of land should not be made to Indians. This expression “ administrative convenience ” has between 1908 and 1938 assumed very serious proportions indeed and its implications have been developed very, very largely. That administrative convenience, I shall show very soon, is a very thin cloak for racial discrimination against Indians in favour of not only British settlers but also European settlers of other nationalities. An Italian or a German can acquire land in the Highlands but not an Indian. As Seth Govind Das said, the lift boy who refused to carry him up the lift in South Africa could acquire land in East Africa but not he or even an Indian Member of the Government of India. This administrative practice originally, as is clear from Lord Elgin's despatch, was intended to apply only to initial grants of land. There was no reference in that despatch to transfer of land from European settlers who wanted to leave the Colony to an Indian settler who was willing to purchase the land. Some of the European settlers who spent some money on their farms but found it either unprofitable or inconvenient to continue and wanted to leave the Colony were willing to part with their farms to Indians who paid a reasonable price for them, and administrative convenience did not stand in the way of European settlers being permitted to sell their farms to Indians provided the Governor gave his consent. That was the administrative practice. But later on this administrative practice has been developed into a practice not only against the initial grant of land but also against transfers, so that no European settler

[Mr. Ramadas Pantulu.]

could transfer his land to an Indian even though he was leaving the Colony and an Indian was prepared to buy it. This is the effect of a White Paper issued in 1923. That White Paper said :

“ The practice must be maintained both as regards initial grants as well as transfers.”

This is a distinct addition to the Despatch of Lord Elgin. Lord Winterton who made a report on the subject at that time said that the

“ Colonial Office cannot contemplate any change in the existing law or practice, having regard to past policy and commitments ”.

So administrative convenience had developed into administrative practice in the White Paper of 1923 and administrative practice of 1923 had developed into administrative policy under Lord Winterton's report. Therefore, starting with convenience we progressed towards practice, and from practice we proceeded to policy.

This did not satisfy the European settlers. There was organised agitation for putting this on a legal basis. They were not satisfied with assurances given by the Colonial Office or the assurances given by His Majesty's Government that both in regard to initial grants as well as transfers discrimination would be made against Indian settlers and that Europeans would be protected fully. They agitated once and for all to put the rights of European settlers on a legal basis. That was the origin of the appointment of the famous Kenya Land Commission of 1932. That Commission produced a very bulky Report through which I have gone with some care. We are only concerned with one of their terms of reference. The Commission was asked to define the area generally known as the Highlands in which persons of European descent are to have a privileged position. That is the term of reference. Naturally the Chairman of the Commission wanted to know what these words “ privileged position ” meant. He asked the Governor to enlighten him as to the exact import of the words. The Governor of Kenya referred the matter to the Secretary of State for the Colonies and the then Secretary, Sir B. Cunliffe Lister, authorised the Governor to inform the Chairman of the exact implication of those words. The definition of the Secretary of State for the Colonies was in two parts, one positive and the other negative. He said, “ Privileged position ” consisted of two parts, first the right of Europeans to acquire by grant or transfer agricultural land in such area or to occupy land therein ; secondly, that no person other than an European should be entitled to acquire by grant or transfer agricultural land in such area or to occupy land therein. Therefore by positive and negative definition it is reserved for Europeans only and no one who is not an European can have any land granted or transferred to him in that area. That was the explanation of the words “ privileged position ”. It will be seen that the definition goes far beyond the despatches and pronouncements with regard to administrative convenience, practice and policy which I have cited. Also there are certain pieces of legislation in force in Kenya, such as the Crown Lands Ordinance, 1915, and some of the sections do permit some kinds of transfers and grants to Indians with the consent of the Governor. The present legislation seeks to repeal those provisions of the Land Ordinances of 1915 and also to legalise what is called the administrative practice in very wide terms.

This Commission were asked to define the boundaries of the Highlands. Practically the only thing that is sought to be enacted by the Order in Council

is to define the boundaries and to set up a Board to advise the Government of Kenya in regard to disposal of the lands in the reserved area. These are the two main purposes of the Order in Council. But, Sir, the Kenya Land Commission has gone far beyond any of the despatches and pronouncements which I have already quoted. They not only reserved what were hitherto known as the Highlands for the European settlers, but they also wanted to include in future, lands at present owned and in the occupation of Indians in Maharoni area which was formerly called the Lowlands, in which Indians have settled by special invitation in 1906, and these are to become part of the White Highlands once they are transferred to Europeans and cannot thereafter be transferred to Indians under any circumstances. So if any Indian allows lands in his occupation in the Maharoni area to get into the hands of an European it cannot be transferred to an Indian in the future. So they have so extended the definition of the Highlands as to include in future areas in the Maharoni area which pass into European hands.

Then, Sir, the Kenya Land Commission not content with defining the boundaries of the Highlands, which was the only business for which it was appointed they asked those who appointed the Commission that their recommendations should be implemented by an Order in Council, and that the practice should be legalised. That was not a part of their terms of reference, but they went out of their way and said that an Order in Council should be passed defining the boundaries of the Highlands.

As soon as the Commission sent in its Report in July, 1933 the Colonial Office without any hesitation accepted the Report. We were told by the representatives of the East African delegation who came here that there was no debate at that stage in the Kenya Legislative Council nor was there any debate in the House of Commons. Of course we do not know whether the Government of India was consulted on that Report before it was accepted by the Colonial Secretary. That is a matter which only the Government can tell us. Without any publicity to it and without the Indians in Kenya having any opportunity to express an opinion, the Colonial Secretary announced that he

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accepted the recommendations of the Kenya Commission. Later in 1934, however, the Indian members of

the Kenya Legislative Council brought the matter up before the Legislative Council and they had a debate at that time. All the five Indian members of the Kenya Legislative Council entered their emphatic protest and exposed the injustice of the Commission's recommendations, but nothing was heard of it for some time. In February, 1935, Lord Milner put a question to the then Colonial Secretary as to whether the Government of India would be consulted in regard to the recommendations of the Commission and whether the Government of India will be given an opportunity to put up the case of the Indians before the Colonial Office. The then Secretary of State said that he would certainly consult the Government of India and that any representations received from them would be considered but he added this :

“ I think it is well to point out that the effects of the proposed Order in Council so far as the White Highlands are concerned will be merely to confirm what has been an administrative practice for the past quarter of a century ”.

