

*Tuesday,
7th March, 1911*

ABSTRACT OF THE PROCEEDINGS

OF THE

Council of the Governor General of India,

LAWS AND REGULATIONS

Vol. XLIX

April 1910 - March 1911

ABSTRACT OF PROCEEDING
OF
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ASSEMBLED FOR THE PURPOSE OF MAKING

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GOVERNMENT OF INDIA.
LEGISLATIVE DEPARTMENT.

PROCEEDINGS OF THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA, ASSEMBLED FOR THE PURPOSE OF MAKING LAWS AND REGULATIONS UNDER THE PROVISIONS OF THE INDIAN COUNCILS ACTS, 1861 TO 1909 (24 & 25 VICT., c. 87, 55 & 56 VICT., c. 14, AND 9 EDW. VII, c. 4).

The Council met at Government House, Calcutta, on Tuesday, the 7th March 1911.

PRESENT :

The Hon'ble MR. J. L. JENKINS, C.S.I., Vice-president, *presiding*,
and 55 Members, of whom 50 were Additional Members.

QUESTIONS AND ANSWERS.

The Hon'ble Maharajadhiraja Bahadur of Burdwan asked :—

"Is the Government aware that the tomb of the Moghul Empress Nur Jehan, near the Shahadara, Lahore, is in a very dilapidated and neglected condition, and is it a fact that the Punjab Government has approached the Government of India regarding its restoration? If so, have any steps been taken towards the restoration of the tomb, and if not, will the Government be pleased to say if it intends to take up the work of restoration of this mausoleum of a great Moghul Empress at an early date?"

The Hon'ble Mr. Butler replied :—

"The Government of India are aware that the tomb of the Moghul Empress Nur Jehan is dilapidated. It was in that condition before the Punjab was occupied by the British. The tomb is kept up and periodically repaired by the Public Works Department. No proposal regarding its restoration has been made by the Punjab Government to the Government of India, who are, therefore, not in a position to say whether they will undertake the work of restoration. It is understood that an estimate has been framed by the Local Government and that this estimate will be examined by an officer of the Archaeological Department."

The Hon'ble Maharajadhiraja Bahadur of Burdwan asked :—

"Has the attention of the Government been drawn to an article entitled 'Sivaji and his Tomb' in the *Indian Nation*, dated the 6th February 1911?"

"Do the Government propose to consider the desirability of making a suitable grant towards preserving in a befitting manner the tomb of the great Maharashtriya hero Maharaja Chhatrapati Sivaji?"

[*Mr. Butler ; Maharajadhiraja Bahadur of Burdwan ; [7TH MARCH 1911.]*
Sir T. R. Wynne ; His Excellency the Commander-in-Chief ; Mr. Sachchidananda Sinha.]

The Hon'ble Mr. Butler replied :—

"The Government of Bombay intend to take the necessary steps under the Ancient Monuments Preservation Act to preserve the tomb."

The Hon'ble Maharajadhiraja Bahadur of Burdwan asked :—

"Will the Government be pleased to place on the table a statement showing the number of scholarships for Muhammadans only in each University in each Province in India?"

The Hon'ble Mr. Butler replied :—

"There are no University scholarships for Muhammadans only. In Madras two free Government scholarships are reserved for Muhammadans at the Medical College; in Bengal 16 scholarships in arts colleges are reserved for Muhammadans; in Eastern Bengal and Assam 39; in the Punjab 14; and in the North-West Frontier Province 2. There are also some scholarships in different colleges endowed by Muhammadans for Muhammadans."

The Hon'ble Maharajadhiraja Bahadur of Burdwan asked :—

"Has the attention of the Government been drawn to the reports in the newspaper (the *Bengali* of 12th January 1911) of the alleged incident of Mr. Hussan Imam, a member of the Behar Bar, being subjected to an insult by a Railway guard at Bankipore?"

"Are the reports correct, and, if so, what action does Government propose to take in the matter?"

The Hon'ble Sir T. R. Wynne replied :—

"The Agent of the East Indian Railway has dealt personally with the matter, and steps have been taken which will prevent a recurrence of such an incident."

The Hon'ble Maharajadhiraja Bahadur of Burdwan asked :—

"Has the attention of the Government been drawn to the reports in the newspaper (the *Amrita Bazar Patrika* of 7th February 1911) of the alleged incident of the Hon'ble Mir Allahbaksh Khan, a Muhammadan Member of the Imperial Legislative Council, being insulted by a military officer while entering a first class compartment at the Cantonment Railway Station, Karachi?"

"Are the reports correct, and, if so, what action does the Government propose to take in the matter?"

His Excellency the Commander-in-Chief replied :—

"The reply to the first part of the question, so far as it relates to the Hon'ble Mir Allahbaksh Khan, is in the affirmative."

"The report that the Hon'ble gentleman was insulted is correct."

"On the matter being brought to my notice by the local military authorities, I at once gave orders for the suitable punishment of the offender. I have also taken steps which will, it is hoped, prevent a recurrence of incidents of this nature."

"The Government of India consider that the measures taken by me are adequate, and do not propose to take any further action in the matter."

The Hon'ble Mr. Sachchidananda Sinha asked :—

"Will the Government be pleased to state when, where, for how long, and in what capacities did the present Judicial Commissioner of the North-West Frontier Province (Mr. A. L. P. Tucker, C.I.E.) and the present Divisional and Sessions Judge of the Peshawar Division (Colonel Pritchard) serve as Judicial Officers in civil and criminal administrations before they were appointed to their present offices respectively?"

[7TH MARCH 1911.] [Sir Henry McMahon; Mr. Sachchidananda Sinha; Mr. Butler.]

The Hon'ble Sir Henry McMahon replied:—

"Mr. A. L. P. Tucker is a member of the Madras Civil Service of 28 years, standing. Apart from considerable magisterial experience, he exercised the powers of a District and Sessions Judge—

- (1) from April 1890 to August 1891 and from November 1891 to April 1892 while holding the appointment of First Assistant to the Agent to the Governor General in Central India;
- (2) from October 1893 to April 1895 while holding the appointment of First Assistant to the Resident at Hyderabad; and
- (3) from August 1899 to April 1901 and from February 1902 to July 1903 he held the appointment of Civil and Sessions Judge, Ajmer-Merwara.

"Lieutenant-Colonel C. H. Pritchard, Divisional and Sessions Judge, Peshawar, held the appointment of Subordinate Judge, Ajmer, from July 1891 to November 1892 and from April 1897 to March 1899, and from December 1906 to March 1909 he held the appointment of Civil and Sessions Judge, Ajmer-Merwara."

The Hon'ble Mr. Sachchidananda Sinha asked:—

"(a) Has the attention of the Government been drawn to a letter headed 'The Coming Census: A query' in the *Leader* of the 27th January last, pointing out that in the United Provinces the rules framed lay down that enumerators should be careful not to enumerate Jains, Sikhs and Aryas as Hindus, even though they may declare themselves to be Hindus.

"(b) Is the statement of the *Leader's* correspondent correct? If so, do the Government propose to issue orders that all persons throughout India should be enumerated as members of the community to which they may declare themselves to belong?"

The Hon'ble Mr. Butler replied:—

"The standard instructions issued by the Census Commissioner for India are as follows:—

'The answer which each person gives about his religion must be accepted and entered in column 4, but care must be taken not to enter Jains and Sikhs as Hindus. If a man says that he is a Jain or a Sikh, he should be entered as such, even though he also says that he is a Hindu. Some Jains consider that they are Hindus and others do not; but what it is desired to ascertain at the Census is the total number of Jains, and this cannot be done if some of them are entered under the general head 'Hindu.' Similarly, Brahmos and Aryas should be recorded as such.'

"At the present, as at all previous Censuses, there will be a separate return for Jains and Sikhs. In order to obtain full information, it is necessary to enter as Jains and Sikhs all persons who say that they belong to these denominations, even if they also say that they are Hindus. If any person says that he is not a Jain or a Sikh but a Hindu, he will be entered as a Hindu without any question.

"The local Census authorities in the United Provinces have been requested to make this clear.

"It is open to any one who considers that Jains and Sikhs should be classed as Hindus to add their number to that of Hindus as given in the Census Tables.

"Persons returned as Aryans and Brahmos will, as in 1901, be classed in the final tables under the main head 'Hindu.'"

[*Pandit Madan Mohan Malaviya; Mr. Jenkins; Mr. Butler; Sir Guy Fleetwood Wilson; Mr. Mazharul Haque.*] [7TH MARCH 1911.]

The Hon'ble Pandit Madan Mohan Malaviya asked:—

"Will the Government be pleased to say whether any action, and what, has been taken on the despatch of the Secretary of State for India on the encouragement of an independent medical profession in India by the throwing open to medical practitioners other than members of the Indian Medical Service of some of the civil posts now held exclusively by the latter?"

The Hon'ble Mr. Jenkins replied:—

"The question of the steps to be taken to encourage the development of an independent medical profession in India was referred to the Local Governments in February 1909. The Government of India, after considering the replies received to this reference, addressed the Secretary of State on the subject in November last. They are now awaiting His Lordship's reply to their despatch."

The Hon'ble Pandit Madan Mohan Malaviya asked:—

"Will the Government be pleased to say if it is intended to publish for general information a statement of the conclusions and recommendations of the recent Educational Conference at Allahabad, on the several subjects which were considered by it?"

The Hon'ble Mr. Butler replied:—

"The Conference was of an informal character at which formal resolutions were not passed. In view of the interest taken in its proceedings notes of the discussion will shortly be published."

INDIAN PAPER CURRENCY (AMENDMENT) BILL.

The Hon'ble **SIR GUY FLEETWOOD WILSON** introduced a Bill to amend the Indian Paper Currency Act, 1910.

INDIAN TARIFF (AMENDMENT) BILL.

The Hon'ble **SIR GUY FLEETWOOD WILSON** moved that the Bill further to amend the Indian Tariff Act, 1894, be taken into consideration.

The motion was put and agreed to.

The Hon'ble **SIR GUY FLEETWOOD WILSON** also moved that the Bill be passed.

The Hon'ble **MR. MAZHARUL HAQUE**: "I have given notice of a resolution which I intended to move during the first stage of the discussion on the Financial Statement. It deals with the reduction of duty on tobacco as proposed by my Hon'ble friend the Finance Member and proposes a corresponding remission in the enhanced duty on petroleum. By the introduction of the present Bill at this stage and before the discussion of the Financial Statement my Hon'ble friend has taken the wind out of my sails, and I am compelled to speak now and say what I had to say on my resolution. This is the only course left to me and I proceed to avail myself of it.

"Last year, when my Hon'ble friend imposed fresh burdens upon the people of India in the shape of new taxation, he had pleaded for the necessity of such a serious step, on the ground that he wanted money to make both ends meet in the next year's Budget. The non-official Members of this Council protested that there was no necessity for imposing fresh taxes, that the estimates under the different heads of revenue were unduly over-cautious, and that by practising judicious economy the two ends could be easily made to meet. Even a cursory perusal of this year's Financial Statement will prove that the non-official Members were quite right and that my Hon'ble friend was entirely in the wrong. The whole of this revenue from new duties has contributed

[7TH MARCH 1911.]

[Mr. Mazharul Haque.]

towards the swelling of an already bloated Budget, and new burdens have been laid upon a poor people simply because my friend was too nervous in his calculations.

"In spite of these general protests, when we entered into the details of the new taxes we supported the Hon'ble the Finance Member with one voice in his proposals to levy heavy duties on liquor and tobacco. Here the entire volume of Indian public opinion was with him. The people of this country have ever considered drinking and smoking as luxuries of doubtful utility and they would raise no objection to whatever duties the Government chose to impose upon them.

"But when it came to the enhancement of duty on petroleum there was a strong and almost unanimous opposition to it, on the ground that it was one of the necessities of life and that the burden would fall upon the poorer classes, whose already overburdened shoulders were the least able to bear it.

"The Hon'ble Mr. Carlyle and the Hon'ble Mr. Gates from Burma expressed their surprise that the Indian Members of the Council considered petroleum as a necessary of life. I would request them to study the figures of the consumption of petroleum during the last three years and compare them with—say, tobacco. They will find that the import of petroleum in 1908-1909 was 126, in 1909-1910, 136, and in 1910-1911, 128 millions of gallons. These figures are for eleven months of each of these three years, and I am indebted for them to the kindness and courtesy of my friend the Hon'ble Mr. Meston, who is ever ready to help us with any information that we may require. These figures prove that in spite of the enhancement of the duty by 50 per cent. the consumption of petroleum is not much lower than it was in previous years. On the other hand, take the duty on tobacco, a pure luxury of life, and we find that the consumption has gone down from 55½ and 73½ lakhs of lbs. in 1908-09 and 1909-10 to about 15 lakhs of lbs. in 1910-11. Such a great fall could not be expected in any of the necessities of life. I am not unmindful of the fact that the duty levied on tobacco was much higher than that on petroleum, but still the figures show a remarkable corroboration of the Indian opinion in this Council that petroleum is really a necessary of Indian life. And this is why I have ventured to oppose the reduction of duty on tobacco and propose a corresponding remission on petroleum. The ostensible reason for this reduction of duty on tobacco as given in the Statement of Objects and Reasons is that the new duties 'have not realised the revenue which was expected from them and it is considered probable that a somewhat lower range of duties would be more productive.' My Hon'ble friend Sir Guy Fleetwood Wilson has given his whole case away by using the two words 'considered probable.' The lukewarmness of this declaration can only mean that there is something behind of which the people of India are not aware. Many conjectures are being hazarded, and the strongest and perhaps the most probable of these is that history is repeating itself and that the revenues of the country are being sacrificed, as in yore, to some powerful interests in Great Britain and elsewhere. We are aware that a very strong and vigorous agitation was carried on immediately after the passing of these taxes on behalf of the tobacco trade in England and even a countervailing duty was proposed on the indigenous tobacco. This latter proposal was found to be impracticable and even impolitic, and so the next best thing to do was to pacify the agitators by reducing the duty already imposed. Of course these are mere conjectures and have no more value than mere conjectures can have. I for myself hope and trust that they are entirely wrong. Nothing can be worse for the good relations between the Government and the people of the country than that the impression should go forth that the revenues of the country are being sacrificed not in the interest of the people, but in the interest and at the dictation of a certain combination abroad. The impression that a mandate has come and that the Government of India cannot resist it is most mischievous for the Government of the country.

"It may be urged that the consumption of tobacco has gone down to a figure that was never expected or contemplated and that it has killed the trade,

[Mr. Mazharul Haque; Mr. Gokhale.] [7TH MARCH 1911.]

Well, it is permissible to hold different opinions upon these points, but what of the pronouncement made by my Hon'ble friend as the responsible Minister of the Crown when in his speech last year he said: 'They (tobacco-duties) may diminish import for a time, but incidentally they check the rapid growth of the cigarette habit which is not without its dangers to the rising generations of India.'

"In the face of this pronouncement it cannot be said that the Government did not expect a large decrease in the consumption of the weed which is described by its votaries as fragrant. No doubt the budgetted estimate was much larger than the actual figures, but this again was a miscalculation on the part of the Finance Department. Perhaps the trade itself has actively helped in keeping the consumption to the lowest possible limit in the hope that by such a manœuvre they will be able to press for a reduction in the duties. The fact is that prior to last year's taxation tobacco used to be imported into the country practically free, the highest revenue realized from this source never exceeding four lakhs of rupees. This year my Hon'ble friend has made the trade pay 29 lakhs, and this they naturally do not like. If they are left to themselves it will be eventually found that this artificial restriction will disappear, the trade will recover, and my Hon'ble friend will realize his expected revenues and be happy. But this is not to be, and we have a lurking suspicion that the present Bill is a measure of relief to the tobacco combine and not the people of the country. Again, my Hon'ble friend seems to have forgotten his own enunciation of the principle that the growth of the pernicious habit of cigarette smoking among the rising generation of India should be checked. In the present legislation that noble solicitude for the welfare of the youths of the country appears to have been shelved. This was hardly expected from one so well known for his generous sympathies for the people of this country.

"If any relief is to be given, it should be given to the poorer classes, and this can be done by a reduction of the duty on petroleum, instead of tobacco. Petroleum is now used by every one who can afford to have a light and is gradually replacing the old *chirag* and vegetable oil. Such relief will be hailed with gratitude by the whole country.

"It is a sound principle of government that it is better to legislate with than against the people. In India the people have no direct voice in taxation, and therefore it is highly incumbent upon the Government to know the exact drift and strength of public opinion on any particular tax which they intend to impose. A failure to do this might result in unforeseen difficulties and even trouble. Here is a case where the Government are reducing a popular tax and leaving the unpopular one alone. It may be sound finance, but it is certainly not sound politics.

"With these observations I beg to move that the Bill before this Council be taken into consideration this day six months."

The Hon'ble MR. GOKHALE: "Mr. Vice-President, I desire to join in the protest which my Hon'ble friend Mr. Haque has entered against the course adopted by Government in proposing this reduction of tobacco-duties. But before doing so, I would like to offer, if the Hon'ble the Finance Minister will let me, my warm congratulations to him on the most interesting and luminous Financial Statement that he has presented to this Council. I think students of Indian finance will readily recognise that in its exposition of financial principles the Statement is one of the most striking that has ever been laid before this Council, and so far as the far-reaching character of some of its announcements goes it will probably take rank with those few which have now become of historic importance in this country. The Hon'ble Member has been half-way through his tenure of office as Finance Minister, and his last two Budgets had to be framed amidst great difficulties and were adversity Budgets. We all therefore rejoice that this time he has had to frame his Budget under more favourable circumstances, and we do so as much on his own account as in the interests of the public generally.