I say that this statement is absolutely incorrect. I have traced from 1902 the history of this administrative practice. In 1902 there was a definite declaration that there should be no discrimination. In 1906 it was slightly modified ; in 1908 it was further modified ; in 1923 it was further modified ; later on it was still further modified. Therefore the Secretary of State's statement that the proposed Order in Council merely aims at confirming an administrative

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practice in force for 25 years is far from being a correct description of the facts. Sir, this proposed Order in Council is nothing but perpetration of the racial discrimination of the worst kind. Sir, the position is this with regard to the reservation. The area that is now marked out as Highlands is about 16,700 square miles for a population of about the same number; roughly it gives one square mile for every European settler and only 50 per cent. of the lands have been alienated or settled on Europeans; only 10 per cent. of the lands so alienated or settled have been brought under cultivation. Therefore 1/20ths of the reserved Highlands are under cultivation and 19/20ths of them are still unoccupied. That is the position; for future development they wanted to safeguard future settlers and have demarcated for their use a very large extent of land of 16,700 square miles. Three million Africans who live in Kenya as against 16,000 Europeans, are given 48,000 square miles for their agricultural and other needs and Indians there say it is wholly inadequate to meet the needs of the African population. Sir, leaving the native reserve of 48,000 square miles and the European Highlands of 16,700 square miles, we have certain land left, which is either barren or rocky or waterless and it is here that 41,000 Indians can settle in future. I need hardly say that no Indian can settle in the rest of the land. Therefore to say that this Order in Council does nothing but legalise a practice in existence for 25 years is anything but correct. Sir, I do not think on these facts anybody can hold the view that there is no racial discrimination. I hope that every Member of this House will see that from the facts set out by me that it is a case of gross injustice and barefaced racial discrimination. I have no doubt that even my esteemed friend Sir A. P. Patro will be able to see that this amounts to discrimination. I want him to judge independently and his judgment will be valuable, because he is not guilty of any partiality to Indians and Indian sentiment or any bias against Europeans. Therefore I value his judgment; if he can support me I shall value it very much coming from him. Sir, the thing did not end in 1934. After that protest from the Indians in the debate of the Legislative Council in 1934 and Lord Milner's question and the reply of the Colonial Secretary of State, we thought that the matter would not be proceeded with further. In 1936 there was another question and Sir Ormsby Gore, the then Secretary of State denied "that there would be any legal colour bar against Indians in Kenya". This again raised hopes in the minds of Kenya Indians that the proposed Ordinance would not be issued. But the European settlers of Kenya immediately started an agitation, an agitation of a very powerful kind, and then in 1937 they tabled a Resolution in the Kenya Legislative Council asking the Kenya Government immediately to address the Home Government to issue the Order in Council as quickly as possible. It is a very long Resolution and I therefore do not like to read it, but the purport of it was that the recommendations of the Kenya Commission should be implemented by an Order in Council and that in the absence of the Order in Council their development is being hindered and the assertion of the claims of Indians is getting more and more vociferous from time to time. Therefore they said that immediate action should be taken on the recommendations of the Commission and the Order in Council should be issued. This aroused the apprehensions of the Indian settlers and the Indian settlers had a big conference at which they protested against the proposed Order in Council, made representations to both the Home Government and the Government of India and they came here and they interviewed the Member of the Government of India in charge of this subject and also cultivated public opinion in this country. Sir, so far as the Government of India is concerned, I at any rate feel no doubt that they would

have addressed His Majesty's Government protesting against the proposed Order in Council. At any rate there is no reason to think that they did not or would not do so ; and Indians in Kenya must congratulate themselves that they have at the head of affairs in the Department of Indians Overseas so sympathetic an administrator as the Leader of this House, Sir Jagdish Prasad, and with him at the helm of affairs I have no doubt that the Government of India would do what they can. Of course I know that the Government of India are as helpless as the people of India in this matter. People who have no status in their own country cannot expect to have any legal status in another country. Sir, in this connection I think Kenya Indians, while they did all they could to protect their rights, made one mistake in my opinion, a tactical blunder. Recently the Congress of Kenya Indians held in Kenya objected to the appointment of an Agent of the Government of India in Kenya. They thought that if the Government of India appointed an agent their rights of franchise or representation would be curtailed and that they will suffer in political status. It is to my mind an entire misnomer and they should have asked for the appointment of an Indian Agent. It would certainly facilitate the Government of India keeping themselves in touch with the actual condition of Indians in the Colony and an Indian Agent would have been of great help to them. Therefore for my part I deplore that Indians in Kenya should have objected to the appointment of an Agent.

THE HONOURABLE THE PRESIDENT : Your time is up now.

THE HONOURABLE MR. RAMADAS PANTULU : I hope, Sir, they will reconsider their position. In conclusion I say that the people of India have taken this subject up in all seriousness and the Congress which was held at Haripura have passed a very strong Resolution protesting against the action of the Kenya Government and the proposed Order in Council. So the problem of Indians in the Colonies and abroad is a part of the fight for the freedom of India and India will leave nothing undone to protect the interests of Indians abroad. I hope the Government of India will take a sympathetic attitude in this matter and also protect the honour and dignity of the nationals of this country. I most earnestly request the Leader of this House who is in charge of the Department to show his sympathy and the sympathy of Government towards this Resolution by accepting it if he possibly can.

THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern : Non-Muhammadan) : Mr. President, I desire to support the Resolution which has been moved by my friend the Honourable Mr. Ramadas Pantulu. When the Carter Commission's Report was published, I had the honour of moving a Resolution in this Council about the reservation of the Highlands in Kenya for Europeans. The protest that we made in this Council has apparently had no effect upon His Majesty's Government. I do not, Sir, wish to go at length into the history of the Kenya question. That history has been traced by the Honourable Mr. Pantulu but I would like to say this that the Kenya issue is really a test issue. The Right Honourable Srinivasa Sastri has emphasised the Kenya issue on several occasions and the question is this. Is there going to be racial equality in the directly administered territories of the British Colonies ? Kenya is not a dominion, it is a colony. It is administered by the Colonial Office and the arguments that are available to the Dominions Office are not available to the Colonial Office. And really the question is this. Is there going to be for the Indian racial equality in territories which the Colonial Office administers directly ? Well, if there is going

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to be no racial equality, then why bother about this Commonwealth at all? If you want us to be loyal to the British Commonwealth, then you must treat us in these directly administered territories on a footing of equality. If there is to be inequality between European and Indian, then the British Commonwealth will mean nothing for the Indian and the Indian is not prepared to tolerate this inequality in directly administered territories of the Crown. I think, Sir, the Government of India owe it to the people of this country that they should make the implications of this Kenya issue quite clear to the British Government. They must make it clear that there is a very very strong feeling on this Kenya issue among the Indians, that it is regarded as a question of paramount importance, as a question of great racial importance. It is a question upon which the allegiance of the Indians to the British Commonwealth depends in a sense. I hope, Sir, that they will emphasise the strength of the feeling in regard to this Kenya issue.

The Honourable Mr. Pantulu has dealt with the other aspects of the question very thoroughly and very ably. He has pointed out that there is no force in the argument that the Order in Council does not mean any change in the present position. He has traced the entire history of Kenya from 1902 onwards. I do not wish to dilate on that history. All that I would like to say, Sir, is that we look upon it as a very very vital question and I hope, Sir, that the Government of India will take a very strong line in regard to this question.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (United Provinces Northern : Non-Muhammadan) : Sir, although the House is anxious to begin the discussion of the next Resolution, I cannot allow this occasion to pass without according my strong support to the demands put forward by my Honourable friend Mr. Ramadas Pantulu. His Resolution refers to two things—the general disabilities of Indians and their grievances regarding the issue of the Order in Council which is now proposed to be promulgated by the British Government. Sir, as regards the Order in Council I may briefly point out that the Carter Commission, to which my Honourable friend the Mover of the Resolution referred a little while ago, made two important recommendations. One was that it should be declared by an Order in Council that the Highlands would be open only to European settlement, and the other was that the Highlands should be demarcated and extended so as to cover the area near Lake Victoria Nyanza where valuable mineral deposits have been discovered. Now, His Majesty's Government have made it clear that they have no intention of laying down any terms that Indians shall be debarred from purchasing land in the Highlands. But if the Highlands are demarcated and extended, this will be, not directly, I admit, but indirectly, a recognition of the principle to which the Carter Commission gave its approval. Now, this is a matter of great importance and that is why the Order in Council which is seemingly so harmless has aroused a serious apprehension in the minds of the Indian community. They are so perturbed that they have sent a deputation to represent the Indian case to the Government of India and to ask them for their full support.