[7TH MARCH 1911.]

[Mr. Gokhale.]

"While, therefore, my feeling for this Budget is one of genuine satisfaction, I must say that I do not regard all the budgetary dispositions that the Hon'ble Member has made with entire satisfaction; and I believe the Hon'ble Member himself does not expect any Member to do so. One of the least satisfactory features of this Budget is this reduction of the tobacco-duties by about one-third. Last year, if I remember aright, the Hon'ble Member took great credit to himself for his disinterestedness, because he was taxing tobacco though he was a smoker himself. This year, my friend Mr. Haque has gone one better, because, though he loves the cigar very well, he stands up to resist its being cheapened, and he does not even claim credit for disinterestedness. Well, I cannot lay any claim to such disinterestedness as theirs in this matter, because I am no smoker; but my interest in the question is that of the general public, who, I think, are more interested in cheaper petroleum than in cheaper tobacco. Sir, the Hon'ble Mr. Haque has given expression to a suspicion which is widely entertained that the Government of India are not in this business a willing party. I do not know whether this suspicion is well founded: the Finance Minister will, I hope, tell us about that when he rises to reply. But one has only to compare the emphatic manner in which he insisted on raising these tobacco-duties last year and the almost apologetic manner in which he has expressed himself in reducing them—and the contrast between the two is most striking—to realise that the heart of the Finance Department is not in this measure of relief. The Finance Department always loves to dwell with some degree of satisfaction on any relief in taxation which it is able to give to the public. In this case, however, the matter is barely mentioned and then sought to be stowed out of sight as if the Finance Minister would rather that the people did not notice what he has done. Sir, last year, when the Hon'ble Member enhanced these tobacco-duties, he expressed himself as follows:—

'The present taxation—5 per cent. *ad valorem* on manufactured and nothing at all on unmanufactured tobacco—is ludicrously inadequate. In 1907-08 over 6 million pounds of tobacco were imported into India, and all that it paid to Government was £25,000; in England it would have paid 40 times as much. What we now propose is a set of rates which, in the case of cigarettes, is represented by Rs. 2 a lb. They may diminish imports for a time, but incidentally they may check the rapid growth of the cigarette habit, which is not without its danger to the rising generation in India.'

"It will be seen that a reduction in the imports was clearly foreseen by the Hon'ble Member, and the diminished imports, therefore, do not lend much support to the course that he has adopted this year. In now reducing these duties, however, this is what the Hon'ble Member says:—

'In discussing the yield of the new taxes which were imposed last year, I mentioned that we had been disappointed in our estimate for tobacco. The sudden rise in duties dislocated the import trade for a time, though it is possible that business would gradually have adapted itself to the new conditions. But we are informed that the rates which we selected have hit severely those particular forms of the tobacco industry in India which depend on an admixture of the foreign with the indigenous leaf. We are also doubtful whether our experiment has given us rates which are likely to combine the maximum of revenue with the minimum of hardship. It has been decided, therefore, to propose a reduction in the duties of about one-third all round, and a Bill to give effect to this change will be introduced today. On the assumption that it will become law, I have raised the yield of our tobacco-duties by about 5 lakhs in the Budget.'

"The last sentence, Sir, is really quite the most interesting in its own way. As I have already said, the Hon'ble Member had clearly foreseen the reduction in the imports: therefore that could not have come upon him as a surprise. He says, however, that by reducing these duties now it would be possible to raise a higher revenue. I have looked into the figures that have been supplied by the Hon'ble Mr. Meston to Mr. Haque, and from these figures I find that the yield of the tobacco-duties this year is about 30 lakhs. Five lakhs more means 35 lakhs for next year. For the reduced duties to produce this sum, the consumption must increase by about 75 per cent. A small calculation will make that clear. The Hon'ble Member must, therefore, expect that by reducing these duties by one-third he will push up the imports by 75 per cent. Now in the first place he has got to explain what has become of his solicitude for

[*Mr. Gokhale; Sir Guy Fleetwood Wilson.*] [7TH MARCH 1911.]

the welfare of the youth of this country, as my Hon'ble friend Mr. Haque has called upon him to do; secondly, I would like to know what are the grounds on which he bases this expectation, namely, that if he reduces these duties by one-third, the imports will rise by about 75 per cent. It really looks, Sir, as though there was something more behind, and it is very unfortunate that there should be room for such a suspicion as that. As I have already observed, I hope the Hon'ble Member will disabuse our minds of this suspicion, and if he does this no one will be better pleased than myself. But if there has really been pressure from England in this matter and the Government of India are a mere unwilling party to the reduction, I deem it my duty to protest strongly against such pressure from England. In matters involving large policies the decision must, of course, be with the Imperial Government in England; but in these smaller matters I think that the Government of India ought to be left free. Sir, in another part of his Budget Statement, the Hon'ble Member insists on the fact that in view of the threatened extinction of the opium-revenue, the Government cannot afford to relinquish any part of the revenue they enjoy at present. After that emphatic statement, it is rather curious that these tobacco-duties should have been selected for reduction this year. If the Hon'ble Member was in a position to afford relief to anybody, there is no doubt that the consumers of petroleum were entitled to that relief first. I find from the figures about the consumption of petroleum that the imports of foreign petroleum show a considerable diminution. Now petroleum is, as every body knows, a necessary of life and not an article of luxury, and when the imports of petroleum go down, it means that the poorer people have undoubtedly suffered some inconvenience. If there is less tobacco smoked in the country, I do not suppose anyone is any the worse for that; if people smoke inferior cigars and cigarettes, that also is a matter that concerns them alone. The foreign manufacturers are no doubt affected, but we are not concerned with them. But when the imports of petroleum are reduced, that is a serious consideration for the Finance Minister, because that means that the mass of the people are being subjected to a great deal of unnecessary hardship. I find, Sir, that the quantity of petroleum consumed during the year previous to the enhanced duty was about 136 millions of gallons, while that for the current year shows a reduction of about 8 million gallons—the figure for this year is 128 million gallons. Coming to an analysis of the figures, we find that while foreign petroleum has fallen from 62 to 50 million gallons, Burma oil, which pays no duty, has risen only from 74 to 78 million gallons. When these duties were raised last year, it was expected by some that the result of it would be to push up the consumption of Burma oil which pays no duty. But as a matter of fact the rise in the consumption of Burma oil has been only about 4 million gallons against a fall of 12 million gallons in the foreign petroleum. When these duties were under discussion in this Council some of us urged that one result of the enhancement of the duties would be to enable the owners of Burma oil to push up prices. I understand from the Hon'ble Mr. Gates that prices had really already been pushed up about a month before the duties were raised by an agreement between the Burma Company and foreign companies. And when the duty was raised and a difference created in favour of Burma petroleum, the Burma Petroleum Company was not slow to take the fullest advantage of the situation to earn extra profits. The enhanced petroleum-duties, therefore, ought, in my opinion, to be reduced as soon as possible. In any case, if any relief can be granted, if the Hon'ble the Finance Minister can spare any money, that ought to be devoted to a reduction of the petroleum-duties in preference to the tobacco-duties."

The Hon'ble SIR GUY FLEETWOOD WILSON: "Mr. Chairman, I find a little difficulty in reconciling the two aspects which are presented by my Hon'ble friend on my right (the Hon'ble Mr. Haque) and my Hon'ble friend opposite (the Hon'ble Mr. Gokhale). My Hon'ble friend on the right says that I have lost sympathy with the desire we all expressed that the worst form of cheap cigarette smoking should cease in this country, or at any rate should be very materially reduced. That would, I think, imply that he expects a very large increase in the imports of that article. My Hon'ble friend, Mr. Gokhale, on

[7TH MARCH 1911.] [Sir Guy Fleetwood Wilson ; Mr. Mazharul Haque ; the President.]

the other hand, says that I am not going to get any further revenue or not so much as is coming in. I should like to say to my Hon'ble friend that we have considered the question of the cheapest and the worst forms of cigarettes, and I think the modifications that we have made in the rate will keep out that very deleterious cigarette which undoubtedly is very injurious to young people and also to old people. But I think that another point Mr. Gokhale has made is that the reduction is very great and that it is therefore a contradiction of the attitude which I assumed last year in regard to this tariff rate; but I must point out that the rate which at present remains is no less than seven times higher than the one which prevailed before any change was made. I think however that the real point has somewhat been lost sight of. I am afraid that neither Hon'ble Member has done me the honour to read with care, or at any rate has not appreciated, the objects and reasons which support the Bill which I have the honour to introduce. Under the head Objects and Reasons the purport of this legislative enactment is thus indicated. 'The new duties which were imposed on tobacco a year ago have not realized the revenue which was expected from them, and it is considered probable that a somewhat lower range of duties would be more productive. The Bill accordingly provides for a reduction by about one-third all round in the existing rates upon tobacco of all classes. Both Members have alluded to the element of doubt which occurs in the wording of this Statement of Objects and Reasons; the words to which they have alluded being 'considered probable.' They have impressed upon us that our calculations of last year were miscalculations, and it is only reasonable to guard ourselves against being too emphatic in our assertions in regard to the future. But I must point out that that Statement of Objects and Reasons shows that the object we have in view is to increase our revenue, and the means we adopt does happen to have the indirect effect of also benefiting an important Indian industry, the Indian cigar manufacture. The object of the alteration is not to give relief, it is to bring in more revenue; that is most distinctly stated from beginning to end. If there had been a question of affording relief to the taxpayer, it is quite possible that a number of other suggestions might have presented themselves and been found acceptable; but the object of this is to increase revenue and not to give relief. Neither of my Hon'ble friends approve of the course that we have adopted, and accordingly they advocate an alternative which would not only reduce our revenue but which directly and immediately would injure an Indian industry, since it facilitates the introduction of foreign oil in competition with Indian oil. I really almost wonder what the Hon'ble Pandit who is a champion of Swadeshi and the Hon'ble Mr. Subba Rao who represents the cigar-manufacturing industries of Southern India would think about it. But our object, as stated, is to improve our revenue receipts, and as the amendment would have the diametrically opposite effect and the additional disadvantage of injuring an indigenous industry, I am sorry to say that I cannot accept it."

THE HON'BLE MR. MAZHARUL HAQUE: "By way of reply, Sir, I may say a few words. I think we Indian Members are confirmed in our suspicion by the studied silence of my Hon'ble friend the Finance Member upon the point raised in our discussion; and now we see that really there is some truth in our conjectures that the Indian Members do not know everything behind the scene. My Hon'ble friend has said that I have not read the Statement of Objects and Reasons very carefully; but I am afraid that my Hon'ble friend perhaps did not attend to my speech, because I quoted the Statement of Objects and Reasons almost *verbatim*, almost the whole of it, and while pointing out the ostensible reason given by the Finance Department, I said that we did not know what the real reasons were."

THE PRESIDENT: "The phraseology of the amendment which has been moved by the Hon'ble Mr. Haque and supported by the Hon'ble Mr. Gokhale has apparently been borrowed from that used in the House of Commons, where it has a well-known and perfectly clear meaning. In this Council, if it has

[The President; Babu Bhupendranath Basu; Mr. Gokhale.] [7TH MARCH 1911.]

any meaning at all, it is the direct negative of the motion which is before the Council, and I therefore rule the amendment out of order and put the original question to the Council."

THE HON'BLE BABU BHUPENDRANATH BASU: "Sir, if an amendment is out of order, is a discussion upon it permissible, and is it permissible to rule an amendment out of order after discussion has been allowed?"

THE PRESIDENT: "I cannot alter the ruling on the question; it is not open to doubt. I will again put the question."

The motion was put and agreed to.

PRELIMINARY REMARKS.

THE PRESIDENT: "Before we proceed to a discussion of the Financial Statement I wish to make some remarks which may be of assistance to Hon'ble Members who have resolutions upon the paper. The Financial Statement is laid before this Council for definite purposes which are stated in the rule, and the discussion of it ought to be confined to these purposes. Thus, when an Hon'ble Member proposes a reduction under any head of expenditure, he ought to explain how the reduction is to be effected, and how it is to take effect in the year to which this Financial Statement relates. If the change which he proposes necessitates any change in the policy of Government, it is open to him to discuss that policy. It is not however open to him to enter upon questions of general administrative action and policy. The resolutions on the Financial Statement must in short be genuine financial resolutions. They must not be used merely as devices for raising debates in Councils upon subjects which are not connected with the substance of the resolution. Government have no wish to stifle discussion, but Hon'ble Members have full opportunity to move resolutions on questions of general public interest and at the last stage of the budget discussion to raise discussion regarding the general financial policy of Government. But it is very necessary that the discussion of the Financial Statement should not be used for purposes other than those which they are intended to serve. I hope that I shall have the support of the Council in maintaining this principle. It is absolutely necessary if the Financial Statement is to be discussed in a practical and business-like manner."

THE HON'BLE MR. GOKHALE: "May I ask, Sir, in order to be clear in my own mind as to what you have said, whether the kind of discussion that was permitted last year is to be permitted this year or not. If you will refer to the proceedings of last year, you will find that Members were allowed to propose reductions under certain heads and then bring up the financial aspects about those heads in this Council. Of course, if we touch upon larger questions of policy, we should be ruled out of order. But if we confine ourselves to the financial aspects of a question, we are clearly in order. This is what was done last year, and I would like to know whether it would or would not be permitted this year."

THE PRESIDENT: "Last year we were at the beginning of things and possibly some degree of laxity was permitted. But this year I do think that it is very necessary that we should, in dealing with the Financial Statement, limit ourselves to financial questions and merely to financial subjects as they are given in the Financial Statement. Under the rules each resolution must relate to a definite entry in the Financial Statement. Under another rule the discussion must be confined to the subject to which the resolution relates. If these two provisions are read together, I think it will be evident that the discussion of the Financial Statement is only intended to extend to the entries in the Financial Statement for the year which we are discussing. As I have said, if incidentally in proposing alterations in any entry in the Financial Statement it becomes necessary to discuss the policy of Government a change of which will be necessary to give effect to a proposal which an Hon'ble Member may make, then the discussion of that policy would be quite in order. But what I think would be objectionable would be to raise

[7TH MARCH 1911.] [The President ; Mr. Gokhale ; Sir Guy Fleetwood Wilson.]

general questions of policy which cannot be given effect to in this Financial Statement, which may perhaps be given effect to in future and in future Financial Statements. For instance (an example will possibly be of more use than a great deal of description), I think it would not be legitimate for an Hon'ble Member to propose, say, a reduction of one rupee or any other arbitrary sum under the head of Education and under cover of a resolution of that kind to embark upon a discussion of free and compulsory primary education, the pay of masters of secondary schools, and so forth. I think that when we come to the discussion it will be found that the principles which I have laid down will work quite smoothly."

The Hon'ble Mr. GOKHALE : " Once again, Sir, if you will permit me—since what you have said will apply to a number of my resolutions—I wish to point out one or two things. The rule which regulates the form of the resolutions that we may bring before this Council during these two stages of the discussion of the Financial Statement is rule No. 6. It requires that the resolutions shall be clearly and precisely expressed and shall raise a definite issue, and that they shall be directly relevant to some entry in the Financial Statement. So far as the rules are concerned, these are the only two requirements in this connection. Now, Sir, let me mention what took place last year. Take the head of expenditure on Stationery and Printing. I moved for a reduction of charges, and all that I did in support of my motion was to show how the charges had been growing for a number of years. The Hon'ble Mr. Robertson, who was then in charge of the Department of Commerce and Industry, assured me that the matter had attracted the attention of Government and that they were considering how the charges could be reduced : my purpose was served. I did the same about the Telegraph Department and also about Railways. I moved a reduction in the working expenses of Railways, and as a matter of fact I find that the working expenses have been reduced this year. What I mean is this. The entry which is referred to, in such cases, is the total expenditure under a given head mentioned in the Financial Statement. The Statement says that the total expenditure under that head shall be so much, and the resolution urges that it shall be so much less. As regards how the reduction is to be effected, I can place before the Council only general suggestions. I am not an official of the Department concerned and I cannot possibly point out what individuals, if any, should be got rid of or what else should be done. And I am strongly of opinion that if this discussion is to serve any useful purpose, Members must be allowed to move these resolutions in the form in which they were permitted last year. If we violate any of the conditions laid down in rule 6, of course, you, Sir, will be entitled to call us to order. But I do not see how you can restrict discussion in the manner you propose."

THE PRESIDENT : " It will of course be quite open to any Hon'ble Member to raise any general question provided he ties it up with a definite proposal which he makes with regard to any entry of the Financial Statement of the year. I call the attention of the Hon'ble Member to one of the provisions of the rules which he has not noticed. It is provided in rule 13 that ' the discussion of a resolution shall be limited to the subject of the resolution.' That is really the rule which should govern the whole of our discussion, and I imagine that when we come to the business we shall find that there will be no difficulty whatever in applying it."

FINANCIAL STATEMENT.

FIRST STAGE.

The Hon'ble SIR GUY FLEETWOOD WILSON : " Sir, I now proceed to open the first stage of the discussion on the Financial Statement for 1911-1912. I do not propose to make any remarks on the subject because I shall follow the precedent of last year and also because most of the matters have been dealt with in the Financial Statement."

OPIUM FUND.

The Hon'ble MR. GOKHALE : "Sir, I rise to move the resolution which stands in my name and which reads as follows :—

'That this Council recommends that the amount of the new loan for next year be raised from £5,925,800 to £7,925,800 and that the extra two millions be set apart to constitute a new fund to be called the Opium Fund, or, in the alternative, be devoted to non-recurring expenditure on Education, Sanitation and Medical Relief.'

"I must at the outset explain to the Council why it is that I have worded my resolution in the manner I have done, and why, when I do not want the loan for next year to be really raised, I appear here as though I wanted that loan to be raised. My reason is that the rules of this Council, the rules which govern this discussion, are to a great extent defective, and till they are so modified the only way in which I can raise the discussion, which I am anxious to raise today, is in this roundabout manner. The Council is aware that this year, I mean the year which is about to close, there is a large surplus, made up of two parts. There is what the Finance Department calls the opium surplus, and there is the ordinary or non-opium surplus. The total amount of these two surpluses has not been, in my opinion, stated as it should have been by the Department. The total, as I will proceed to show, is £5½ millions or Rs 8 crores. A portion of it is hidden away under one head and another portion under another head. And the final surplus, actually shown by the Department, is about £3½ millions. A careful analysis, however, shows that the real total surplus is £5½ millions and not £3½ millions. This surplus is made up of £3 millions under opium, and about £2½ millions under other heads. Out of this £2½ millions, grants have been made to Local Governments amounting to a total £1½ millions sterling. The Finance Department says that the grant of £1 million for education and sanitation has been made out of the opium surplus. I do not see why it was necessary to touch the opium surplus for this grant; there was the ordinary surplus available, and the whole grant could have come out of that ordinary surplus and the opium surplus could have been left intact. That, however, is a point with which I will deal later. The facts, as they are stated in the Financial Statement, show a surplus of £3½ millions—£2 millions as the surplus under opium and £1½ millions as the non-opium surplus; and what the Finance Minister has done is to devote the two millions opium surplus to the reduction of debt, the remaining £1½ millions going into the cash balances of the country. Now, Sir, my object in moving this resolution is to recover that sum of 2 millions which the Government of India have decided to devote to the reduction of debt. I would like to have that sum back and devote it, in the first instance, to the creation of a new fund, a reserve fund, to be called the Opium Fund. Or, if this proposal is not acceptable by the Council, I would propose that these 2 millions should be devoted to non-recurring expenditure on education, sanitation and medical relief.

"Sir, if, under the rules, I could have raised a direct discussion as to the dispositions of this year, i.e., the dispositions in the revised estimates, I should certainly have brought in my motion in a more direct form. But there is a rule which lays down that our resolutions at this, the first, stage of the financial discussion, should be confined to any alteration in taxation, any new loan or any additional grant to Local Governments mentioned or proposed in the Financial Statement or in the Explanatory Memorandum accompanying it. And the Financial Statement has been defined in the definitions as the budget estimates for the year next following, the revised estimates for the year about to close not being included in the definition. I think the definition requires to be altered, the Financial Statement being made to include not only the budget estimates for next year, but also the revised estimates for the current year. Otherwise all that the Finance Minister has to do is to say nothing in the Financial Statement about any grants to Local Governments, but to start making such grants as soon as the Budget discussion is over, and go on making them during the year. By the time we come to the end of the year, all these grants, as already made, will appear in the revised estimates, and they can then,

[7TH MARCH 1911.]

[Mr. Gokhale.]

under the present definition, escape the discussion to which we are entitled to subject them. However, the rule being there in its present form, I did not like to take any risks. Possibly, if I had worded the motion in a more direct form, it might have been allowed, as a matter of grace, as I see some other motions have been allowed. But I did not like to take the risk of the motion being disallowed, and I therefore have worded my resolution in this roundabout manner. By this means, I raise the matter under the head of the new loan for next year. My proposal is that the loan which the Government proposes to raise during next year should be 8 millions instead of 6 millions. This extra two millions will be no increase in reality in our indebtedness, because the Government are reducing our debt this year by 2 millions taken out of the opium surplus, and all I propose is that after the new year begins it should again be raised by 2 millions, so that there should be no real change in the debt. My object thus is to recover for the country the two millions which the Hon'ble Member proposes to devote or has devoted to the reduction of our debt, and the actual wording of the resolution is merely a matter of form rendered necessary by the rules as they stand today.

"Sir, I said at the commencement that our real surplus this year is $5\frac{1}{2}$ millions or 8 crores of rupees. It will be seen on a careful examination of the Financial Statement that there are two series of doles—those doles which the Finance Minister once condemned—which reduce it by $1\frac{1}{2}$ millions. I am not sorry that these doles have been given this year, because they are for purposes which I entirely approve. But I remember the Hon'ble Member expressing himself once somewhat strongly against the policy of doles. The doles this year are a grant for non-recurring purposes, for sanitation and education, of about a million, and another grant to various Local Governments for various objects of public utility, roughly amounting to about three-quarters of a million. The two together amount to $1\frac{1}{2}$ millions. Now, if the whole of this $1\frac{1}{2}$ millions had been taken out of the ordinary surplus, leaving the opium surplus alone, even then there would have been half a million of the ordinary surplus left. What the Hon'ble Member has, however, done is this. He takes 1 million out of the 3 millions opium surplus, and gives it to education and sanitation; then he takes $\frac{1}{2}$ of a million out of the other $2\frac{1}{2}$ millions, and gives it to various Local Governments for various purposes; thereby leaving behind a million and a half of the second and 2 millions of the first surplus, or a total resulting surplus of $3\frac{1}{2}$ millions. Now, Sir, I do not understand why he has done all this in this way. The special grant to education and sanitation could as well have come out of the non-opium surplus. The special opium surplus might have been left alone to be dealt with in some special manner—for redemption of debt, as the Hon'ble Member proposes, or for creating a special reserve, as I am going to propose. There was ample margin for both series of grants out of the ordinary surplus, and I do not understand why some money has been taken out of one surplus and some out of the other, and the resulting surpluses, under the two heads, shown as they have been in the Statement. However, that does not affect my resolution in any way. I suggest that this opium surplus, which stands at 3 millions, though the resolution raises a discussion only about 2 millions, should be set apart to constitute a new fund which I would call the opium fund or opium reserve or by some such name; and I further suggest that we should go on adding to it all the additional opium surpluses that the Hon'ble Member or his successor may earn during the next few years, and the fund thus created allowed to accumulate, so that when the opium-revenue comes to be extinguished, the inconvenience and dislocation arising from that extinction should be partly met by drawing on this fund; in other words, that this fund should enable the Government to distribute the inconvenience of the loss of opium-revenue over a longer period than would otherwise be possible.

"Sir, this question of the disposal of the opium-surplus is in reality a most important question, and I would ask the indulgence of the Council while I state why, in my opinion, the course which I have suggested should be adopted. Last year, when I urged that instead of including the whole of the opium-receipts in the revenue for a particular year, we should have a sliding scale of a diminishing opium-revenue, as

that revenue was marked out for extinction, the Hon'ble Mr. Meston, in whom we all are glad to recognise a master of debate, tried to turn the point of my contention against me by saying that that was precisely what the Government were going to do, only he could not reconcile my advocacy of that scheme with my complaint in the earlier part of the debate that the Government had under-estimated the opium-revenue. Now, my position at that time was perfectly clear. Sir Edward Baker had stated in this Council three years ago, when he first announced to the Council that the opium-revenue was doomed, that if the Government of India were allowed to spread the loss of that revenue over ten years, which at that time meant an annual diminution of 50 lakhs, the Government would be able to stand the loss without recourse to extra taxation. And what I meant was that this sliding scale which has been devised this year should have been brought into operation then—not after two years of the excess revenue had been enjoyed by Government and used for ordinary expenditure and after extra taxation had been imposed in order to meet the deficit caused by an uncontrolled growth of expenditure. My contention was that the sliding scale should have been brought into existence when the announcement was first made here in this Council that the opium-revenue would disappear in ten years. However, better late than never, and I am glad the Finance Department has at last introduced a sliding scale; only, instead of an annual diminution of 50 lakhs, it must now be about 85 lakhs, as we have now only seven years in front of us instead of ten. Now, Sir, if the Government could spread the loss of this opium-revenue even over the next 7 years, possibly the Finance Department might be able to find annually this margin of 85 lakhs out of the normal growth of revenue, and they might be able to meet the difficulties that the loss of revenue would create without having recourse to extra taxation. I think this is just possible, though I do not know what may actually happen. But will the Government have the whole period of seven years to distribute this loss over? I think there are many indications that the Government of India will not get seven years, that in the course of four years, possibly even three years, this opium-revenue may go. Let us assume that it will go in about three years. It is only wise to be prepared for a contingency like this, as events are clearly moving in that direction. I may say at once that personally I do not regret the prospect of this loss. I have always regarded this opium-revenue as a great stain on our finances, because it is drawn from the moral degradation of the people of a sister country. Indeed, I am glad that this revenue will go, and I do not mind having to face the situation which the loss will create. At the same time, I would, in prudence, prepare for the contingency from now. Assuming that the opium-revenue is extinguished in the course of three years, what will happen? The sliding scale of the Finance Department assumes a period of 7 more years for the total loss. The Department takes for the current year an opium-revenue of 7 crores, for the next of 6 crores 15 lakhs, for the year following that about 5½ crores, and so on. But if the opium-revenue is extinguished in the course of three years more, the sliding scale will not carry us lower down than to about 4½ crores for the last year, instead of to only 85 lakhs, as would be the case on a seven years' basis. And, Sir, if this happens, as sure as the fact that we are here in this room today, the Finance Department will have recourse to extra taxation to fill up the gap. And, as I am anxious to guard the country against such a course, I bring forward my proposal for the creation of an Opium Reserve Fund today.

"My proposal, Sir, is this. The additional opium-revenue, by which I mean the excess over the sliding scale—which is 7 crores for the current year, 6 crores and 15 lakhs for the next year, and so on—is rendered possible solely by the fact that the opium-traffic is threatened with extinction and that the Chinese consumers are therefore prepared to pay fancy prices for the drug while it can be had. The very threatened extinction, therefore, is producing the surplus at present, and it is only proper that the surplus should be utilised in order that the dislocation of our finances, when the extinction does come, should cause as

[7TH MARCH 1911.]

[Mr. Gokhale.]

little inconvenience to us as possible. What I urge therefore is this. This surplus, over and above the sliding scale, should be put aside year after year. We have 3 millions this year, we might have, say, 2 millions next year, and, say, another 2 millions during the following year, and at the end of the 3rd year let us suppose that the opium-revenue suddenly disappears altogether. According to the sliding scale, the 4th year will require an opium-revenue of 3½ crores, the 5th year about 2½ crores, and so on. Meanwhile our Opium Reserve Fund will amount, during the next three years, to 7 millions. If we have such a Fund, we can draw on it to fill up the gaps for the 4th, 5th, 6th and 7th years, and thus obviate a recourse to extra taxation. Thus, by creating this opium-reserve, we shall be able to spread the whole loss over 7 years—the period which the Government of India are anxious to spread it over—even if the actual extinction takes place in three years. Of course, if you devote this money to the reduction of debt now, and if the Government will borrow when the need arises, to fill up the gap, for purposes of current expenditure, then I do not press my proposal. I recognize that there is no special merit in a separate fund. But the Government has never so borrowed. The Government will never borrow for recurring purposes, even temporarily, especially when the prospect is to have to borrow for a number of years; and I am quite sure, if a proposal to borrow is made by any Member in those circumstances, we shall have sermons in this Council from the Finance Minister about the un-wisdom and impolicy and extravagance of borrowing for ordinary purposes. Therefore, if the opium-revenue is extinguished in, say, three years—and it is by no means improbable—while the surpluses during the three years will be devoted to a reduction of debt, when the threatened extinction comes, instead of again borrowing to the extent of the reduction effected, the Government will impose extra taxes. If, however, the Government have this opium-reserve at their side, there will be no excuse and no justification whatsoever for the imposition of extra taxes. Of course, I do not object to extra taxation for other purposes. But, other things being equal, I do not want any extra taxation to meet the loss of the opium-revenue. Sir, it may be said that, after all, a reduction of debt is a most excellent object, and as the future may well take care of itself, the Finance Minister is justified in devoting his surpluses to a reduction of debt, thereby leaving his successor the burden of a smaller debt. If the debt of this country—I mean the ordinary debt—had been a huge debt, similar to the mammoth debts of Western countries, I would have understood such a course, and I would not have opposed this policy as I am doing now. But what is our unproductive debt? I think an enquiry into this question is useful in view of what the Finance Member says in his Financial Statement. He says there that two millions will be devoted to a reduction of debt, because thereby our credit would be strengthened. With all deference, Sir, I beg leave to say that in speaking thus he is merely using a Western formula—a formula which in India has no application because of the trifling amount of our debt. Sir, what is the amount of our debt? Our total debt is made up of various component factors. There is the permanent or funded debt. There is the temporary or unfunded debt. And there are various funds with the Government, such as Savings Banks deposits, Service funds, special loans, Judicial deposits in Courts, and so forth. Against this the Government have their Railways and Irrigation works, their loans and advances to Local Bodies, Native States and cultivators, and their cash balances. Deducting these latter from the total debt, what remains is the true ordinary or unproductive debt. Now, taking the figures for 1907-08, and bringing them up to date, we find that in 1907-08 the permanent debt in India was 88.55 millions; the permanent debt in England was 156.48 millions, or, in the two countries together, 245 millions. That was the funded, permanent debt in that year. The unfunded debt in that year was only 1 million. Then about 20 millions represented special loans, Service funds, Savings Banks deposits, departmental and Judicial deposits and miscellaneous obligations of the Government, or total liabilities of 266.28 millions or 400 crores of the liabilities of the Government. As against

this, the Government of India had in that year 177·7 millions invested in Railways and 29·87 in Irrigation Works, or a total of 207·57 millions under the two heads together. The Railway debt was earning about 5 per cent., the Irrigation debt about 7 per cent. Therefore it was really no debt at all in the sense in which the term debt is used. That accounted for 207 out of 266 millions. Then the loans and advances by Government to various Local Bodies, Native States and cultivators amounted in that year to 13 millions and the cash balances were 18·6 millions. Thus, 239 millions out of 266·28 millions represented the investments and cash balances of the Government, leaving only about 27 millions of real unproductive debt for the country. This was in 1907-08. Since then the position has undergone some deterioration. Of course there has been additional borrowing for Railways and Irrigation; but we need not take that into account since Railway and Irrigation investments are earning 5 and 7 per cent. interest respectively. But there was a deficit in 1908-09 of 3·74 millions. In 1909-10 there was a surplus of ·61 million, and this year, excluding the opium-surplus of 3 millions, there is still a surplus of ·49 or half a million. The position therefore during the last 3 years has undergone a deterioration by about 2·64 millions, and we must add that to the figure for 1907-08 to find the total unproductive debt at the present moment. This comes to 29·7 millions, say 30 millions. Or, if the Finance Minister will prefer it, I am prepared to take the funded unproductive debt, as it appears in our accounts, which is 37 millions. That means making a present of about 7 millions to the Hon'ble Member; but I will do so and will take 37 millions for the purposes of my argument. Now, Sir, what is a total unproductive debt of 37 millions for a vast country like India? What is such a debt, compared with the huge debts of other countries? And is the reduction of this trifling debt a matter of such paramount importance that everything the Finance Department can lay hands on should be devoted to this reduction to the practical exclusion of all other useful objects, as has been done during the last 10 or 12 years? Sir, my protest against this policy of the Government has been a long-standing one. Year after year, for the last 10 years, I have been raising my voice in this Council against this policy; but so far without much effect. How does our unproductive debt compare with that of other countries? In England, at the present moment, you have a national debt of over 700 millions, corresponding to our unproductive debt. In France it is over a thousand millions. In several other countries it is four to five hundred millions. Even in an Eastern country like China it is about 110 millions, though the annual revenue of China is much smaller than ours. The Hon'ble Member speaks of the necessity of strengthening our credit. If we look at the rates of interest at which different countries borrow, it will be found that our credit is exceedingly good.

"The bulk of our debt is at 3½ per cent.; whereas Japan borrows at from 4 to 7 per cent.; Russia borrows at about 5 per cent.; Turkey borrows at 5 per cent. and over; China borrows at between 4 and 7 per cent., 4 per cent. in a few cases, 6 and 7 per cent. being the usual rate. Even Italy borrows at a higher rate than India, the bulk of Italy's debt being at 8½ per cent. I therefore contend that our credit is excellent, and I think the Hon'ble Member need not be in a hurry to improve it still further. Moreover, when a debt is as small as ours, credit is strengthened by its diminution only theoretically. I do not say that our debt should be left where it is. I am quite willing that there should be some provision for a regular reduction in the ordinary debt of the country. I am quite willing that there should be a Sinking Fund of a definite amount; but when the requirements of such a fund are provided, all money out of the revenue over and above it should be devoted to pressing objects of public utility, such as Education, Sanitation, Medical relief, and so forth. Now, Sir, if we examine next year's Financial Statement, we shall find a sum of 2 crores already devoted to the reduction of debt, i.e., already serving the purpose of a Sinking Fund. Seventy-five lakhs are provided under the head of Famine Relief and Insurance to avoidance or reduction of debt; and under Railway expenditure we have a sum of over £800,000, or about 1½ crores, devoted to the redemption of Capital; and according

[7TH MARCH 1911.]