As regards the general disabilities, I should like to say just one thing. Contiguous to Kenya which is directly administered by the British Government, is the territory of Tanganyika, which is held under a mandate but while there are discriminations of various kinds against Indians in Kenya, they are practically non-existent in Tanganyika. Now, is this a wholesome state of

things, is this contrast favourable to British interests? Would the British Government like it to be said that the Indians enjoyed greater rights in territories which were not under the 'direct control of the British Government? In Tanganyika there is no area, not even the valuable coastal area, in which Indians cannot purchase land. The galling social discriminations that are practised against Indians in Kenya with regard to their residence in hotels and the use of public amenities do not exist in Tanganyika. Is it impossible that if His Majesty's Government use their power and influence in favour of Indians the distinction that now exists may soon be a thing of the past. In some respects, Sir, the position of Indians in Kenya is the same as in South Africa. Yet the Indian in East Africa comes from a far better class and is much better educated than the Indian in South Africa. We are generally told that the Indians in South Africa are discriminated against because of their low standard of living and the want of education. This complaint certainly is not true at any rate of the better class of Indians in East Africa. When I say this, I speak from personal experience, because I have had the good fortune of visiting all the British territories in East Africa. Yet, in many vital respects, I see no difference between the position of Indians in Kenya and the position of Indians in South Africa.

With these words, Sir, I accord my hearty support to the Honourable Mr. Ramadas Pantulu's Resolution.

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD (Education, Health and Lands Member): Sir, my Honourable friend the Leader of the Congress Party in this House, has put forward his case with his usual ability and thoroughness. He has traced the history of the problem right up to the year 1937. I do not think that the House would like me to cover this ground again. In closing his speech he appealed to me to show the sympathy of the Government of India to his Resolution by accepting it. He asked the Government of India to be the guardians of the honour of their nationals abroad. Sir, I need hardly assure him that it has always been the policy of the Government of India, that it is the policy of the Government of India at present and I hope that it will always remain the policy of the Government of India to safeguard the honour and the legitimate interests of their nationals abroad. Government accept this Resolution. (Applause.) I take it that what my Honourable friend means—and this is a point which has been emphasised by the Honourable Pandit Kunzru—is that the objection to the Order in Council, even if it is confined to demarcating areas only is that it will give moral reinforcement to what is referred to as administrative practice, to which Indians both here and in East Africa take the strongest objection. I take it that that is in essence the purport of the Resolution. I need not say any more except to add that we have for a long time represented the views of Indians faithfully to the British Government and that we shall continue to do our best, situated as we are, to help them in their legitimate demands.

THE HONOURABLE THE PRESIDENT: Resolution moved:

"That this Council recommends to the Governor General in Council to take prompt and effective action to prevent the issue of the proposed Order in Council by His Majesty's Government implementing the recommendations of the Kenya Land Commission which in effect shut out the Indian settlers from the European Highlands and discriminate against them in favour of even non-British settlers".

Question put and Resolution adopted.

RESOLUTION RE FORMATION OF A NATIONAL ARMY RECRUITED FROM ALL CLASSES AND PROVINCES.

THE HONOURABLE MR. V. V. KALIKAR (Central Provinces : General) :
Sir, the Resolution that stands in my name runs thus :

“ That this Council recommends to the Governor General in Council to take steps to appoint a committee of officials and non-official military experts to examine the military organisation of India from a national point of view and to recommend ways and means to form a national army recruited from all classes and provinces in India ”.

Sir, this question was once discussed in this House in a different form in 1935 on a Resolution of my Honourable friend Mr. Sapru. At that time, the then Commander-in-Chief, Sir Philip Chetwode, made certain remarks with which I find that His Excellency the present Commander-in-Chief is in full agreement. While opposing the Resolution, his remarks were to the effect that they are recruiting the best possible material from provinces wherever they be. I shall show later on how all the provinces in India have got glorious past traditions in military matters. Therefore, Sir, the remarks of Sir Philip Chetwode that in certain provinces they do not get fine material for military requirement is not correct. Sir, the declared policy of the British Government is to establish Dominion Status, or in the words of Mahatma Gandhi, the essence of independence, in India. It is an admitted fact that no country can be fully self-governing unless she is in a position to defend herself from external aggression and maintain internal peace. Sir, in this House, on many occasions we have pressed on the Government that the officer ranks of the Indian Army should be Indianised. We, on this side of the House, think that matters cannot stop there. We wish that an attempt should be made to have a national army in India, recruited from all provinces and classes, which will in times of need be of great use in defending India from foreign aggression and if the relations between England and India are maintained on the basis of equal partners in the British Commonwealth, the army should also be of use to the Empire in times of crises.

Sir, we see that after the introduction of the Government of India Act, 1935, provincial autonomy is working very smoothly in the provinces. Then whatever may be the differences about the introduction of Federation, the principle is admitted by all parties in India, even by the Congress. The difference is only about the federal part of the Government of India Act. So I submit the position is we shall have in the near future, or it may be the distant future, a Federated India, when we shall really feel the necessity of a national army recruited from all the federal units. This idea of a national army is not propounded by Indian politicians only, but it has found support in the remarks made by an expert Committee, I mean the Shea Committee. Of course that Committee of 1925 dealt with the formation of non-regular military forces in India, the Auxiliary and Territorial Forces, but they also envisaged the idea of having a national army for the defence of India. Sir, with your permission I will read a few extracts from their Report. While referring to Sir Charles Morro's speech in the old Legislative Council in September, 1920, they say :

“ From these extracts we are led to assume that the policy of Government in introducing the Bill and of the Imperial Legislative Council in passing it into law was directed towards the attainment by the formation of the Indian Territorial Force of two distinct

objects, the first an educational one, to create a national desire for patriotic military service and to afford opportunities for military training to a wide range of the manhood of India and so to lay surely the foundations of a national army such as will be essential to India when in course of time she attains to full responsible government and takes upon her own shoulders the whole burden of her defence".