[Mr. Gokhale ; Mr. Mudholkar.]

to our system of accounts that finally shows itself as a reduction in our ordinary debt. Therefore, we have $1\frac{1}{4}$ crores under Railway Capital expenditure and three-quarters of a crore under reduction or avoidance of debt, or, roughly, a sum of 2 crores devoted to reduction of debt. I am quite willing that this should be a standing Sinking Fund. If, in any year, the Government cannot afford these 2 crores, I am willing that the deficiency should be a first claim on the surpluses of succeeding years. If, further, there is any deficit in any year, that deficit should be a first claim on the surplus of the years that follow. But when you have provided for this Sinking Fund and for covering ordinary deficits, I think all money, in excess of that, should be devoted to non-recurring expenditure on those objects with which the moral and material well-being of the people is intimately bound up. Sir, a Sinking Fund of 2 crores a year is four times as large as what rich England is providing for her today. The total debt at present is about 750 millions. Between the Crimean War and the South African War, England reduced her debt by about 200 millions. It was about 836 millions at the close of the Crimean War. It was about 635 millions at the beginning of the Boer War. In other words, England reduced her debt during the interval by 200 millions or 5 millions a year. This means a Sinking Fund of a little over $\frac{1}{4}$ per cent. on the first debt. During the last 8 or 9 years they have reduced the debt from over 800 millions—the figure at the close of the Boer War—to 750 millions, a reduction of about 50 millions; that amounts to about 1 per cent. on the first debt. Therefore, you find that in a wealthy country like England the Sinking Fund does not exceed about 1 per cent. of the debt. Here, in India, I am willing to allow 2 crores annually to get rid of our small debt of 37 millions. This means a Sinking Fund of 4 per cent. as against 1 per cent. in England. Surely the Hon'ble Member should be satisfied with this, and all money over and above this amount ought to be available for other pressing purposes which require large outlay very badly. Sir, for these purposes—Education, Sanitation and Medical Relief—while a great deal of recurring expenditure is, no doubt, necessary, there is also a vast amount of non-recurring expenditure absolutely required. And the need is most urgent. Seven out of every 8 children are growing up in India in ignorance, while the State in every other civilised country has made the free and compulsory education of its children one of its primary duties; 4 villages out of 5 in this country are without a school. Then sanitation throughout the country is in a most neglected condition. The death-rate, already high, is growing higher and higher; the latest figures show that the death-rate is now over 38 per thousand. For providing school buildings for primary schools, hostels for secondary schools and colleges, for initial outlay on technological institutions, for drainage and water works, an enormous amount of money of a non-recurring character is required, and there can be no more beneficent expenditure of public money after a Sinking Fund has been provided. My proposals, therefore, are these: I propose, in the first place, that the opium-surpluses, over and above the figures of the sliding scale, should be set apart to constitute a new fund to be called the Opium Fund. In the event of this proposal not being accepted, I propose that the whole of such surpluses should go to meet non-recurring expenditure on Sanitation, Education and Medical Relief instead of being devoted to a reduction of debt. At the same time I propose that a Sinking Fund of a definite amount should be created, and that all sums over and above that Sinking Fund should be applied to the objects I have mentioned. Sir, I move the resolution which stands in my name."

The Hon'ble MR. MUDHOLKAR: "Mr. Chairman, I have great pleasure in supporting the resolution moved with such conspicuous ability by my friend the Hon'ble Mr. Gokhale. I take advantage of this occasion also to offer my congratulations to the Hon'ble the Finance Member for what might be called a lucky and opportune windfall—the unexpected windfall which is calculated to afford us considerable relief and considerable help. It is almost a truism that the expenditure side and the receipt side of the national Budget ought to balance each other; and last year, when a proposition similar to the one moved by the Hon'ble Mr. Gokhale was before the Council, the Hon'ble Mr. Meston

drew our attention to a fundamental proposition that surpluses ought to be devoted to the redemption of debts. Well, Sir, that proposition is as true as that other proposition of finance that all taxation is an evil and that we should avoid taxes as far as possible. But as we cannot avoid taxation, so also can we not in a highly organised financial concern such as a Government avoid debts; and national debts have, with our present civilization, become a necessity in every country. We want various matters of social necessity and civilized amenities to be introduced into this country. And for that purpose large amounts are required. There is no need so keenly felt in this country as the advance of education and the improvement of our sanitation. Last year, when the Financial Statement was under discussion, specific resolutions were moved in regard to larger grants for Education and for Sanitation, both generally and in regard to particular provinces, and the reply given on behalf of Government was 'there is no money; all that you ask is very necessary, is very proper, but unfortunately there is no money to be had.' I myself brought forward two resolutions before the Council with reference to my own province—one in regard to Education and another in regard to Sanitation; and the official representative of my Province, while expressing complete agreement with my programme—why in fact going further and saying that there were many other things than those indicated by me which were urgently needed—stated that the Local Government were unable to carry out what I suggested because there was no money to be had. He said that the province had to rely upon the Government of India in regard to very many matters; its own finances were greatly dislocated on account of the famine of 1908 and the Local Administration was not in a position to carry out many things which were considered very desirable. The same was said by the Hon'ble Mr. Holms in regard to the United Provinces. He pathetically said that the condition of the United Provinces in regard to education was worse even than that of the Central Provinces and Berar. In regard to advanced Bombay, we had the Hon'ble Mr. Quin stating that, if money were forthcoming, there were a lakh of boys who were ready to attend schools immediately schools were established. He showed that, out of about 25,500 villages, only 7,500 were furnished with schools and 18,000 were without schools. That is in Bombay, one of the most advanced provinces in the country.

"Similarly, in regard to sanitation, it was pointed out that there were various things which were recommended by the Plague Commission, the Malaria Commission, and by other authorities; that there were large schemes of water-supply and drainage, none of which could be attended to or undertaken for want of funds.

"Now, Sir, what I put before the Council is this. Here was this occasion, when by mere good luck we had got unexpectedly large sums, and would it not have been the proper thing to do to have applied the whole of the surplus to purposes of such an important character as Education, Sanitation and Medical Relief?

"I am in complete agreement with my friend thus far that I consider that the surplus which has been realised this year should have been applied not to the reduction of debt. As to the actual application of the money, there is a slight difference. I would apply it firstly to the advancement of the purposes which I have just indicated, and in the alternative to the formation of an Opium Fund. However, what has to be done with the money when obtained, how you apply it, may well be treated as a matter of detail. But I do consider this thing of importance that, when our national debt is not of such magnitude as to cause us anxiety, when we find that the real unproductive debt is about 37 millions,—it is less than half of our net revenue,—whether in these circumstances the needs of the country should not receive greater attention than Government were able to devote to them.

"We had the other day the Educational Conference at Allahabad, and there large educational schemes were informally considered. All those schemes require vast amounts of money. I thankfully admit that considerable provision is proposed to be made in regard to some of them. There are £801,000 proposed

[7TH MARCH 1911.]

[*Mr. Mudholkar ; Sir Vithaldas D. Thackersey.*]

to be allotted to that purpose. But after all, Sir, what are £601,000 to such a country as India, which is so far behind the rest of the civilised world in regard to technical education and in regard to primary education? Those are our great needs, and what is proposed to be given would be barely sufficient for tiding over the present difficulties. When we consider that on one such institution in England as the Manchester Municipal School of Technology nearly 45 lakhs were spent, what is proposed to be granted to our institutions is hardly sufficient to serve more than the present purpose. We have to make provision for technical education; then there is also the other question which has come into great prominence, namely, the provision for enlargement of school buildings and college buildings and hostels both for secondary schools and colleges; and we have also the great question of the education of the masses. Well, all these things require larger sums than are at the disposal of the Finance Minister, and I therefore urge this before the Council, that the surplus which we had obtained need not, and should not, have been applied to the reduction of debt as it has been. I am afraid that it might be said that the Government have already applied the surpluses in the manner stated in the Financial Statement. Therefore, it is as Mr. Gokhale has pointed out—it has become necessary for Government to consider whether the present rules of debate do not stand in need of alteration. But putting that question aside, what I would say is, that the amount which has been taken away from the surplus for the purpose of the redemption of debts should be brought back, and that for doing this an equivalent loan should be raised which should be applied, either, as Mr. Gokhale suggests, for the purpose of forming an Opium Fund to meet the day of difficulties and anxiety which is not very far off, or, as I would preferably wish, for the purposes of further advancing Education, Sanitation and Medical Relief."

The Hon'ble SIR VITHALDAS D. THACKERSEY: "Mr. President, I support the resolution moved by the Hon'ble Mr. Gokhale. On the face of it the resolution sounds somewhat alarming to a financier, because it says that instead of raising 5 millions we should raise 7 millions. When we know the difficulty of raising money, it is very alarming to hear that we should try to raise 2 millions more. But, as Mr. Gokhale has explained, his object is not to raise extra money but to keep the capital debt the same, and to utilise the 2 millions as a nucleus of a fund for future emergency. That being the real object, Sir, I think it is a great advantage to keep these 2 millions as a reserve, particularly when we know that the method at present followed by our Finance Member, perhaps under the orders of the Secretary of State, is that we pay out of current revenue all the capital debt for Railways in the shape of annuities. The capital debt which is paid off by annuities during the year is, as Mr. Gokhale points out, £800,000, and in addition to them every year's surplus is also devoted to the redemption of debt. The effect is that, whenever there is a surplus, that surplus is devoted to the reduction of Capital debt, and, whenever the Finance Member anticipates a deficit, he comes forward with extra taxation. I quite realise that it is difficult to estimate in a large country like India the exact estimates: they may vary for 2 or 3 crores this way or that way, and the Finance Member naturally is over-cautious in order to see that, at the end of the year, he has not to show any deficit. But when this over-cautiousness brings in a surplus, it ought to be utilised for relief in the next year, or in future years, rather than in the reduction of debt. It is unfair to the taxpayer that we should put on large taxes for the reduction of debt and when deficits come in we should still put further more. That is to say, the taxpayer in good years is taxed far beyond the requirements of the administration in order to produce a surplus. In bad years his burdens are still further increased to make the two ends meet. It is obvious that this is hardly just. The first principle of sound finance is that the State should take as little as possible from the subject consistently with the requirements of the country. I am afraid our policy amounts to a reversal of this maxim and that we really proceed on the principle of taking as much out of him as possible. Now, Sir, no man of common sense would say that the discharge of debt is not a most important duty of a Finance Minister; but

[*Sir Fithallus D. Thackersey ; Mr. Madge ; Mr. Meston.*] [7TH MARCH 1911.]

surely there are well recognized rules by which this ought to be regulated ; otherwise the Finance Minister may increase taxation to any extent, put an additional rupee on salt, raise import-duties and scrape every penny he can from other sources and devote the whole of the yield to repayment of debt. What I suggest is that we should take stock of our position, find out what the exact amount of our debt is, and establish something like a proportionate sinking fund on scientific principles. So far as I have been able to gather, our total capital debt is £278 millions, of which only 33 is unproductive while the rest is productive, such as on Railways, Irrigation and loans to local bodies, etc. The interest charges on the unproductive portion of 33 millions is at $3\frac{1}{2}$ per cent. £1 $\frac{1}{2}$ million. The net profit of the productive debt after providing interest and working expenses is over 2 $\frac{1}{2}$ millions ; so that if we take our debt transactions as a whole, as they ought to be taken, we have a net surplus amounting to £1 $\frac{1}{2}$ million or over two crores of rupees. That is a very sound financial position and there is no necessity whatever for raising further amounts by taxation for the repayment of debt. At present we have already been paying out of revenue over £800,000 or nearly Rs. 1 $\frac{1}{2}$ crores in the shape of annuities for the redemption of capital debt, and at this rate the whole of our unproductive debt, 33 millions, would be wiped off within one generation. I am not taking into consideration the 75 lakhs of rupees that we provide every year out of revenue for famine insurance. What more can we expect one generation to pay ? Mr. President, it may be said that these two millions with which we are now dealing is a windfall from opium. But, Sir, I will remind the Council that last March extra taxation was put on the country for the avowed purpose of making up any loss from opium. The non-official Members clearly showed that opium-revenue was under-estimated and that additional taxation would result in a large surplus at the end of the year. Therefore there is nothing of a windfall about the surplus which is clearly the result of the new taxation, and it is the surplus occasioned by this new taxation which it is proposed to devote to reduction of debt, which I say is hard upon the taxpayer. I beg therefore that Government will see their way to make the 2 million pounds a nucleus of a reserve fund to be drawn upon in case of future deficits before imposing extra taxation.

"With these few words, therefore, I support the proposition of the Hon'ble Mr. Gokhale."

The Hon'ble MR. MADGE: "Sir, I am almost afraid to support the Hon'ble Mover of this resolution, lest after having accepted my humble support he turns round and blames me for the manner in which I rendered it. Still, I do not think that a surgical operation will be necessary in order to understand the simple reasons for which I support one-half of this resolution and try to show where I think the other half is rather feeble. I have heard it said that, when you have a sound reason to offer in support of any great scheme, you ought not to dilute its strength by offering another reason, however good that may be ; for the chances are as ten to one that the two reasons will be mutually destructive to a certain extent. Where such claims as those of Education and Sanitation and Medical Relief are put forward, everybody will agree that they ought to be amongst the first charges upon the revenues of the country ; but in the first part of this resolution we are not dealing with the regular revenues of the country, which, whether financial experts differ about calling it a windfall or anything else, comes to us from a particular source ; and I think it is very sound policy to devote what comes to us from that source to its own separate head. I am of those who may or may not be called opium fanatics ; but I have always questioned the morality of this revenue. But this is not the time to discuss that matter. I do think, Sir, that the Hon'ble Mover is perfectly sound when he asks that everything that we get from the opium-revenue should be husbanded in such a way as to meet the great strain that will be thrown upon our finances when that revenue ceases to exist."

The Hon'ble MR. MESTON: "The Council are indebted to the Hon'ble Mr. Gokhale for the brilliant sleight-of-hand with which he played upon the figures of our various surpluses. There was a good deal in the play, however,

[7TH MARCH 1911.]

[*Mr. Weston.*]

to which he treated us about the opium-surplus which I hardly think was necessary. There is no mystery or juggling about our opium-surplus. We displayed our opium figures separately in all simplicity, mainly on account of the discussion that took place on that subject last year. The Council appeared to think that it would be prudent, on the Hon'ble Member's advice, to set a limit to our normal and reasonable opium revenue for the year and to allot any excess that we may get over that limit to specific purposes. That is exactly what we did. We fixed the limit practically at the budget figure of 7 crores and we tried to explain to the Council that the excess of roughly 3 millions was being spent in a particular way. The Hon'ble gentleman does not accept the propriety of the way in which it is proposed to spend it; but that does not affect the principle of the discrimination between our opium excess and our ordinary surplus which he tried to establish.

"The motion, Sir, which the Hon'ble Member has placed before the Council is a recommendation in favour of a larger loan, and although the Hon'ble Member has told us that he does not really want a larger loan, still we know that resolutions are sometimes taken very literally. The rules, according to the Hon'ble Member, compel him to put his case in the form of a parable. A parable is a two-edged sword in some people's hands and there is always some danger that subsequent readers may interpret it as meaning exactly what it says. So what I propose to do, if the Council will allow me, and as the resolution has to remain in the proceedings of the Council in this particular form, is first of all to avoid misconception by answering the resolution literally before going on to discuss the inner meaning which the Hon'ble Mr. Gokhale tells us that it contains.

"The proposal, as it stands, advises us to borrow 2 millions more in England and in India than we actually require for next year's work. Now this, in the first place, we must resist as impracticable. It would be quite out of the question to increase our rupee loan by so large an amount as 2 millions; and the Secretary of State in Council, whose decision as to the capacity of the London market for absorbing fresh Indian loans we have to accept, would not thank us for any proposal to make this large addition to the amount which he intends to raise in sterling. In the next place, the proposal taken literally is open to serious objection on the grounds of economy. We are asked to borrow 2 millions now which will be used for expenditure at some future indefinite period. In the meantime, until the necessity for using the money arises, we should have to pay interest on the loan or, if we invested the money, to take the usual risks of buying cheap and selling dear. Why should we borrow before the necessity actually arises? Why saddle ourselves with interest or possible loss for an indefinite period? The market will still be open to us when the opium-revenue disappears. In the third place, attractive though the proposal for an Opium Fund at first sight seems to be, I am not quite convinced that it would be good business. The existence of a fund or reserve is often a real danger. Government after all is a very human organisation; and the influences which make for economy are by no means always as strong as the influences which make for expenditure and even extravagance. So long as it is known that Government, however hard up we, in the Finance Department, may pretend to be, have a large reserve for future expenditure, the temptation to draw upon that reserve is very great, and the tendency is to overrule pleas for caution and economy. If there is no such reserve, heavy new expenditure may mean new taxation or specific borrowing; in which case the powers of economy are enormously strengthened and the voice of caution has a chance of being listened to. It is thus in no spirit of temporising that I urge the wisdom of postponing the attempt to build up a cash reserve against the losses which the decline of our opium-revenue may involve in the future. There is much that we can do, and are doing now, to discount those losses in advance; there is much expenditure to curtail: there are other resources to develop. But even if the losses come upon us sooner than we expect, and even if they find us short of complete readiness to meet them, we shall not even then be at the end of our resources. When the time of transition comes, we may be able to carry

over it, as we have done before, by temporarily increasing our unproductive debt or by postponing its reduction, or by taking such other measures as the Government of the day, with the advice of the Council of the day, may determine to be best suited to the circumstances.