Now, Sir, this Committee was presided over by a military expert and not a propagandist or an Indian politician. An argument is trotted out every now and then that the Government carries out the policy of recruitment after taking into consideration the question of efficiency. I submit that I am one with the Government and I do not want that the efficiency of the army should be impaired by recruiting all sorts of people who have no inclination or natural aptitude for entering on a military life and undergoing the hardships of soldiering. But the question is whether the present policy of recruiting soldiers from particular parts of the country is a right policy in the interests of India as a whole and whether the remarks made by the Military authorities that in other areas where recruitment has been stopped there has been a deterioration of the martial spirit or quality are correct. This is a very important question and I shall have to show by passing reference that the remarks are not correct.

First, Sir, I apprehend two dangers from the present policy that has been followed since the Mutiny of 1857. Before 1857 I understand there were armies in the three Presidencies, Madras, Bengal and Bombay, and with those three armies the Britishers conquered various provinces, and after that those armies were disbanded. Now, Sir, in this connection I shall have to refer to the figures of recruitment as stated by the Simon Commission. The Simon Commission have given the figures of the army organisation in India per province and those figures will be found at page 96 of the Report of the Simon Commission. Sir, we find that the total strength of the Army which they have mentioned in the Report is 158,200 and they state here that from the North-West Frontier Province 5,600 soldiers are recruited, from Kashmir 6,500, from the Punjab 86,000, from Baluchistan 300, from Nepal 19,000, from the United Provinces 16,500, from Rajputana 7,000, from Central India 200, from Bombay 7,000 from the Central Provinces 100, from Bihar and Orissa 300, from Bengal nil, from Assam nil, from Burma 3,000, from Hyderabad 700, from Mysore 100, from Madras 4,000 and Miscellaneous 1,900. The Simon Commission stated in their Report that as the Army in India is composed of enlisted classes it is difficult for them to recommend the replacement of the British Command by Indian Command on the ground that a particular class or a particular area will predominate over other classes and other areas. Sir, they found it risky and, Sir, we on this side of the House think that it may or may not be, but to an ordinary layman like me it seems that if you recruit the army from a particular area—as we see from the figures that about 55 per cent. of the Army is recruited from the Punjab and the North-West Frontier Province—other provinces will be practically under the control of these two provinces. Sir, it is not in the interest of real democracy or in the interest of the civil power that it should be dominated by a soldiery recruited from a particular part. Then, Sir, I am afraid of another danger and that is, that these units of the Federation to whom the doors of recruitment have been closed may not even like to contribute their mite so far as the burden of expenditure of the army is concerned, because they are not represented in the army. So, Sir, the position is this. According to the Simon Commission you cannot, if I may say so frankly, have full responsible government because you have not got an army and you cannot have your army because of the

[Mr. V. V. Kalikar.]

past policy of the Government of India followed since 1857 and the unwillingness on the part of the authorities even now to change that policy. That means that we will have to be dependent according to the Simon Commission on the help which England gives us in the matter of defence and also we will have to depend upon the Northern Provinces for the defence of our country. Sir, old ideas of professional armies have undergone a great change in modern times and new ideas about a national army have come to be recognised. You cannot have a national army unless its doors are thrown open to all areas and all classes. Now they say that a martial spirit is wanting in many provinces and therefore they are recruiting the material from those provinces where they find that they have got a good supply or they can depend upon a good supply of fine material. Sir, my Honourable friends Sir A. P. Patro and Sir David Devadoss would agree with me that they had a very good army in Madras. In Bombay, Sir, we had a very good army and about these armies

THE HONOURABLE MR. HOSSAIN IMAM : Do not forget Bengal.

THE HONOURABLE MR. V. V. KALIKAR : I am not forgetting Bengal, I am coming to that. About these armies, military experts have spoken about their capacity in very good terms. I should like to quote the views of the military experts—

THE HONOURABLE THE PRESIDENT : I may just remind you that you have got five minutes more only.

THE HONOURABLE MR. V. V. KALIKAR : I seek your indulgence to allow me some more time. The question is very important and I have to deal with it.

THE HONOURABLE THE PRESIDENT : You will have to take the risk if the Resolution is not finished by 5 P.M.

THE HONOURABLE MR. V. V. KALIKAR : I will try to finish as early as possible, but I have to state much. About the Madras Army Sir Frederick Haines, then Commander-in-Chief of the Madras Army, said :

“ I cannot admit for one moment that anything has occurred to disclose the fact that the Madras sepoy is inferior as a fighting man. The facts of history warrant us in assuming the contrary. In drill, training and discipline the Madras sepoy is inferior to none, while in point of health, as exhibited by returns, he compares favourably with his neighbours ”.

Then about the Bombay Army, General Warre made these remarks 25 years after the Mutiny of 1857. He said :

“ History has proved that the whole of the Western Coast is a military country producing a warlike population. The Southern Mahrattas have proved themselves in former days and are still equal to any other race in India as a fighting people. Their power has been broken and their military ardour quenched by almost total disarmament, but they are still a hardy people, in a mountainous district, inured to toil, and especially good in tracing their steps over the rough and impracticable Ghats. What more can you require to make soldiers ? ”

Sir, as my time is very short and as I am to complete my speech soon, I shall try to be as brief as possible. Unfortunate as has been the past policy of the Government in its effects upon a particular class of people, the present policy of Government is calculated to perpetuate those differences. So, I submit what is needed now is an open door policy where all areas and all classes who have got military aptitude should be recruited in the Army of India so

that they may also share the responsibility of defending their country against foreign aggression. Sir, this question has not been up till now dealt with by any committee except the Committee which I referred to just now, the Shea Committee, but they dealt with the question in connection with a different point. So, under the present circumstances, I submit, Sir, that there ought to be a new orientation in the policy of the Army and the military organisation in India. Sir, I submit that the appointment of a committee to examine the military organisation of India from a national point of view is one of the most urgent measures that ought to be undertaken by any Government whether it is a responsible government or a semi-responsible government or even an irresponsible government.

Well, Sir, such a committee must be charged with the duty of devising means for uplifting the martial capacity in the provinces, creating a national army imbued with a sense of patriotism and responsible for the defence of the motherland. So, Sir, in the end, I submit that the demand of Indians for a national army is not an extravagant one but is quite natural owing to changed circumstances. The international situation is causing great anxiety to all the nations of the world. India cannot be free from that anxiety; so, Sir, in the interests of India, I submit an attempt should be made to find out and create a really martial spirit, and for that purpose recruitment on a large and a wide basis should be undertaken. They say they have got their administrative difficulties. Sir, those administrative difficulties should not come in our way but I submit, Sir, that the administrative difficulties, if there are any, shall be examined by this committee, and the committee can find out ways and means how to give shape to the idea embodied in the Resolution. Only, Sir, for the information of the House, I will mention one fact, and that is a reply to the question of my Honourable friend Mr. Biyani, today about the recruitment of soldiers from my province. Sir, my province supplied during the war 5,376 soldiers, and from 1930 to 1937 I find from the reply that His Excellency gave today that 152,581 soldiers were recruited, out of which six came from my province. So I am only citing an example of one province. I therefore submit, Sir, that the Government should accept my Resolution and find out ways with the help of the committee to change their policy.

With these words, Sir, I submit my Resolution for the acceptance of the House.