"There is thus to my mind a very strong case indeed against the proposal to create an Opium Fund. But the Hon'ble Mr. Gokhale has given us an alternative. If we do not like the Opium Fund, he would be ready to use the borrowed money on initial expenditure, upon Education, Sanitation and Medical Relief. There is of course, as the Hon'ble Mr. Madge has said, no one in this Council who will say a word against the merits of these claims upon us. The large grants for them which have been made in the current year are surely sufficient evidence of the Government's practical sympathy with the objects which the Hon'ble Member has at heart, and it is most improbable that there will now be any going back from the forward policy which has thus been started. But when it comes to the question of the appropriate method of financing those reforms, it is just as well to consider exactly how we stand. When the Government of India have borrowed in the past, except in the event of war or other calamity, they have borrowed for works which will in a reasonable time return sufficient profits to cover the interest on the loan. Are the Government of India going to abide by that safe conservative tradition and confine their loans to loans for productive works, or are they going in the future to borrow for schools and hospitals as well? It is true of course the schools and hospitals are productive assets in the moral balance-sheet of the nation; but when you get into the moral balance-sheet, you are apt to drift into metaphysics, and metaphysics is a tricky cargo in the financial ship. It is a well-established practice to borrow only for works where we can measure the actual cash return; and if we were to abandon that practice and start loans for schools and hospitals—and if for them, why not also for roads and court-houses and jails and for the army?—then we should be embarking on a new policy and a policy of doubtful wisdom. He would of course be a bold man who would prophesy that the financial methods of the Government of India will endure in this mutable world for all time; but at present those methods are all against any increase of our permanent debt on purposes of social reforms, the expenditure on which is veiled in the mists of the future.

"This much for the literal interpretation of Mr. Gokhale's motion which I submit that the Council ought not to accept in the form in which it stands. But the Hon'ble Member has explained that there is a somewhat different purpose behind the circumscribed terms of the resolution. He does not really want us to increase our borrowings next year; but he disapproves of our using a part of our Opium receipts in the reduction of our temporary debt. Now, Sir, what are the facts which the Hon'ble Member complains of? They are these. In 1908-09 we had a large deficit owing to various causes with which the Council is thoroughly familiar. The result of the deficit was that we had to run up bills, which we were unable to meet during the year. We have now had a windfall, unforeseen and unlikely to recur. What we propose to do is to pay off these bills from this windfall, and thus to place ourselves in the same position as if there had been no collapse of our revenue in 1908-09. Surely this is in accordance with the duty of a prudent Government or individual. What would a private individual do in similar circumstances? Suppose he owed money to his baker and his tailor and his shoemaker, and suppose he were suddenly left a small legacy; would you advise him to spend his legacy in buying a motor car, while his bills run on and run up? Or would you advise him to satisfy his creditors first and be content with a pony-cart? I am quite sure what my Hon'ble friend would do in such a case in private life; and why should he ask Government to act differently?

"From this homely analogy to the wider question which Mr. Gokhale has raised however is a big stride. What he has pressed on us today, with his usual wealth of statistical knowledge, is what he has so often urged in this Council before, that we are in far too great a hurry to reduce our unproductive debt. I am afraid that in this respect, between the conservatism of the Finance

[7TH MARCH 1911.]

[*Mr. Meston; Mr. Gokhale.*]

Department and the radical optimism of the Hon'ble Member, there is a great gulf fixed over which I cannot pretend to throw a bridge. Mr. Gokhale honestly believes that we make a fetish of this reduction of our unproductive debt; that we might very well stay our hands in the work of reducing it and allow the money which we divert for that purpose to be otherwise and better employed. We on our side believe equally honestly that the presence of our unproductive debt is an incubus and that its growth is a danger to be averted to the best of our ability. We believe that in steadily striving to reduce it we act in the country's best interests. We reduce the dead weight on the taxpayer and we strengthen what Mr. Gokhale calls the shibboleth of the credit of India. There is much in which we may ask posterity to share with us; but posterity will have burdens enough of its own when it comes to carry them, and the less we throw upon posterity the truer service we render the country.

"I accept the Hon'ble Member's figures, with one reservation that I shall keep until we come to another resolution of his which stands on the agenda. I admit that in the last twelve years we have made remarkable progress in wiping out our unproductive debt. I agree that in the future we may not be able to reduce it at the same pace and that there is much to be said for introducing greater system into our Sinking Fund payment as Mr. Gokhale urges us to do. But that we should maintain a sinking fund, and on a liberal basis, seems to me absolutely essential. I cannot agree with my Hon'ble friend that we make too much ado over the credit of India. I cannot agree with him that the credit of a country is a Western formula and has no application to India; for, in my humble judgment, her credit is just as essential to her welfare as her education, or her technical skill or her industrial development, and her credit is built up in many laborious ways, of which the extinction of her unproductive debt is only one."

The Hon'ble MR. GOKHALE: "Sir, I should like to say a few words in reply to what the Hon'ble Mr. Meston has said, before this resolution is put to the vote. The Hon'ble Member began by giving me credit for sleights-of-hand and feats of jugglery of which I have considered myself more or less innocent. However, I should like to know where the sleights-of-hand and the jugglery have come in. So far as the two surpluses, the Opium surplus and the non-Opium surplus, are concerned, I only wanted to know why the Department had set apart one million for Education and Sanitation from the Opium surplus instead of from the other surplus in which there was a margin for it. The Hon'ble Member could then have kept the whole of the 8 millions of Opium surplus intact. He could still have given us the money for Sanitation and Education; he could still have made those grants to Local Governments of about a crore and four lakhs for various specific purposes, and yet he would have had a non-Opium surplus of half a million. I wanted to know why, instead of adopting this simple course, the other course has been adopted by the Government; but no answer has been forthcoming to that; and instead of giving the explanation asked for, the Hon'ble Member describes my presentation of figures as a feat of jugglery. However it is a small matter, and may well rest where it is.

"So far as the policy of providing a sliding scale of diminishing revenue for Opium is concerned, I entirely approve of it. I suggested that course myself last year, and I am convinced that that is the only safe and sound course. The question is, what is to be done with the surplus that you get over and above the revenue of this sliding scale? The Hon'ble Member said the Government would devote this excess just now to reduction of debt, and, when the time comes, they would consider what they should do—whether they should again raise their unproductive debt, or adopt such other means as in their wisdom and with the advice of the Council they might think proper—which means impose additional taxation, which they are sure to do. Sir, I have been following Indian finance for the last 25 years with some interest, and if I know one thing, it is this. Whenever there is a deficit, the occasion is straight away utilised by the Government for imposing additional taxation; but, on the other hand, surpluses have been rarely followed by a remission of taxation. It

is only when it becomes absolutely impossible to maintain the old level of taxation any more, that remissions are granted to the people, and that very tardily. The reason for this is obvious. The Department does not care to relinquish its hold on the money, if it can help it. Public opinion in the country is weak. There are no electors here to win over, to placate, or to please, and the Government, having the money, do not want to let it go.

"Sir, the Hon'ble Member has said a good deal as to the form of my resolution; but I really think he need not have spent so much of his energy on it. He knew quite well what I had in my mind, and indeed, last year, it was he himself who put me in the way in this matter. I was then in a difficulty as to how to raise a similar question, and the Hon'ble Member came to my rescue and pointed out to me how I could get round the rules and raise the discussion. I then followed his advice and was very grateful to him for it; and all I have done this year is to adopt the same course again. He knew what I had then in view, and he knows what I have in view today; and therefore all that he has said just now about not raising any more loans, about the inadvisability of adding to our indebtedness, was really somewhat unnecessary.

"Then, Sir, the Hon'ble Member says that, in the opinion of the Finance Department, with its conservative view in this matter, a reduction of debt is the wisest policy to pursue in such circumstances. Our debt, however, is extremely small, and my question is, how much do you want annually, as a sinking fund, to reduce this debt still further? Next year, for instance, you have already provided 2 crores for the purpose out of the ordinary revenue of the country. Are you not satisfied with that? Do you want 3 crores, 4 crores or 5 crores every year in order to reduce this debt of 37 millions? The Hon'ble Member has not attempted any reply to that. Of course a small debt is a most convenient thing for official speakers on the subject of Indian finances. It provides exceedingly good material for glowing periods to adorn the perorations of official speakers on the subject of the management of Indian finance whether here or in Parliament. But that is hardly any consolation to us who want so much money in so many directions for those pressing and all-important objects that I have mentioned. As to whether we can spend large sums on non-recurring purposes usefully, I think the Hon'ble Member may ask the Hon'ble Mr. Butler. After the Conference that we had at Allahabad recently, I am quite sure that the Hon'ble Mr. Butler would at once give him a programme that would show that not one but 10, 15 or even 20 millions could be usefully employed as non-recurring expenditure in the directions I have indicated. It is quite true that two years ago we had a deficit. But is that a fair way of putting it? We had a deficit two years ago; but the deficit came after 10 years of surpluses. Why does the Hon'ble Member take 1908-09 as the starting point? Why does he not take a point two or three years before that? You had 10 years of surpluses during which period you realized—you will find, if you will refer to the returns—a total of about 26 millions as surpluses. After 26 millions of surpluses had been realised you get one year of a deficit of 8.74 millions; after which you again have two small surpluses. And you insist on making up for the one deficit by devoting to paying it off succeeding surpluses, regardless of the fact that there have been 26 millions of surpluses behind. It only means that whenever you have money, you want to devote it to the reduction of debt, because somehow that is the ambition of every Finance Minister; and when you have a deficit, you keep that deficit before the public till you are able to get some more money to wipe it off. I really think, Sir, that the country has a right to complain of this policy. I am speaking of the general policy followed year after year in this matter, not of the policy adopted in this particular Budget. I have already expressed my great satisfaction as to some of the principles laid down and the dispositions made in this Budget. We are grateful to the Hon'ble Finance Member for what he has done, for he has done what we did not succeed in inducing any previous Finance Minister to do. He has given us a million for Education and Sanitation, and those of us, who have been raising our voice in favour of such a grant year after year these several years, surely we are not likely to be wanting in

[7TH MARCH 1911.] [Mr. Gokhale ; Sir Guy Fleetwood Wilson.]

gratitude to the Hon'ble Member for this. But the Hon'ble Member does not yet go far enough. One million is good, but three millions would be better. If he would set apart these 3 millions to constitute an Opium reserve, then I do not want them for the other purposes mentioned; but if you are going to use the money for reducing debt, we deem it our duty to protest. As my friend, Sir Vithaldas Thackersey, has pointed out, if you devote 2 crores a year to the reduction of debt, you would be able to wipe off the whole amount in the life-time of a single generation. My friend was not right about the 75 lakhs. The total amount under Famine Insurance is 150 lakhs, of which half is devoted to protective irrigation, when there is no demand for actual famine relief, and the other half, that is, 75 lakhs, is devoted to a reduction or avoidance of debt. Therefore, that sum is generally available for reducing debt along with the amount that is provided for the redemption of Capital under Railways.

"Before resuming my seat I would request you, Sir, to put the resolution to the vote in two parts, under rule 16. Rule 16 says 'if any resolution involves many points, the President at his discretion may divide it so that each point may be determined separately.' I recognise the force of some of the observations of the Hon'ble Mr. Madge. There may be other Members who would be willing to support me in my proposal about an Opium Reserve Fund, but who would not care to have the whole of the money assigned to Education, Sanitation and Medical Relief. I am therefore quite prepared to ask, Sir, that you, in your discretion, may put the two parts of this resolution to the vote separately; namely, first, that the 2 millions be devoted to the creation of an Opium Fund; and, if that fails, then that it should be devoted to Sanitation, Education and other purposes."

The Hon'ble SIR GUY FLEETWOOD WILSON: "Mr. President, the two main features which have been brought forward in support of this resolution are the question of the way in which a Sinking Fund is to be worked and the question as to whether or not debt should be paid off.

"Before taking these two points, I should like to say that the Hon'ble Mr. Gokhale said that no Government, so I understood him, will borrow to meet current expenditure. I am afraid we have a recent experience of a Government having done that as recently as 1908-1909, and that is one of the reasons why we have a temporary debt. He also said that our credit was so good that we could afford to let the debt run, and that he, for many years, has been advocating that we should not pay off this debt, notwithstanding which the Government have adopted the practice in the past, as I hope it will adopt the practice in the future, of paying off debt. It is probably because that practice has obtained in the past that our credit is so good at the present time, and I hope that if we continue that practice our credit will increase.

"Another thing that struck me was that a point was made that the debt of this country was immeasurably smaller than the debts of Western countries. Well, I hope it is; because not a day passes in this Council or outside it that it is not impressed upon me most forcibly by every Indian Member that I come across that this country is such a poor country that it cannot pay its own debts and should get indulgences of a pecuniary character on every possible occasion. Therefore I think we should be very chary of adding to the debt or allowing it to run on since we are told that this is a very poor country. Mr. Meston has dealt very fully with this resolution and I do not think there is any reason for me to take up the time of the Council, which has important work before it, with any further remarks; but I should like to say to my Hon'ble friend that I am quite willing to consider his proposal in regard to a fixed Sinking Fund. It is a very important question. The very fact that a man of my Hon'ble friend's standing and knowledge should advocate it, in itself justifies full attention being given to it, and I think it is quite right that we should consider his proposal for a fixed Sinking Fund in place of the fluctuating amounts which go in one way or another to bring about the redemption of an unproductive debt. I shall make a special point of

[*Sir Guy Fleetwood Wilson ; Mr. Mazharul Haque.*] [7TH MARCH 1911.]

considering his proposal during the summer. So much for what I think was one of the features of his speech.

"In regard to the other, the question of paying off the debt, I will merely say that I differ entirely with the Hon'ble Member in regard to the liquidation of temporary debt. After all, every honest commercial house which is unable to meet its engagements and has to discount bills in a lean year considers it to be its honourable duty to take up those bills in a prosperous year, and even the most impecunious South American Republic makes an effort to redeem its temporary debt; and in adopting the course which we have adopted, I believe the Government of India will have behind it the approval of every sound man of business in England or in India. I am sorry that I cannot accept the resolution."

On the first part of the resolution down to the words "Opium Fund" the Council divided as follows:—

Ayes—15.

The Hon'ble Pandit Madan Mohan Malaviya ; the Hon'ble Nawab Abdul Majid ; the Hon'ble Raja Partab Bahadur Singh of Partabgarh ; the Hon'ble Maulvi Shams-ul Huda ; the Hon'ble Sir Bijay Chand Mahtab, Maharajadhiraja Bahadur of Burdwan ; the Hon'ble Mr. Sachchidananda Sinha ; the Hon'ble Mr. Haque ; the Hon'ble Nawab Saiyid Muhammad Sahib Bahadur ; the Hon'ble Mr. Subba Rao ; the Hon'ble Mr. Gokhale ; the Hon'ble Mr. Mudholkar ; the Hon'ble Mr. Madge ; the Hon'ble Mr. Chitnavis ; the Hon'ble Mr. Dadabhoy ; and the Hon'ble Sir Vithaldas D. Thackersey.

Noes—39.

His Excellency the Commander-in-Chief ; the Hon'ble Mr. Carlyle ; the Hon'ble Mr. Butler ; the Hon'ble Mr. Syed Ali Inam ; the Hon'ble Mr. Clark ; the Hon'ble Sir Guy Fleetwood Wilson ; the Hon'ble Major General Grover ; the Hon'ble Mr. Earle ; the Hon'ble Mr. MacLagan ; the Hon'ble Sir Lionel Jacob ; the Hon'ble Mr. Porter ; the Hon'ble Mr. Robertson ; the Hon'ble Mr. Brunyate ; the Hon'ble Sir Henry McMahon ; the Hon'ble Mr. LeMesurier ; the Hon'ble Mr. Holms ; the Hon'ble Mr. Meston ; the Hon'ble Mr. Fremantle ; the Hon'ble Mr. Todhunter ; the Hon'ble Surgeon General Lukis ; the Hon'ble Mr. Graves ; the Hon'ble Mr. Macpherson ; the Hon'ble Mr. Andrew ; the Hon'ble Mr. Quin ; the Hon'ble Mr. Birkmyre ; the Hon'ble Mr. Graham ; the Hon'ble Mr. Monteath ; the Hon'ble Sir Sassoon David ; the Hon'ble Mr. Phillips ; the Hon'ble Mr. Gates ; the Hon'ble Maung Bah Too ; the Hon'ble Lieutenant Malik Umar Hayat Khan ; the Hon'ble Lieutenant-Colonel Davies ; the Hon'ble Mr. Slacke ; the Hon'ble Mr. Stewart Wilson ; the Hon'ble Mr. Dempster ; the Hon'ble Sir T. R. Wynne ; the Hon'ble Mr. Kenrick ; and the Hon'ble Mr. Kesteven.

So the first part of the resolution was rejected.

The second part of the resolution was then put and rejected.

TOBACCO-DUTIES.

The Hon'ble MR. MAZHARUL HAQUE : "Sir, the resolution that stands in my name and which is numbered (2) in this List of Business is substantially the same as the motion which I had the honour of submitting to this Council on the Tariff Bill. Sir, that motion you were pleased to rule out of order on the ground that it could not be treated as an amendment. As a matter of fact it was a substantial proposition of mine in rejection of the Bill itself, and I do not think that there was anything in it to be ruled out of order. Of course, I had to bow to the ruling of the Chair, but I gained my object. There was a full discussion ; my Hon'ble friend Mr. Gokhale supported me, and the Hon'ble the Finance Member was kind enough to reply. Therefore, I do not consider that there is any necessity to move this resolution, and so I crave leave to withdraw it."

Permission was granted.

[7TH MARCH 1911.]

[*Mr. Macharul Haque.*]

FEES IN PRIMARY SCHOOLS.

The Hon'ble MR. MAZHARUL HAQUE: Sir, I beg leave to move the following resolution for the consideration of this Council. The resolution runs thus :—

'That this Council recommends that the grants to Local Governments be increased by such an amount as will enable them to remit the fees payable in Primary Schools for the coming year.'

"I confess that I feel a little nervous in moving this resolution, and the cause of my nervousness is that I have already been threatened with being called to order several times in my speech. However, the call of duty is paramount, and I intend to speak what I have to say. Sir, this resolution aims at a very small beginning to be made in the advancement of that grand scheme of free and compulsory education which was so ably moved by my Hon'ble friend Mr. Gokhale in his speech last year, and to which I gave my humble but whole-hearted support. Our ideal is that education should become universal in India, and that every unit of the community—young or old, man, woman or child—should know how to read and write his own language and to keep his own accounts. That is our ideal and we intend to work for it, live for it, till we secure it. We may not succeed to-day, we may not succeed to-morrow; but we are bound to succeed sooner or later, if only the full force of public opinion is brought to bear upon the Government. Sir, this Council is aware that in 1906 the Government of India were themselves very strongly of opinion that fees in primary schools should be abolished. Sir Herbert Risley, in his letter to Local Governments, dealing with the subject, wrote thus :—

'If the Government of India have never declared that universal primary education is the aim in view, yet the whole spirit of their declarations has been in favour of the fullest possible provision of primary schools. To insist upon the permanent retention of fees is manifestly incompatible not only with universal school attendance but with anything that approaches it. They would therefore desire to abolish fees as soon as the finances of the country permit Government to increase the funds available for primary education to such an extent as to counteract the loss of income which would thereby fall upon these schools. The Governor General in Council hopes that this time has now arrived, but he desires to examine the question in the light of the replies to the enquiries made in this letter regarding the cost of the scheme.'

"There could not be a more clear and definite expression of the views of the Government than that contained in this passage. They say that the time has come for the abolition of fees in all primary schools, but they want to know the probable cost of the scheme.

"Such were the views of the Government of India in November 1906. Since then the personnel of the Government has entirely changed and we have not a single Member of that Government who had taken part in the letter of Sir Herbert Risley. We do not know the views of the Hon'ble Members who now have their seats on the Ministerial Bench; but we may take it that they cannot with any propriety altogether repudiate the views of their predecessors. What they can do, and perhaps will do, is to take shelter behind the opinions of the Local Governments. To meet them on their own ground, I have taken the trouble of going through the bulky volume of the papers issued by the Home Department, a copy of which has been so kindly supplied to me by my esteemed friend, the Hon'ble Mr. Earle, to whom I offer my thanks for his courtesy. These papers are really worth perusal. On an analysis of all the opinions on the subject, I find that Madras, Eastern Bengal and Assam and the North-West Frontier Province enthusiastically support the scheme for the abolition of fees in all primary schools, while Bombay, the United Provinces, Burma, the Central Provinces, my own province of Bengal, and the Punjab oppose it. So that out of 9 administrations consulted, only 3 support the measure and the rest are opposed to it. The opposition is mostly based upon the fact that the money would be better spent on the extension of the schools in backward areas and the bettering of the teaching staff and the inspecting agencies than in the abolition of fees. But these are the personal opinions of the heads of these provinces. The people are practically unanimous that education should be made free. Thus the Chief Commissioner of the Central Provinces writes, 'with the single exception of the Akola Municipal

Committee, all the local bodies of the Central Provinces and Berar have welcomed the proposal to make primary education free, and the majority of these have also been inclined to favour it.' The Lieutenant-Governor of the Punjab says that the proposal is of no practical importance in his province because there primary education is already free so far as the agricultural classes are concerned. The letter of the Bengal Government says that 'the weight of opinion is in favour of the abolition of fees,' and goes on further to say that 'as to the desirability on general grounds of abolishing fees in primary schools, there can in Sir Andrew Fraser's opinion be no doubt.' I should like here to refer specially to a few very valuable opinions given by high officials of Government. The Hon'ble Mr. Earle was then Director of Public Instruction in Bengal, and he in his reply, after raising certain objections from the educational point of view, goes on to make these pregnant observations. I hope my Hon'ble friend will give his attention to me. He may have forgotten these observations; it is such a long time since he made them. He says:

'I am not however inclined to regard this question from a purely educational point of view. I think that the need of obtaining control over primary education at once is stronger than that of improving existing schools and establishing new schools in backward areas, strong though that need is. We have seen what has been the result in the past of leaving secondary education practically to look after itself. That class of education is, as officers and people recently consulted on the subject unanimously agree, in a deplorable state of inefficiency. In brief, the chief causes have been a policy of non-interference and meagre grants-in-aid. The immediate consequence of a bad system of secondary education has been the poor character of the men turned out of the colleges. Fortunately, the Government of India have now taken this subject in hand, and a scheme is under preparation which will involve very considerable expense on secondary education, with corresponding increase of control over secondary schools. This result will be entirely beneficial. The scheme for the abolition of fees in primary schools, if adopted, will give Government a similar control over primary education. Not only this, but the scheme will also lead at no distant date to that extension of primary education which, as all are agreed, is a most pressing need. Fees having been abolished, aided schools having become publicly managed schools, and unaided schools having been taken on to the aided list or having become publicly managed schools, strong pressure will be brought by the residents of areas where there are no schools for the establishment of schools in those areas. The abolition of fees seems therefore to me to be only the first of a series of efforts, all involving an extension of primary education and of control by Government. I recommend therefore that if possible the entire scheme may be carried through.'

"Sir, I am supported in my views by the opinion of the Hon'ble Mr. Earle, who at that time held the responsible charge of education in the province of Bengal. It is difficult to add any argument of my own to his statesmanlike handling of the question, and I hope that my Hon'ble friend will use all his official influence with the Members of his Government so that they may accept my resolution. The Hon'ble Mr. LeMesurier, our colleague in this Council, and Mr. Sharp, the then Director of Public Instruction in Eastern Bengal and Assam and now Secretary to Government in the Education Department, were also very sympathetic, and I have no doubt will support me now. Sir, as a Musalman, I have been specially gratified that not a single Musalman gentleman or Musalman Association whose opinions were asked and whose replies are incorporated in those papers gave an unfavourable opinion. This will show that a large volume of official opinion is on the popular side. On a previous occasion in this Council I have already referred to the resolutions passed by the two principal Associations in India, the Indian National Congress and the All-India Muslim League, in favour of adopting a system of free primary education for the whole country. Thus we have a unanimous people backed by numerous high officials of the Government demanding this great reform. Sir, I should like to deal with the opinions of His Excellency the Governor of Bombay and His Honour the Lieutenant-Governor of the United Provinces. His Excellency the Governor of Bombay says that education should be made compulsory before it is free. But I do not see that there is any connection between the two. It is perfectly true that where you have introduced the element of compulsion, there must be free education. But it does not necessarily follow that where you have got no compulsion, there should not be free primary education. And the same may be said as regards the reply of His Honour the Lieutenant-Governor of the United Provinces. He says first of all you ought to have universal primary education

[*Mr. Mazharul Haque ; Lieutenant Malik Umar Hayat Khan.*] [7TH MARCH 1911.]

before you make it free. I most respectfully differ from him in that respect. In my opinion, unless you make education free in this poor country, you cannot make it universal. Yes; primary education cannot become universal until you make it free. There remains the question of cost. In the last quinquennial report on education the sum of Rs. 32,06,000 is shown as realized from fees. Surely this is an amount which the Hon'ble Sir Guy Fleetwood Wilson can easily afford for such a noble object. I am sorry to find that my Hon'ble friend is not here; but his able lieutenant the Hon'ble Mr. Meston is here, and I hope he will note what I have to say. The Hon'ble Finance Member can no more plead poverty or shortness of funds. It would be rank ingratitude on our part not to recognize the substantial help given to Education by his handsome grant of nearly a crore of rupees. Indeed, we are sincerely grateful to him for his generosity. He is the first Financial Member who has translated principle into action. But I must tell my Hon'ble friend that on this question of primary education we shall not be satisfied by mere non-recurring grants, however large they may be: what we want is that a definite policy should be laid down which should be persistently kept in view till the whole country is supplied with free primary education. The effect of my resolution is a move in this direction. The time has come when the Government should no more shirk their duty as regards this all-important question. It is not to the advantage of Government that a vast population of teeming millions should remain steeped in ignorance. While it is dangerous for the one, it is wasteful for the other. Sir, I shall not take any more time of this Council and I beg to move my resolution."

The Hon'ble **LIEUTENANT MALIK UMAR HAYAT KHAN**: "Sir, as the resolution which is now put forward deals with free primary education in which the landholding classes whom I have the honour to represent are directly or indirectly concerned, I should be failing in my duty if I did not offer a few remarks. I think, when the new Department has been created for the purpose, we should let matters alone for a while and give it a trial, and if then things are found unsatisfactory, such a resolution can easily be brought forward.

"Education on an extensive scale is a question which will decide the destinies of India one way or the other, and to deal with it in an off-hand way by moving a resolution would be merely rushing things. I think the education which has hitherto been imparted in our schools is surely not the best, which is evident from the stuff it has produced. Defective primary education on a big scale would be worse than defective higher education, because the ignorant people thus produced would just learn how to read and write and any mischievous paper could lead them to acts which might be attended with serious consequences.

"Again, to draw off all the people from their forefathers' occupations and to be unable to provide them with any other suitable openings is a gross mistake. It has already been committed and the results are evident. The resolution as it stands may look very nice till the secret is revealed. The question is, where would the increased expenditure come from? Surely from the Government revenues, which are mainly contributed to by the agriculturist classes. An agriculturist who has only one *bigha* of land out of which he may get some twenty or twenty-five rupees a year has to pay land-revenue; while a trader who may earn a thousand rupees a year has to pay no income-tax, and this income also is generally derived from landholders. If free primary education is forced upon the people, it will mean that the trading and non-agriculturist classes will benefit at the expense of agriculturists. If, on the other hand, such classes paid fees, it would be only just, as they would be paying for an immediate benefit that they would be then deriving.

"Now, I have to say a word for the agriculturists and the difficulties they have to encounter in the way of educating their children. Owing to the increase in their numbers, their landed property is being divided and subdivided. An agriculturist's case is not like that of a clerk who goes to his office and gets a salary with which he can support his family who do not work; but a zamindar along with each and every member of his family has to

[Lieutenant Malik Umar Hayat Khan ; Mr. Mazharul [7TH MARCH 1911.]
Haque ; the President ; Mr. Gokhale.]

toil for his living. When he is working hard in the field and is ploughing, perhaps his wife may be cooking his food while his son of a tender age is taking out the livestock for grazing. If he sent this boy to school, he would have to get another man to do the work, whom not only he cannot afford to employ but in some cases it is impossible to secure. Then there is another difficulty. And that is that most of the agriculturists are obliged to reside near their lands which may be miles away from any village and perhaps at such a distance from a school that the boy cannot possibly go to the school and come back in a day and has to be maintained away from home at a cost which generally a zamindar could not bear. The agriculturist would thus be liable to a double check as it is called in chess, that is, he would be paying not only for extra labour in the place of his son but also spending another sum for the maintenance of his son, with the risk that when he is out of his control he may get so spoilt that he may be of no use to him in his occupation. When a boy or a man is doing some work, certain muscles of his are so developed as to fit him for that particular exertion."

The Hon'ble MR. MAZHARUL HAQUE : " May I rise to a point of order ? Free primary education has nothing to do with compulsory education."

THE PRESIDENT : " I think the Hon'ble Member may very well take free and compulsory primary education together as the Hon'ble Mover has done."

The Hon'ble LIEUTENANT MALIK UMAR HAYAT KHAN : " If a zamindar boy goes on working like his father, he will get hardy and be able to work efficiently ; while, on the other hand, if he is sitting down in the school and carrying on his studies, he cannot have that bodily development and his limbs will become so weak that he will be unable to follow his father's occupation and also develop a sort of false honour which will prevent him from doing such a work. Personally I have hitherto never seen a boy who, after having passed the primary examination, has ever done the work of an agriculturist with his own hands.

" In the interests, therefore, of landholders and in order that their money may not be squandered over non-agriculturists, who are comparatively well off, I have been obliged to oppose this resolution."

The Hon'ble MR. GOKHALE : " Sir, I wish to offer a few observations on this resolution which my Hon'ble friend Mr. Haque has moved. Sir, personally I do not wish to press the question of the remission of fees at this time of day. I may mention that I used to raise this question in this Council year after year for several years, and that the resolution of the Government, to which my Hon'ble friend referred today, was issued after a discussion in this Council, initiated by myself. However, in view of the expressions of opinion that have come from several Local Governments, it is necessary to consider how far the Government is likely to remit fees and make education free at once. Of course, no one will rejoice more than I if Government is able to remit fees and make education free. It is a matter of 32 lakhs a year to begin with—this remission of fees ; and if the Government so choose, they can do it. This would mean making it free first and compulsory afterwards, or it might be made compulsory first and free afterwards, whichever way we begin ; we have all to advance towards the same goal, namely, free and compulsory education for all the children in this country. I hope to introduce in this Council in a few days, if Government will permit me, a Bill to empower municipalities and local boards to make primary education compulsory within their areas. The Government have given a large non-recurring grant to primary education for next year. I wish the Government had at the same time given a recurring grant to primary education to be distributed among the provinces. A non-recurring grant, without a recurring grant to support it, is likely to be largely thrown away ; it will be spent on school buildings or it may be spent on buildings for training institutions : usefully spent, no doubt ; but in order to make it really effective, it is necessary to supplement it with a recurring grant. It may be that, as the Department of Education has been only recently created, it is not

[7TH MARCH 1911.] [Mr. Gokhale ; Babu Bhupendranath Basu ; Mr. Sachchidananda Sinha.]

yet ready with its programme and so the question of a recurring grant has been simply postponed, and possibly the Finance Department may be able to find money later. If that is so, I have nothing more to say ; but if there is no intention to find money for recurring purposes during this year, and if the Education Department is expected to wait till next year, then I would respectfully urge that it should not be so and that some provision should be made in the budget for next year for a recurring grant for primary education."

The Hon'ble BABU BHUPENDRANATH BASU : "I have much pleasure in supporting the resolution of my Hon'ble friend Mr. Haque. This question, as Mr. Gokhale has mentioned, has been brought forward in this Council as well as in the Local Councils on many different occasions. The question of expense has particularly stood in the way of Government. We have always had the assurance that if expense did not stand in the way, Government would not stand in the way. Government does not think so poorly of the stuff to which my friend the Hon'ble Malik Sahib has referred, and he has shown what that stuff is made of ; but what we want is not high literary education but simply, as my friend the Hon'ble Mr. Haque mentions, some knowledge of reading and writing and arithmetic. That is not much, and that would be useful even to the agriculturist. If he had a little more knowledge, he would be able to hold his own against the mahajan and the zamindar. Apart from that, however, and coming to the question of expense, it strikes one, when the vast population of India is considered, that free primary education would mean the provision of a fund which would be beyond the means of the Government of India to create. I respectfully submit that we should not be overpowered by that fear. In the first place, amongst the higher communities of India from time immemorial it has been the practice of paying something back for the education that is imparted to their children. It is an immemorial custom that the *dakshina* of the *guru* must be paid ; otherwise the education is fruitless. The result would be that only the very poorest classes who are at present unable to pay any fees, or who pay very low fees, which do not swell our revenues to any appreciable extent, will be benefited, and in that view the question is surely one worthy of consideration. I would not suggest at the outset that this should be done throughout the Empire, but selected areas might very easily be taken up where the experiment might be tried, and where also the experiment which my friend the Hon'ble Mr. Gokhale has already insisted on being tried, *viz.*, of making primary education compulsory, might also be introduced. Neither my friend Mr. Haque nor I expect that this resolution would be carried ; but I think it is fair to us to say that we want to have this question prominently before the country and the Government, and that we want to bring it forward every year, not in the hope that it would be carried, but in the hope that its cause may be advanced notwithstanding the apprehensions of friends like the Malik Sahib."