THE HONOURABLE THE PRESIDENT: I may mention to Honourable Members that under Standing Order 5, the hours of Council work are from 11 to 4 only, but I propose to sit till 5 P.M. and I hope by that time we will finish this Resolution. I will adjourn the House at that time whether the Resolution is finished or not.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (United Provinces Northern: Non-Muhammadan): Sir, the Resolution which my Honourable friend Mr. Kalikar has put forward is of fundamental importance. We are told daily that wars now are not struggles between professional armies but a contest between nations. If that is so, if success in a future war depends on the mobilisation of the resources of the whole nation, it is necessary that India too should wake up as other countries have done and adjust her military organisation to present-day needs. This requires that we should have a comprehensive military organisation which would be able to make use of the large man power of India and assure its defence in all possible circumstances. Now, what is it that the establishment of a national defence organisation implies? It requires, first, I suppose, that

4-5 P.M.

[Pandit Hirday Nath Kunzru.]

there should be a strong and efficient professional army recruited from the children of the soil and resting upon an adequate reserve system. Another thing which it involves is that it should be supported by a citizen territorial army. And, lastly, the organisation of a nation-wide system of defence implies that proper physical training should be given in the schools and colleges and that Cadet Corps and Officers' Training Corps should be established in these institutions in order to give our young men a preparatory military training. In making these observations, Sir, I have not been guided by the example of countries that may popularly be supposed to be militaristic. I am not relying on the example of Germany or Italy or France. I am depending primarily on the example of Great Britain itself.

What is the situation in this respect in India? We have certainly an efficient professional army. But is it recruited entirely from Indians and the reserve system in force in India adequate to the needs of the country? Sir, I have looked up the figures relating to the strength of British troops, whether employed in India or elsewhere and the strength of the Army Reserve, in 1937-38. I gather from the Armaments Year Book of the League of Nations for the year 1937 that the total British troops of the line are about 210,000, and that the strength of the Army Reserve amounts to a little over 130,000. Keeping these figures in mind, let Honourable Members consider the corresponding figures for India. The strength of the Indian Army amounts to about 155,000, but the strength of the Reserve is about 35,000 only. It has been recognised in all countries and in England too that in order to have a proper system of defence, it is desirable that compatibly with efficient training men should be passed through the Regular Army in a short time and then made part of the reserve in order to be available in an emergency. This enables the Military authorities to provide military training for a large number of young men and at the same time keep the professional army thoroughly efficient and up to the sanctioned strength. In India—I have no doubt that various reasons will be advanced for it by the Military authorities—but any one who looks at the situation here will bear me out when I say that in India political considerations have stood in the way of this desirable development. The strength of the Reserve here is kept as low as possible, and reliance is chiefly placed on the professional army. As regards the citizen territorial army, that hardly exists in this country. Our territorial army can in the present circumstances be scarcely taken seriously. It is in a rudimentary stage. And as regards the inculcation of those ideas in schools and colleges which would develop patriotism and create a body of educated men throughout the country who would be prepared to lay down their lives for their country, even the beginnings of such a system do not exist. I moved a Resolution on this subject last September, but His Excellency the Commander-in-Chief declined to accept it. My Honourable friend Mr. Kalikar, I am sure wants as I do that we should, in accordance with the recommendations of the Shea Committee to which he drew attention lay the foundations of defence by providing the education recommended by it in schools and colleges but the Military authorities have no mind to do so. Sir, when we ask for an army representative of the whole nation, we are generally met with two objections. One is that the Indian Army is very small and that consequently it is impossible to recruit soldiers in adequate numbers from all provinces. The second objection is that as the people of the different provinces are not of the same military value, it stands to reason that the Military authorities should recruit the army from among people who have shown a special aptitude for it. Let us take the first objection now. The Army is certainly a small

one, but it is forgotten that a very substantial part of it consists of British troops. I cannot admit that there is any military necessity for the retention of nearly 60,000 British soldiers in this country. If they are replaced by Indian soldiers, I have no doubt that many provinces and classes that do not get a chance of admission into the army will get it in future. Then again, Sir, although all the sources of recruitment that are now available were available to the British Government years ago, the change in the composition of the Indian Army has not taken place suddenly. It did not take place as soon, for instance, as the British conquered the Punjab. A series of articles appeared in the *Modern Review* in 1930 and 1931 from the pen of Mr. N. C. Choudhury and were referred to with approval by Sir Sivaswamy Aiyar and Major-General Rao Raja Rajwade in their Minute of Dissent to the Report of the Indian Sandhurst Committee. I gather from one of these articles that, soon after the Muntiny, in the Bengal Army—and I refer to the Bengal Army because in those days, as Mr. Kalikar has pointed out, there were three Presidential armies—soldiers were furnished in equal proportions by the Punjab and North-West Frontier and the rest of Northern India. Twenty-five years after the Mutiny, that is, in 1883, although the policy of the authorities had changed in the meanwhile Northern India, excluding the Punjab and North-West Frontier and Kashmir, etc., still supplied about 33 per cent. of the army. Later on the proportion was reduced but it was still in the neighbourhood of 25 per cent. about the year 1914. But today, according to the figures given by the Simon Commission it amounts only to about 15 per cent. Now surely this contraction, this rapid contraction of the field of recruitment, cannot be due to any diminution in the fighting qualities of the people of Northern India, apart from the Punjab and the North-West Frontier Province. It appears to be deliberate and based on political grounds. The situation has changed so radically today that the Punjab, North-West Frontier Province, Garhwal and Kashmir furnish nearly 75 per cent. of our army. Our military organisation might be likened today to a pyramid resting on its apex. Surely, Sir, this is a most undesirable state of things for a country moving towards democracy. Sir, I shall consider the argument about the military value of the people of different provinces from another point of view also. There are provinces like Madras which have, so to say, been kept in a depressed condition from the military point of view and been denied all opportunities of taking an honourable share in the defence of their country. Now this policy which has been followed for nearly 75 years may well have produced its natural effect in debilitating the people concerned. But as regards the future we have in this connection a certain amount of experience to go upon. It used to be said till recently that educated young men from different provinces could not furnish officers for the army and that if officers were chosen from among Indians they would have to be selected mainly from those classes that provide the army with soldiers. But experience of the Prince of Wales Military College, the Indian Military Academy and the Cadet Ship "Dufferin" has I think conclusively shown that given proper training and a proper atmosphere young men from different provinces may be unified and may be converted into highly efficient material for defence purposes. Now what has happened in the case of the educated young men from whom officers are drawn may well prove to be true also in the case of the soldiers who constitute the rank and file of the army. The British Government have only to take their courage in both hands in a political sense and go forward. I have no doubt that if they do so they will have not cause to regret the change in their policy.