The Hon'ble MR. SACHCHIDANANDA SINHA : "I had no desire to intervene in this debate at all and, but for the remarks of my friend the Malik Sahib, I do not think I should have trespassed on the time of the Council. I must express my surprise, however, to find him, a representative of the agricultural classes, oppose a motion the result of which, if carried, would be to enlighten the very classes he claims to represent, to make them a little more enlightened, and to make them understand and appreciate the blessings of British rule better than they do at present. I remember Sir Antony (now Lord) MacDonnell saying at a convocation of the Allahabad University that what the Government of India were afraid of was not education, but the ignorance of the masses. I, therefore, think that any measure which would tend in the direction of removing the popular ignorance should be welcomed by the representatives of all classes of the Indian people. My own impression is that the agricultural classes of this country are very much at a disadvantage as against the money-lenders - the class characterised by the Malik Sahib as the non-agricultural and trading classes ; and I think that in their own interest, therefore, he should have welcomed a measure of this kind. But I suppose it is only in his capacity as the self-constituted Advocate General of India that he comes forward to oppose even a motion of this character."

[Lieutenant Malik Umar Hayat Khan; the President; [7TH MARCH 1911.]
Syed Shamsul Huda; Mr. Quin.]

The Hon'ble LIEUTENANT MALIK UMAR HAYAT KHAN : " I stand for a point of order. This is a personal remark which is not allowed, and he has done the same thing to me the other day. He said it was a personal remark, and this is a personal remark."

THE PRESIDENT : " I did not catch the remark myself; but I am sure that the Hon'ble Mr. Sinha will very willingly express regret for the annoyance caused to the Hon'ble Member."

The Hon'ble MR. SACHOHIDANANDA SINHA : " I beg to say that I meant no offence. With these few words I heartily associate myself with the remarks of my Hon'ble friend Mr. Haque and cordially support his motion."

The Hon'ble MR. SYED SHAMSUL HUDA : " I beg, Sir, only to say that I am in sympathy with my Hon'ble friend Mr. Haque, and so far as Muhammadan opinion is concerned, it is at one with the Hindu opinion that primary education should be made free in India. The question whether it should be compulsory or not is probably one as to which opinion is divided. My Hon'ble friend Babu Bhupendranath Basu has said that, although he does not want it to be made free throughout the Empire, he wants that in certain selected areas the experiment should be tried. I heartily support him and only beg to express the wish that Eastern Bengal and Assam, which is a province with a large agricultural population, should be selected as the place for the experiment."

The Hon'ble MR. QUIN : " The resolution on which we are asked to vote runs thus :—

" That this Council recommends that the grants to Local Governments be increased by such an amount as will enable them to remit the fees payable in primary schools for the coming year."

" Now, Sir I feel that I can hardly expect to be recognised as the representative of a Local Government when I say that I rise to oppose this motion for an additional grant to a local exchequer. The attitude of a Provincial Member of this Council who comes here to represent a Local Government is popularly supposed to be that which is generally attributed to ' the daughter of the horse-leech ' who is always crying out ' give, give '. On this occasion, however, I feel that the proposal before us is one which it is not desirable should be supported by even the representative of a Local Government who may want more money.

" I would like briefly to state to the Council the reasons why I think that this resolution should not be accepted by them. In the first place I do not think that the question whether primary education is to be made free and whether all fees are to be remitted at the expense of imperial funds is a question which can be either properly or adequately dealt with on a resolution such as has been put before us today. This resolution affects an item in the Budget for one year only, and it seems to me that when the time comes, as come no doubt it will in the future, when the Government of India and this Council have decided that education should be made free throughout India, it will be necessary that a large financial scheme should be framed in order to cover the extra additional expenditure which will be involved. Until that time comes, it seems to me futile that we should pass a resolution—which to be effective, would have at any rate to be annual—recommending the remission of fees. It appears to me to be quite useless that we should pass a resolution this year for the remission of these fees, seeing that next year or the year after the exigencies of the situation might demand that the fees should be re-imposed. This is not, in my opinion, the way in which we should deal with a question of such great importance.

" The second reason why I object to this proposal is that I think the state of affairs which would result from the remission of the fees would be unjust to a very large number of people—the large masses of the people in India who are at present not within reach of facilities for education provided by Government. And not only are such facilities not provided now, but it

[7TH MARCH 1911.]

[Mr. Quin; Mr. Madge.]

is quite clear that for some time to come it will be impossible for these facilities to be placed within their reach. The question was gone into in some detail and at some length in discussing the resolution to which the Hon'ble Mr. Gokhale has alluded which he proposed last year, and I will not detain the Council by giving any figures in the matter except a few which I would like to mention as regards Bombay. In the province of Bombay, of which we have heard it said today and concerning which it is generally admitted that it is by no means the least advanced educationally, there are over 25,000 villages and towns. Of this number at present two-thirds have no schools provided by Government. The question of providing more schools has been receiving great attention in Bombay, and within the last few years the number has increased very considerably, and I may say that within the last year no less than 656 new schools have been opened. But this still leaves something like 17,000 villages and towns in the Bombay Presidency where there is no school, and I may add that a considerable number of these, amounting, indeed, to several hundreds, are not small villages, but are villages where there is a population of over 500. Now, the extension of primary education by increasing the number of schools will no doubt be continued by the Bombay Government, and I have no doubt also by other Provincial Governments; but at the same time it has to be recognised that this is a policy which must not be carried on too rapidly because we are already finding in Bombay that there is great difficulty in obtaining qualified teachers for these schools at the rates of pay which can be given. It has, therefore, been found necessary to utilise a considerable part of the educational grant for the increase of the pay of the teachers. This is of course a great drain on the resources which are available; and taking all the facts into consideration, it seems to be entirely unlikely that education will be brought within the reach of the great masses of the people either in the Bombay Presidency or elsewhere in the near future. As I have already said, therefore, I regard it as unjust that the fees now levied should be given up, that the fees which are charged to boys who are within reach of schools provided by Government should be remitted largely at the expense of parents who, while they may have the desire to obtain education for their children, are not in a position to give it to them because Government cannot afford to place the requisite facilities within their reach.

"Lastly it seems to me that the proposed remission of fees is entirely unnecessary. It was abundantly shown in last year's debate in this Council and it is unquestionably true—at all events I can vouch for it as regards the Bombay Presidency—that where the rules relating to the admission of children to schools without fees are strictly observed, there is no probability that any boy will be kept away from school merely by his inability to pay the fee. Furthermore, it seems very probable that the remission of fees, as was stated in the debate last year, will not result in any large, or indeed in any very appreciable, increase in the number of boys attending the schools. This, as I have said, has already been more or less clearly shown in the papers which have been published on this subject, and I would now only add this small point, that during the last year the statistics of primary education in some Native States of the Bombay Presidency in which education has been made free and compulsory have been studied by one of our inspectors, with the result that a very small increase only has been noticed in the attendance at schools at which fees have been abolished. It seems to me, Sir, then that the proposal which has been made by the Hon'ble Member is both inadequate, unjust and unnecessary, and I hope therefore that it will not be accepted by the Council."

The Hon'ble MR. MADGE: "Sir, as a firm advocate of primary instruction of a practical kind, to which the despatch of 1854 gives a paramount place, I am sorry to oppose this resolution. Paradoxical as this statement may be, I think a little examination of it will show that it is quite reasonable. The despatch of 1854, which laid down the policy of the Indian Government on the whole subject of education, not only described the character which education ought to assume, but also the resources from which its support should be derived; and unless there is some design on the part of the Government to

[Mr. Madge ; Mr. Mudholkar.] [7TH MARCH 1911.]

throw overboard that policy, of which we have had no indication yet, I think we ought to trust the new Education Department to see how that policy, which has been departed from, probably unintentionally, in the past, is brought back to its bearings in that despatch. It is premature, Sir, now, when public opinion on the character of both high and low education is in a fluid condition, to broach a proposal of this kind. We ought to give the new Department time to consider how far we have departed from the policy of the despatch. There is a great deal of truth in what has been said by the Hon'ble Mr. Gokhale that to provide a sum of money from non-recurring expenditure for education, which is supposed to be a permanent thing, is almost a waste of money. When the new Department is able to provide for recurring expenditure on a permanent matter like education, then will be the time to consider what can be done for it. There is also a certain amount of truth in what my friend the Malik over there has said about the agricultural population. I do not for a moment agree with him in supposing that education, if it is practical, is dangerous; but we are often carried away by analogies drawn from civilized countries in this country. We suppose that all institutions that have succeeded there must succeed in this country. We have had more than one lamentable illustration, in my humble opinion, of the failure of that theory. But as regards education I think some consideration must be shown to the fact that the employment of young people in agricultural homes forms a necessary part of their domestic economy, and that compulsory education applied to that class, unless you made it selective as the Hon'ble Babu Bhupendranath Basu suggested, would become absolutely tyrannical; and I do not see on what ground you can make it selective, if it is to be a national institution. I think great injustice and hardship would be done to many poor families if you dragged their children to school and compelled them to undergo a course of primary instruction.

"In regard to the payment of fees, I have tried to study the valuable papers that were circulated last year in Simla, and in my humble opinion the weight of official opinion is rather against than for the introduction of free education just now. Where opinions differ, I mean mere opinions, it is open to non-official Members to disagree with official Members; but where official Members give opinions that are based on facts, I think that the least we can do is to trust them in the report of their facts and trace the connection, as I have done, between their opinions and the facts that they have stated. On these grounds I think this resolution is premature."

The Hon'ble MR. MUDHOLKAR: "Sir, in considering this question it is as well to remember that the experiment of compulsory and free education is not one which is utterly untried in India. We have in Baroda for some years past an experiment in this direction, carried out first in one district and afterwards extended to other districts. And so far as that State is concerned—and that State I think might well be taken as typical of other agricultural parts of India—I say so far as that experiment goes, it has proved successful. The question of compulsory education or free education is in British India a question more of expediency, of what is practicable, than of what is correct in principle. Though I am for free and compulsory education, I recognise that, so far as the country as a whole is concerned, we are yet miles and miles away from it; and until we have advanced our educational efforts to a far larger extent than is possible at present under the peculiar conditions of the finances of the Government of India, the question of either free education or compulsory education must remain in the domains of speculation. I think, Sir, that our first efforts should be directed to expansion of education and to have as many schools as it is possible to have with the available grants. I have been always taking an interest in education, and I have been for a number of years connected with local self-government; and I can say that there are very few boys—I cannot say that there are no boys—who are kept away from school by the inability of their parents to pay their school fees though these latter are anxious to give them schooling. In my province in primary schools the fee is very low, only one anna per boy, and I believe there are very few boys who are kept away from school on that account alone. In rural tracts

[7TH MARCH 1911.] [Mr. Mudholkar ; Mr. Butler.]

there are large percentages of free scholars admitted, and in many cases we find that private individuals are ready to afford help to those who are prevented from sending their children to school on account of poverty. So it appears to me, Sir, that the non-official Members should rather direct their efforts to secure expansion of education than to ask for free education though we have to keep this ideal in view. There are provinces like Bengal where they have a school for every $3\frac{1}{2}$ square miles. There are, on the other hand, provinces where there is not a school for 11 miles or for 22 miles. So when we have got a sufficiently large number of schools, then, and then alone, I think this question of general free education or compulsory education can be considered in a practical form. And though, as I have said, the ideal is to be kept in view, I think we might as well not spend much time over a discussion of it here."

The Hon'ble MR. BUTLER : "Mr. President, I cannot help expressing my admiration for the skill and dexterity with which the Hon'ble Mover of this motion skated over somewhat thin ice. He drew in his eloquent manner very largely on the letter of the Government of India issued in 1900, and he led us to understand that the change in the policy which has followed the issue of that letter was due to a change in the personnel of the Government. Sir, I think it is very easy to show that that is not so. In that letter it was expressly stated, as far as I remember,—and I think my memory is correct,—that free education was to be given as a measure of relief akin to remission of taxation. At that time there were large surpluses in the prospect of the Government of India. Since then those surpluses have disappeared and we are now being faced with totally different conditions, under which the problem assumes a different phase. The Hon'ble Mr. Hague quoted from those papers selections of the opinions of different officers; but, although they may not have been published before the debate at this time last year,—I forget whether they were published or not,—I submit that for all practical purposes and for the purposes of this Council, they were superseded by the debate which took place here on the 18th of March last year. The Hon'ble Member alluded very slightly to that debate which is present in the minds of all of us. I think we all remember the speech of Mr. Orange and the speech of the Hon'ble Mr. Gokhale who moved the resolution. I will not suggest that he has not alluded to that debate because it is less than a year since that debate took place, and that, therefore, had I raised the question under the Rules of Business this motion could not have been debated today. I did not wish to raise that question, because I knew it was a matter in which Hon'ble Members of this Council would be much interested and in which public opinion also was very greatly interested.

"Now I think I can take my start from the debate of last year. The conclusion that was reached then was that so long as the demand for education was in excess of supply, and so long as the supply of education was limited by the state of funds, it was premature and unpractical, however desirable in itself, to remit fees and thereby *pro tanto* to reduce the funds available for the extension of education. That, I think, was the sense of the Council on the 18th March 1910. Now, I need not ask Hon'ble gentlemen whether there has been any great changes in the conditions since then. We have not reached the land flowing with milk and honey: we have had indeed a few bunches of the grapes of Eshcol in the shape of grants for Sanitation and Education, thanks to the kindness of the Finance Department; but we are not yet near the promised land. Before we get there, we have to cross the morass of decaying Opium-revenue. That being so, I say that we are not any nearer, from the point of view of debate, to a settlement of this question than we were a year ago. I have heard this afternoon no new reasons for free primary education. I do not think that it has even been claimed that any new reason has been advanced this afternoon. The Hon'ble Member said that he would proceed with this motion year in and year out until he secured his wish. I hope that he may not have to wait as long as in one of the great civilised advanced countries of the West they had to wait for this. I recall that in the year 1791 the Constituent Assembly in France declared that education should be provided for all and should be free

[*Mr. Butler ; Mr. Mazharul Haque ; the President ;* [7TH MARCH 1911.]
Mr. Quin.]

in what was essential for all men. That was in the year 1791. They first had free primary education in France in the year 1881, that is, 90 years afterwards. I notice also that the Hon'ble Mr. Gokhale, who in this and other matters has shown so much moderation, has dropped for the present this question of free education, and I do not think that in the circumstances I need detain the Council much longer. I leave the question as it was left last year.

"Reference has been made by Hon'ble Members to the new Department that is still new and indeed has not yet been weaned. I can assure them that this Department is at present engaged, and busily engaged, in trying to draw up schemes for the advancement of primary education. What forms these schemes will take eventually I am not in a position to say; I do not know, and if I did know I could not say; but I can assure the Council that the Government of India will never depart from any pledges that they have given, and I think that the creation of the new Department was in some measure a pledge that they would press on the policy of education more earnestly and more vigorously, as funds permit, than before."

The Hon'ble MR. MAZHARUL HAQUE : "I have just a few words to say in reply. I am thoroughly satisfied with raising this discussion in this Council. That was my only object, and I never expected, while we non-officials are so much in the minority, that this resolution would be at once accepted. I said in my speech, and I repeat it, that we intend to bring this matter up before this Council year after year, because we have set our hearts upon providing free primary education for the people of the country and we shall not be satisfied unless they get it. Of course, we do not expect that we shall succeed at once, as it is difficult to make an impression upon the Government. But eventually we do expect to make an impression, and especially we have at the Head of this newly-created Education Department such a sympathetic officer as our friend the Hon'ble Mr. Butler. We non-official Members have been very pleased today to hear the speech of the Hon'ble Member and the pledges that he has given on behalf of the Government of India, and we are all grateful to him.

"I may say one word more. Being a lawyer, I thought that the Hon'ble Mr. Butler had really got me as regards the interpretation of rules and that perhaps I was wrong in moving this resolution, as he reminded the Council that it was within one year of the discussion we had last year on the same subject. I believe the Hon'ble Mr. Butler has mixed up the two sets of rules: one set of which is as regards the discussion of budget, the other as regards the discussion of matters of public interest."

THE PRESIDENT : "The Hon'ble Member must resume his seat. The Hon'ble Member is out of order. The admissibility of this resolution rests entirely with Government, and since it has been permitted, it is a mere waste of time for the Council to discuss it further."

"The Hon'ble MR. MAZHARUL HAQUE : "I bow to the ruling of the Chair; but I was charged with ignorance of rules, and I think I was bound to reply.

"Sir, one word more as regards the points raised by the Hon'ble Mr. Quin of Bombay. He said that it is the traditional policy of the Local Government to oppose this scheme of free primary education. At least I think that is what I heard him say."

The Hon'ble MR. QUIN : "That is not what I intended to say. I said it was the traditional policy or the supposed traditional policy of a Member representing a Provincial Government to get as much money as he can for provincial finances from Imperial revenue."

The Hon'ble MR. MAZHARUL HAQUE : "If that is so, I have nothing more to say. I shall leave the Hon'ble Mr. Gokhale to convert the Hon'ble Mr. Quin to our views, and I hope when he comes next year he will support us."

The resolution was put and rejected.

[7TH MARCH 1911.]

[Mr. Syed Shamsul Huda.]

SANITATION (EASTERN BENGAL AND ASSAM).

The Hon'ble Mr. SYED SHAMSUL HUDA: "Sir, the resolution that stands in my name is this :—

"That this Council recommends that the grant to Eastern Bengal and Assam for Sanitation be raised from £80,000 to £100,000."