I have exhausted my time, Sir, but perhaps you will allow me to state one more fact which bears on this point. We are constantly reminded of

[Pandit Hirday Nath Kunzru.]

the better fighting qualities of the soldiers drawn from the Punjab and the territories still further north. But the British Government did not always possess the Punjab. Before the Punjab was conquered the army of Hindustan was required not merely for the defence of India but also for carrying on operations across the border. The army that crossed the border about 1840, the army which took part in the first Afghan War was the army of Hindustan proper. Now we have never heard, Sir, that that army proved inefficient in any way. Take again the army which fought against the Punjab in the fifties. That was again the army of Hindustan proper. The verdict of history is thus before us in regard to the important matter which I am now discussing. Need we take seriously the argument that if recruits for the army were drawn from all classes the army will lose in military value? The value of military discipline and training has been impressed on us times out of number by the Military authorities. Let them have faith in what they themselves have said to us repeatedly and let them in addition to that remember that military discipline and training alone do not count for much. General Sir Ian Hamilton in his book *The Soul and Body of an Army* makes an observation in his chapter on patriotism which is well worth remembering :

“ The Japanese officers”, he said, “used to boast—no, used to declare with reason—that after two or three weeks’ drill” any one of their common rickshaw men would be ready to run a neck to neck race with the veteran of the Yalu straight for the enemy’s guns. This was not, could not have been, in virtue of his military discipline or training”.

What is needed, Sir, is that the Government of India should adopt the national point of view and placing themselves at the head of the nation rouse those feelings on which alone a proper system of defence such as is asked for in the important proposition brought forward by my Honourable friend Mr. Kalikar can be based. If they do so, if they make themselves the spokesman of national aspirations and sentiments, I am certain that we shall soon be able to provide a national army in the same way as other countries have been able to do.

THE HONOURABLE SIR A. P. PATRO (Madras : Nominated Non-Official) : Sir, I believe the main object of the Resolution as placed before the House is to increase the pace of recruitment of Indians into all branches of the defence forces from all classes and provinces of India. Evidently the Honourable Mover has before him the recent formation of the Hindu Military Training School at Nasik and with the object of inculcating a military spirit among all classes of Indians he seems to have conceived this Resolution. There are certain facts which must be admitted in regard to the defence of India. We are quite unprepared for India’s defence and that was very clearly proved. As it is, we are dependent upon the British to protect our hearth and our home. We have not been prepared to defend ourselves. There is a very inadequate force to defend us on land, much less in the air force or in regard to the sea. In all the three branches of defence is the Indian defence force sufficient? If tomorrow, which God forbid, any powerful enemy comes to our shores, are we prepared to defend ourselves, either in the coast, or inland or by air. That is the problem today which engages the minds of every Indian and every British administrator who is interested in the welfare of India. How are we to defend ourselves if an occasion arises? Are we prepared for such defence? It is true that the Resolution says appoint a committee of experts and they will devise ways and means by which this defence could be organised and strengthened. I have no belief in these committees. The Skeen Committee made its own recommendations; the Shea Committee made

its own recommendations. Many of these recommendations have not been brought into force nor found to be practicable. The aim of recruitment is that recruitment should be based on a wider basis, that all provinces should be given equal opportunities of being trained in military service. It may be argued that the material is not equal or the material is not sound and therefore inefficiency may result from indiscriminate recruitment. We do not want inefficiency in the army, but we want recruitment to be extended to all provinces equally, perhaps to a much greater proportion in some provinces than in others. So far as South India is concerned, who is it that has won South India for the British Company's Government. Take the evidence of history and the facts. Take those persons who have fought and won the Arcot wars. Take those persons who have fought and won the Mysore wars. Take those persons who have fought and got the whole of Southern India under British control. It is South Indian troops. Are the descendants of these peoples to be denied the right of defending themselves? Is it fair and is it right and is it just? Sir, again, I belong to a class of devoted soldiers and subedars and havildars and so on. Now, this class is altogether eliminated from military recruitment. A close examination of the present condition is absolutely necessary before you can deny the right of military service to all classes and provinces. I do admit there are certain difficulties in the way of indiscriminate recruitment, but these difficulties if properly viewed are not such as to be an obstacle in the way of recruitment. It was said that we do not have control over the defence policy and therefore there is no use of our arguing that a national army should be formed. It is true that under the constitution we have no control over defence policy and programme. India is not able to lay down a policy of its own defence or a programme of defence. What is the use therefore of dealing piecemeal with the problem of defence? That is not the case today. The case is that the policy of defence has been laid down both in the White Paper as well as by the Government of India and His Majesty's Government. Defence will be the increasing concern of Indians themselves. If that is the policy that was laid down, then what steps have been taken in order to give effect to this policy? That is really the problem before us, namely, that in order that Indian defence should be the increasing concern of Indians themselves, what steps have been taken? There are practical difficulties in the way of this Resolution, because this Resolution wants officials and non-officials, military experts, to examine the organisation. Who are to be the non-military experts? What should be the qualifications for both officials and non-officials is a matter of very great concern and it is difficult to find such persons who would be acceptable to all parties. Then the next question is to have a military organisation from a national point of view and to recommend ways and means to form a national army. As regards the ways and means, that is the crux of the whole problem. We have been saying that the defence budget is too big and it is not possible to meet the expenditure from our revenues. It should be cut down. The other day I read the speech of the Defence Minister in Parliament, Sir Thomas Inskip. He said they have already spent £1,500 thousand millions on the defence forces. Consider that with regard to India which is a continent. How much are we to spend in order to train and equip the whole of India? I agree with the argument when it is said, look at the proof that is given by Indian educated youth in various forms, "Dufferin," Military Training School, and in all these they have given a very good account. Therefore give opportunities to our Indian people so that they may have a military career not only as officers but as soldiers. I was told yesterday that selection of candidates for the Military Academy is going on and out of a large number of candidates that presented

[Sir A. P. Patro.]

themselves only a small percentage was found to be competent for admission making liberal concessions. Nevertheless, the point is this. Give opportunities for training, and, as has been read out from Sir Ian Hamilton's book, you will find that in course of time they will prove themselves to be competent and good soldiers for action. This Resolution therefore does not take any account with regard to the expenditure that would be involved and difficulties of the composition of the Committee, it is a colossal task. It embraces the whole problem of our defence and as such is very wide, indefinite and difficult to carry out in practice, I am not able to agree with the Resolution. With the main object I agree, because recruitment should be on a wider basis and all Indians should be given opportunities more and more to defend themselves and to form a national army.

THE HONOURABLE MR. SHANTIDAS ASKURAN (Bombay: Non-Muhammadan): Sir, in giving my support to this Resolution, I want to congratulate my Honourable friend Mr. Kalikar on bringing up the necessity of an adequate national army before this House at an appropriate moment. I observe, Sir, from the proceedings of this House that earlier in the session we have had two Resolutions on the subject of defence. One was moved by my Honourable friend Pandit Kunzru and the other by my Honourable friend Mr. Hossain Imam. Pandit Kunzru was anxious for a redistribution of defence expenditure in order to provide for greater expenditure on our naval and air forces and less on the army. My Honourable friend Mr. Hossain Imam seemed to be concerned mainly with a reduction of defence expenditure through a committee of the Central Legislature. On the present occasion, Sir, Mr. Kalikar wants a mixed committee to examine India's military organisation from a national point of view.

All these Resolutions, Sir, each of which, in its own way, attempts to focus public opinion on different aspects of our defence policy have, in my opinion, a common objective. They all seek to prevent our financial resources from being wasted and to ensure that the best value is obtained for our money. Sir, I want to approach this Resolution not as a politician but as a businessman. But everyone, whether in politics or in business is, I am sure, anxious that India's defence organisation should be adequate to meet any danger, whether of a minor or a major character, whether it arises from within our borders or from outside.

Sir, preparations for war are being made actively and on a large scale almost everywhere in the world and rearmament is the motto of most Governments. It would not only be futile under these circumstances but foolish on our part not to take due note of the present temper of the Big Powers of the world. Speaking for myself, I may say at once that I have complete faith in the capacity of His Excellency the Commander-in-Chief to provide for India's adequate defence. As a great soldier who has spent many years of his career in India, I am sure, Sir, that he feels as sensitive about the national self-respect of India as any one of us on these Benches. In making a few observations in support of this Resolution, therefore, I am not to be understood to be speaking in any critical spirit, but entirely, Sir, from the standpoint of the businessman. I have steadily kept before my mind only one principle: rigorous economy without any loss of efficiency.

Sir, in applying this principle to the Indian Army today, I must admit that there seem to be a good many things in the organisation of the Army

in India which cannot meet with the approval of a businessman. The Defence Secretary, Sir, in replying to the debate on Mr. Hossain Imam's Resolution on 10th March this year, pointed out that after the retrenchment carried out on a large scale in recent years, it would be almost impossible to effect further economies. Sir, this is not the occasion for examining in detail the financial aspect of the Government of India's defence policy. But I may point out in passing that an expenditure of Rs. 39 lakhs on grass farms, for instance, does sound to me an extravagant figure. So, too, it seems to me is the item of Rs. 38½ lakhs for education of a comparatively small number of children of British and Indian troops. The number of British officers in the Indian Army has increased from 7,179 in 1937 to 7,240 this year. I wonder, Sir, how many provinces in India today can afford to spend Rs. 138 lakhs a year on their medical services as the Army in India does? Again, are we to assume that about 12,000 clerks and other civilians and over 34,500 followers are necessary for an army of less than 200,000? Sir, I will not pursue the point further with regard to economies. I must, however, express my conviction that a diligent search will yield an appreciably large sum of money, without touching a single soldier. But, Sir, for the purpose of my argument today, I shall assume that the Defence Secretary is right in maintaining that so far as retrenchment is concerned, we have reached the farthest limit. If that be so, I would respectfully ask His Excellency the Commander-in-Chief to tell the House whether for a large country like ours, with frontiers and an enormous seacoast to guard, he regards the present strength of the defence forces in India as adequate? There is to my mind no escape from the alternative provided in this Resolution, namely, a national army recruited from all classes and provinces in India. I would point out, Sir, that for the same amount as we are spending on the defence forces today, we can have an army of about 300,000 Indians in place of the much smaller mixed army of Indian and British troops we have at present.

Sir, it is appropriate that we should discuss this Resolution today in view of recent developments. As has already been made clear by the Secretary of State for War in a speech he made in the House of Commons about a month ago, the locking up of a large number of British troops in India produces an element of rigidity in the strategic distribution of units all over the Empire. If there is to be a thorough re-examination of the whole position, neither the War Office nor His Excellency the Commander-in-Chief can overlook, even in imperial interests, the demand that has been made from time to time by all parties for a policy of gradual withdrawal of British troops from this country. Sir, it will not be controverted that recruitment for the Indian Army is becoming increasingly difficult in Britain. Service in India has to be made more attractive if recruitment is to be kept up. But all this means extra expenditure from India's Exchequer which we can ill-afford at the present moment. On the other hand, there is the insistent demand for unrestricted recruitment from all classes of His Majesty's subjects in India, so that we may have an efficient national army fully equipped and capable of meeting all emergencies and repel any attack, whether by sea or land or from the air. I am willing to concede, Sir, that in view of the international situation, India may not be able to spend less than she does. But no party in this country will, I am sure, grudge expenditure, provided we are satisfied that the objective before the Government is the creation within the shortest possible time of a national defence force.

In this connection, Sir, I would refer to an observation of the Simon Commission with regard to India's defence expenditure. Not only is it heavy

[Mr. Shantidas Askuran.]

but as the Commission rightly pointed out, the fact that a considerable portion of that money goes out of India imposes a peculiarly heavy burden on our financial resources. A national army, on the other hand, will mean not only greater employment for the flower of India's manhood but stimulate industrial enterprise in numerous directions. Self-sufficiency, Sir, in the matter of defence must mean sooner or later the manufacture of all that the army requires, both in peace time and for field operations.

Sir, I do not wish to be a prophet of gloom. But as the Honourable the Finance Member said in the other House at the time of the general discussion of the budget a couple of weeks ago, economic developments in America and in Europe must fill one's mind with a certain amount of uneasiness, not to say anxiety. Trade returns for February this year show a decline in our imports of private merchandise by Rs. 328 lakhs and in our exports by Rs. 151 lakhs as compared with the same month's returns last year. One thing is absolutely clear. Our economic condition is not such today that we can view the future with any sense of satisfaction. To take one instance alone, cotton growers will get during this year, according to my calculation, about Rs. 18 crores less than last year. The prices of wheat and of rice are lower today than they were a year ago. Raw commodities generally, with few exceptions, bring less money into the pockets of the producers than twelve months ago. Our prosperity, I need hardly say in this House, depends upon the condition of the agriculturists. Their aggregate earnings have dropped, I reckon, by over Rs. 150 crores. I refer to this matter, Sir, to point out that India cannot possibly bear in her present condition a heavier defence expenditure than she incurs at present. Therefore, apart from all question of sentiment, I feel strongly that those who are in charge of our defence policy must concentrate their energies on securing, as I said at the commencement of my speech, the best value for the money spent.

I would remind His Excellency, if I may, that at the commencement of the War in 1914 it became necessary to withdraw practically all the troops from this country. But, Sir, such risks cannot always be taken. It would be far safer, in my opinion, to make India self-reliant in the matter of defence. Such a step, Sir, would also satisfy the self-respect of India, and I would specially request His Excellency to bear in mind that sentiment should not be ignored at a time like this.

From every point of view, therefore, Sir, for the sake of economy, in national as well as in Imperial interests, in order to satisfy the demand which has been made by every party that India should be self-sufficient in the matter of defence, there is wisdom in accepting this Resolution. I have, therefore, no hesitation in giving it my warm support.

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: Sir, I cannot help feeling that the Honourable Mover was absent from this House when I dealt very fully with a similar Resolution brought forward by the Honourable Mr. Susil Kumar Roy Chowdhury as short a time ago as 21st February last, but there is no need for me, therefore, to repeat all I said on that recent occasion. It should, I submit, be clear from what I said then that no unit in the army can be recruited from a multiplicity of classes. To be efficient, a unit must be fairly homogenous and obviously cannot be drawn from classes speaking different languages and of markedly different qualities and habits of life. It therefore naturally follows that a national army recruited from all classes and

provinces in India must be a vast army. I do not know how many classes there are in India, but the number must run into thousands, and not more than four different classes, and those of a fairly similar type, should normally be recruited in the same unit. The army, therefore, would necessarily be very much larger than the one which we now have, and consequently, very, very much more expensive. It is, I believe, admitted by every one in this House that the defence expenditure of India should not be multiplied, and I cannot increase the army without more money. It follows from what I have said that the Government cannot accept the reason for which the Honourable Member wishes to appoint a committee of officials and non-official military experts, and I therefore need say nothing about the first part of the Resolution which proposes the setting up of such a committee. Sir, I oppose the Resolution.

But, before I sit down, I should just like to draw attention to one or two points that were raised by Honourable Members, so far as I am able to in the short time at my disposal. The first point made by the Honourable Mover was to the effect that we had taken no steps at all to form a national army. I maintain that the foundation of a national army has already been laid, and time alone will show how it will develop. The second point he raised was that there is no opportunity for those who have not developed a martial spirit to show their ardour and so forth. I maintain there is. We have introduced Provincial and Territorial battalions, which are open to all classes—not limited to any class—and it is up to you to help me to fill these battalions. He made a special plea on behalf of Mahrattas and Madrasis. I maintain that some of the best soldiers of the Army in India now are of these classes, they are second to none. Another speaker indicated that we had no machinery, as it were, to meet an emergency. Now, all those who are old enough should remember the great effort India made during the last war. Our army was more or less of the same size, and within six months or a year, expansion schemes brought in men who met our demands throughout the war, which lasted, as you know, four years. Believe me, the fruits of the experience we gained then, helped by the mistakes that we made and from which we learnt have all been noted and can be brought into operation at very short notice. Another speaker also mentioned that we have no reserve. Well, before the war, there was no reserve; but since the war, the first thing that was done was to form a reserve, but the strength of the reserve is handicapped by finance. It was also stated that we have in being no second line of defence. Well, I repeat again that we have it in our Provincial and Territorial battalions and these are perfectly capable of expansion provided the men come forward. If there is a real demand for such expansion I am very ready to help. That is all I have to say, Sir.

THE HONOURABLE THE PRESIDENT (to the Honourable Mr. Kalikar) : Do you wish to reply ?

THE HONOURABLE MR. V. V. KALIKAR : Sir, as you have decided to adjourn the House at 5 P.M. and as there are many speakers, we do not want to speak on this Resolution, and I personally do not want to reply as I want the decision of the House.

THE HONOURABLE THE PRESIDENT : Resolution moved :

“ That this Council recommends to the Governor General in Council to take steps to appoint a committee of officials and non-official military experts to examine the military organisation of India from a national point of view and to recommend ways and means to form a national army recruited from all classes and provinces in India.”

[Mr. President.]

Question put : the Council divided :

AYES—16.

Askuran, Hon. Mr. Shantidas.
Hossain Imam, Hon. Mr.
Kaliker, Hon. Mr. V. V.
Kunzru, Hon. Pandit Hirday Nath.
Mahtha, Hon. Rai Bahadur Sri Narain.
Mitha, Hon. Sir Suleman Cassum Haji.
Motilal, Hon. Mr. G. S.
Muhammad Husain, Hon. Haji Syed.

Niamatullah, Hon. Chaudhri.
Pantulu, Hon. Mr. Ramadas.
Ram Saran Das, Hon. Rai Bahadur Lala.
Ray Chaudhury, Hon. Mr. Kumarsankar.
Roy Chowdhury, Hon. Mr. Susil Kumar.
Sapru, Hon. Mr. P. N.
Sethna, Hon. Sir Phiroze.
Sinha, Hon. Kumar Nripendra Narayan.

NOES—26.

Akram Husain Bahadur, Hon. Prince
Afsar-ul-Mulk Mirza Muhammad.
Buta Singh, Hon. Sardar.
Charanjit Singh, Hon. Raja.
Chinoy, Hon. Sir Rahimtoola.
Clow, Hon. Mr. A. G.
Commander-in-Chief, His Excellency the.
Das, Hon. Rai Bahadur Satyendra Kumar
Devadoss, Hon. Sir David.
Dow, Hon. Mr. H.
Ghosal, Hon. Sir Josna.
Haidar, Hon. Khan Bahadur Shams-ud-
Din.
Hissamuddin Bahadur, Hon. Lt.-Col. Sir.

Ismail Ali Khan, Hon. Kunwar Haji.
Jagdish Prasad, Hon. Kunwar Sir.
Khurahid Ali Khan, Hon. Nawabzada.
Menon, Hon. Diwan Bahadur Sir Ramunni.
Muhammad Yakub, Hon. Sir.
Nihal Singh, Hon. Sirdar.
Nixon, Hon. Mr. J. C.
Parker, Hon. Mr. R. H.
Petro, Hon. Sir A. P.
Puckle, Hon. Mr. F. H.
Roy, Hon. Mr. S. N.
Russell, Hon. Sir Guthrie.
Singh, Hon. Raja Devaki Nandan Prasad.
Williams, Hon. Mr. A. deC.

The Motion was negatived.

INDIAN SUCCESSION ACT (AMENDMENT) BILL.

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

"That the Bill to amend the Indian Succession Act, 1925, as respects intestate succession among Parsis be referred to a Select Committee consisting of the Honourable Sir David Devadoss, the Honourable Rai Bahadur Lala Ram Saran Das, the Honourable Mr. A. deC. Williams, the Honourable Sir Rahimtoola Chinoy, the Honourable Mr. Ramadas Pantulu, the Honourable Mr. G. S. Motilal, the Honourable Mr. Shantidas Askuran and myself, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be four."

The Motion was adopted.

STATEMENT OF BUSINESS.

THE HONOURABLE KUNWAR SIB JAGDISH PRASAD (Leader of the House): Sir, I suggest that the Motion for the consideration and passing of the three Government Bills laid on the table on the 1st April, namely, the Sugar Industry Protection (Temporary Extension) Bill; the Sind Salt Law Amendment Bill and the Indian Coffee Cess (Amendment) Bill be taken up on the 7th April. It may be possible to lay further Government Bills (of which there are two outstanding) on the table on the 7th. If so, I would request you to curtail the usual period of notice and to permit the further stages of these Bills to be set down for disposal on the 8th April. I understand that the Council would prefer to finish the business of the session this week; and, if the period of notice is not curtailed, it will be necessary to detain the Council here till Monday the 11th April to dispose of these Bills. I gather

that these two Bills are quite small Bills and are non-controversial. Government are also prepared to give time after the disposal of Government business for the final stages of the Child Marriage Restraint (Second Amendment) Bill. I gather that it is the general wish of the House that this Bill should be taken up on the 8th of April.

THE HONOURABLE THE PRESIDENT : As regards the suspension of the Standing Order, I would like to know whether the House would like to finish the work by the end of the week or to carry on the work till Monday next.

SEVERAL HONOURABLE MEMBERS : Finish it this week, Sir.

THE HONOURABLE THE PRESIDENT : Very well, I shall suspend the rules of business so far as those two Bills are concerned.

The Council then adjourned till Eleven of the Clock on Thursday, the 7th April, 1938.