"Before going into the merits of this resolution, I wish to assure the Hon'ble Members from the different provinces that this resolution does not mean that any grants given to other provinces should be revoked for the benefit of Eastern Bengal, and I may also assure the Hon'ble the Finance Member that I fully appreciate the generous spirit in which my province has been treated in the matter of the grants. My object in moving this resolution is that a definite sum should be placed at the disposal of the Local Government, ear-marked for certain special sanitary purposes. If any one turns to the Sanitary Report of the Province of Eastern Bengal and Assam—I have in my hand the Report for the year 1909—he will find that out of a total population of about 3 crores, about 728,000 deaths have occurred due to fever only. The recommendations of the Malaria Conference regarding practical measures were divided into heads of (1) extirpation of mosquitos; (2) prophylaxis; (3) education of the sanitary staff; and (4) finance. As regards the first head, drainage was considered to be, under certain conditions, the most important anti-malarial measure in urban areas; but its impracticability in rural areas, except in special circumstances, was recognised by that Conference. In such areas the improvement of surface drainage by removing obstructions and filling up depressions was considered an important practical measure. Both in villages and towns, the lowering of high subsoil water-level, whenever practicable, was considered to be an anti-malarial measure of primary importance. Attention was drawn to the Italian method of filling up swamps, to the clearance of jungle, and to the thinning out of dense tree growths in the neighbourhood of habitations. Since these recommendations were made, the Government of Eastern Bengal and Assam have not found it practicable to do very much in the direction of improving the drainage of rural areas or in clearing jungles. This time fortunately a large grant has been made for sanitary purposes; but the projects which the Government of Eastern Bengal and Assam have in hand for improving the water-supply in urban areas and certain other schemes, would swallow up the whole of the £60,000 that has been granted by the Imperial Government under the head of 'Sanitation.'

"Well, Sir, the people feel, and especially those who live in malarial districts feel most keenly, that a great deal may be done which is not being done. It is all very well to carry on scientific investigations; but whilst you are carrying on your investigations people are dying by thousands. I was told the other day by a high official that before Government spent any large sums of money on drainage schemes and jungle clearing they must be satisfied that these are useful measures. I find the fact of their being useful measures has been recognised by the Malaria Conference. I do not say that the additional £40,000 that I want would have any great effect or that it can be utilised for any large drainage scheme at all. But my object is that, if there is any doubt as to the utility of these measures, this doubt should be set at rest by carrying on experiments in selected areas. There are districts in Eastern Bengal and Assam where the death-rate in consequence of malaria has been as high as 37·41 per mille. In such districts selected areas should be put under operation; the place should be well drained, jungle should be cleared, and if it is found afterwards that these measures have diminished malaria in the place, then we might try to insist upon these improvements being carried out; and considering the mortality in the Eastern province due to malaria, I think the people of the province could submit to a special taxation if necessary for the removal of such an evil. The Finance Member has been generous enough to distribute large sums of money to different provinces. As I have said, I want an additional sum of six lakhs for the purpose of trying experiment on the lines I have suggested, and I submit that this money should be earmarked as granted for

[*Mr. Syed Shamsul Huda ; Mr. Gokhale ; Mr. [7TH MARCH 1911.]*
LeMesurier.]

that particular purpose. If, Sir, this brings us nearer a solution of the difficulties which seem to surround the question—and these difficulties have been greatly increased by conflicting theories brought forward by experts—I think the six lakhs would be well spent. Therefore, in view of the fact that there is enough money in the hands of my Hon'ble friend the Finance Minister, I hope that this necessary measure will not suffer for want of funds."

The Hon'ble MR. GOKHALE : "Sir, I have no wish to object to this resolution ; not at all : in fact I wish good luck to every one who wants anything from the Finance Minister. But I would like to know on what principle these grants have been based. I see no principle, looking at this list ; probably the allotment is made in the spirit of the financial administration, prior to the year 1870, when the Government that clamoured most got the most. These grants have no necessary relation to either the revenues which the different Provincial Governments enjoy, or to the expenditure on Sanitation and Education—I take the two together—which they incur. I shall, therefore, be very glad to hear from the Finance Department on what principle the grants are based."

The Hon'ble MR. LEMESURIER : "Sir, I rise for a very short time to address this Council. I venture to ask the Hon'ble Maulvi Shamsul Huda to reconsider his resolution, not because I take it upon myself to question the ways and means of providing the money for which he asks, since that might best be left to the Finance Department, but because I am anxious to urge him to do nothing which will take away the character which the Local Government I represent here today ventures to hope it has made for itself with the Finance Department—a character for economy and for moderation in its requirements. The Hon'ble Member knows that, as the Finance Member has told us, the province of Eastern Bengal and Assam was in past years starved in administration on many points, and that until a year ago it had not the financial equipment to enable it to carry on the administration without assistance or overdrafts from the balances of the Government of India. Since that time the Financial Settlement has been concluded, which we gratefully acknowledge is adequate for our needs, and to which the recent conversion of so large a proportion of the fixed assignment into growing revenue has added the element in which it was somewhat weak, namely, the provision of a steadily growing revenue to meet the growing needs of administration. But, Sir, that settlement has been in force only since last year, and the Local Government does not feel itself prepared straight off to rush into large schemes of expenditure beyond those which under the painful but beneficial discipline of five years of waiting, and of constant necessity to justify its claims, the province has put into the form of a regular programme of reforms. In the coming year, between this year's grants and those promised for next year, something like 47½ lakhs has been allotted to the Eastern Bengal and Assam Government. In addition, recurring grants of £20,000 for police schemes and a sum which is not mentioned here for an increase of pay to the ministerial establishment, upon whose prosperity and contentment so much useful work depends, also a large grant for university and collegiate education, have all been provided, and these additions to permanent revenue will gradually enable Government to take up all those schemes which it has on hand and which have been admitted to be sound in principle and carefully worked out. But, Sir, the difficulty and responsibility of spending money on undefined schemes of Sanitation and Education are so great that the Government may well hesitate lest with its undeveloped administrative staff and its as yet incomplete resources it should fail to spend the money promptly and usefully, and thereby not only discredit the allotments which have been made to it, but further may risk taking up money which would be better used elsewhere, either by other provinces or for the wants of the country at large. That we could easily spend far more than the Hon'ble Member has asked for, perhaps two or three years hence I have every cause to know. I believe that the schemes of sanitation which have already been examined and for which estimates have been framed amount to a sum which

[7TH MARCH 1911.] [Mr. LeMesurier; Mr. Syed Shamsul Huda; Mr. Sachchidananda Sinha.]

even the enlarged grants asked for in the resolution would not anything like cover; but it is quite certain that all these schemes could not be dealt with at once. It is, I may say, estimated in the Provincial Financial Statement to be very unlikely that the grants which were made this year can fully be expended within the coming financial year. Therefore we feel, Sir, that we have no right to ask for further allotment of money, which we might not be able to spend but which other provinces might. And lastly, Sir, the feeling of the Local Government is this. Its proposals have been met fairly by the Government of India and money has been granted as it was available and as it could be spent; and I would ask the Hon'ble Mover of this motion to agree with the Local Government that its best plan in future is to trust the justness of its own cause, and the accuracy and fulness of its own representations, and the impartiality of the Imperial Government."

The Hon'ble Mr. SYED SHAMSUL HUDA: "I have indeed very little to reply to. My Hon'ble friend Mr. Gokhale has asked on what principle these allotments have been made. That is a curiosity which I share with him because I cannot understand the principle upon which £333,000 have been given to Bombay as a subsidy towards 'the great work' in Bombay City. I confess that I was anxious to find out the underlying principle; but failed. As regards the main question I must say I was somewhat taken aback by the opposition of the Hon'ble Mr. LeMesurier. I did not ask money for myself; I asked it for the province of Eastern Bengal and Assam; and if the Hon'ble Mr. LeMesurier can assure me that the province is in a position to meet all its requirements on the lines that I have indicated, I am certainly prepared to withdraw the resolution. There is no doubt the province of Eastern Bengal is thoroughly satisfied with the grants that it has received; but I do think that more money would be equally welcome to that province; and if it could be spared, and if the necessity for it exists (and I am not at all sure that money is not required), I really do not understand why, if money can be given, the Government of Eastern Bengal should refuse to have it. It has been said that the grant that has already been made the Government does not know how to spend. In that case I must congratulate the Government of Eastern Bengal for having more than it really requires. As I said, this is a large sum, this £60,000, that has been granted to Eastern Bengal and Assam; but they have got a project on which to spend the whole of this money. That project, so far as I am aware (and I have not been contradicted by my Hon'ble friend in that respect) does not include any large expense on drainage and clearing of jungles, and this was the substantial ground upon which I wanted money; and I submit that the only relevant answer would have been that the money granted would suffice for that purpose. Therefore, Sir, I do not withdraw the resolution, although I know fully that it is as good as withdrawing it, because no resolution has succeeded up to this moment."

The resolution was put and rejected.

PROPOSED GRANT TO EASTERN BENGAL AND ASSAM FOR EDUCATION.

The Hon'ble Mr. SYED SHAMSUL HUDA: "I beg to withdraw the next resolution* which stands in my name. Government does not want it, and so I withdraw it."

SPECIAL GRANT (LOWER PROVINCES).

The Hon'ble Mr. SACHCHIDANANDA SINHA: "Sir, I rise to move the resolution which stands in my name:

That this Council recommends that the special grant of 7·6 lakhs made to the Government of the Lower Provinces for next year be raised to thirty lakhs."

"In rising, Sir, to move this resolution, my first words shall be words of gratitude to the Finance Member for having given the Lower Provinces

* That this Council recommends that the grant to Eastern Bengal for Education be raised from £74,500 to £100,000.

Rs. 25 lakhs for Education and Rs. 10 lakhs for Sanitation from out of the current year's surplus. I assure him that we are very grateful to him for these two large sums to meet our requirements; but I do not think that, regard being had to the educational and sanitary condition of the Lower Provinces, these sums are sufficient, and it is therefore that I have risen to move the resolution which stands in my name. We have heard just now from the official representative of the province of Eastern Bengal and Assam that they have got more money than they know what to do with. The Lower Provinces, on the contrary, have been declared by the Finance Member himself to have come to the verge of bankruptcy, and a province that has come to this state of affairs should be considered entitled to some special consideration at the hands of the Imperial Government. Now the ground upon which I seek that the sum of 7·6 lakhs placed at the disposal of the Lower Provinces Government by the Imperial Government from the next financial year should be raised to a larger sum of 80 lakhs is, that the sum so allotted is altogether inadequate to meet the urgent needs of the provinces in the matter of Education and Sanitation, especially in the province of Behar, which now forms the largest of the three provinces under the Lieutenant-Governor in Council. The sanitary condition of Behar is very unsatisfactory indeed. It is well known that, until not many years back, Behar was regarded as the healthiest portion of the Lower Provinces. But a reference to the Annual Report of the Sanitary Commissioner to the Government of India, just issued for the year 1909, says in dealing with these provinces that there were 68·40 per cent. of deaths due to malaria, and 'the districts with the highest death-rates were Darbhanga, Muzaffarpur, Bhagalpur, Shahabad and Darjeeling,' all Behar districts. Similarly, in a resolution of the Government on an earlier report issued two years back by the Sanitary Commissioner to the Government of the Lower Provinces, we find the statement made that 'more than 90 per cent. of the total number of deaths from plague occurred in the Patna Division.' We are further told in the same resolution:—'Looking to the different divisions, Bhagalpur now heads the list with a ratio of deaths per thousand of 30·40.' Later on it is stated: 'In remarkable contrast with these figures (that is, the death-rates of the general population) are those returned for the jails of the province, in which the death-rate per mille (i.e., 1,000) decreased from 24 in 1905 to 17·05 in 1907'; and it is rightly added that these figures show 'what can be done by persistent and commonsense attention to sanitation.' It seems to me that, considering the much higher death-rate outside the jails, there is a strong temptation in the way of people to get themselves sent to jails to be able to lead better and more sanitary lives! A statement was laid upon the table the other day by the Hon'ble Mr. Butler, in reply to a question in this Council, from which it appears that there are six large towns in these provinces containing a population of 50,000 or more—Calcutta, Howrah, Patna, Gya, Darbhanga and Bhagalpur—the last four all Behar towns. Of these four Behar towns, only one—Bhagalpur—has got water-works and only one—Patna—drainage-works. Patna is the capital of Behar and a city with a population of nearly 150,000. It has been for years a crying need that it should have water-works; but owing to straitened finances the municipal board are unable to undertake the scheme. I think, Sir, I have said enough to satisfy the Council that the sanitary requirements of the Lower Provinces need a large grant being made to them by the Imperial Government.

"I shall now say a few words on education in Behar. I do not if the Council will believe me when I say that in the province of Behar, comprising a population of nearly 28 millions and extending over some 70,000 square miles in area, there is only one Government college—that at Patna. This college is, unfortunately, not a model college either. There is no M.A. class in this college; it is not affiliated, I believe, even in B. A., in Philosophy; and in point of class accommodation, laboratory and residential hostels for students it is very badly equipped. We want therefore a large non-recurring grant to be given to us for the purpose of improving the Patna College and the other four colleges at Bankipore, Muzaffarpur, Bhagalpur and Ranchi, which are all private institutions. I have no desire to detain the Council with the details of what might be considered either purely or more or less provincial require-

[7TH MARCH 1911.] [*Mr. Sachchidananda Sinha ; Mr. Mazharul Haque ; Babu Bhupendranath Basu ; Mr. Gates.*]

ments ; but I have invited the attention of the Council to such broad and salient features of the problem as will enable Hon'ble Members and the Government to understand that our urgent needs and requirements compel us to demand more from the Imperial Government."

The Hon'ble MR. MAZHARUL HAQUE : Sir, I am another Beharee in this Council and rise to support the resolution moved by my Hon'ble friend Mr. Sinha. He has made out a very good case indeed for our Native province of Behar, and I do not think that the grant which has been allotted to the province of Bengal—the grant of 7 lakhs—is really sufficient for the needs of such a big province. I am rather apprehensive that this grant would be absorbed by Western Bengal. Calcutta is the head-quarters of the province, and Calcutta always manages somehow or other to take the bigger slice of these grants. I submit we have to bring our needs to the notice of this Council and to impress upon the Members of the Government the necessity of larger grants for our province so that we may get them. With these few words I support my friend."

The Hon'ble BABU BHUPENDRANATH BASU : "Sir, as belonging to the province of Bengal, although not to that part known as Behar, I have much pleasure in supporting this resolution. I quite admit that the needs of Behar are great, that the areas which were at one time looked upon as the healthiest places in the lower provinces of Bengal, stretching from Assam to Behar, are now more or less subject to attacks of malaria, and Behar has suffered more than Bengal from the ravages of plague. My friends, I must say, do an injustice to us, the banditti from Bengal, when they say that we absorb the best part of the apportionment of our province. In times gone by, when Behar was not so largely represented as it is today in the Local Council, questions on sanitation, education and medical relief were pressed both by its own representatives as well as by the Bengali Members with great insistence, and, as my friends will now realize, our efforts in that direction were not always successful. However that may be, Sir, the needs of Bengal are very great, especially in regard to education and sanitation. My friend the Hon'ble Shamsul Huda was just now speaking of the malarious condition of his part of the province, but it is nothing compared to what we suffer in the western part of the old province of Bengal ; and therefore, if any principle had been followed by the Finance Department in the allocation of its funds—a principle from which we are kept in the dark—I respectfully submit that our own province of Bengal should have come in for a much larger assignment both from the recurring as well as the non-recurring grants made than have been given them under the present scheme."

The Hon'ble MR. GATES : "I should perhaps explain to the Council why I intervene in what appears to be a purely domestic matter ; but the fact is that I am unable to share the views of the Hon'ble Mr. Gokhale and to wish good luck to all those who try to raid the Finance Department. The people of my province, living some distance off and not having the advantage of juxtaposition, regard these raids with great distrust, as they feel that they do not get a sufficient share of the booty. Now, it seems to us that the province of Bengal, however great its needs may be, should arrange to meet them by its own resources—resources which are admittedly ample, and which leave a large margin for the increase of taxation. Taxation per head in Bengal at the present time is something like Rs. 1-8. The other provinces pay a great deal more, and while this is the case the people of my province cannot consider it at all just that Bengal, owing to its position of juxtaposition to the Government of India, should obtain more favourable treatment."

"Moreover the past financial history of Bengal appears to an outsider not to suggest that it is a deserving province. It has received in the course of the last three years 47 lakhs from the Government of India ; and not for any useful purposes, but simply to save it from the consequences of its extravagance. It is said that a great deal of this money was spent on education. Bad finance is not sanctified by good objects. And it is no consolation to us in other provinces, whose revenue is elastic and who provide a considerable

[*Mr. Gates ; Mr. Meston ; Mr. Sachchidananda Sinha.*] [7TH MARCH 1911.]

share of the surplus of the Government of India, to feel that 47 lakhs of our hard-earned money were spent in equalising the budget of Bengal. For these reasons, I hope that the Council will show no favour to this motion to give more money to this already unduly favoured province."

The Hon'ble MR. MESTON: "Sir, before the Hon'ble Mr. Sinha rose to explain his resolution, I had taken it as being an innocuous invitation to the other provinces to contribute out of their wealth an extra 22½ lakhs to Bengal. When making the Financial Statement last Wednesday, the Hon'ble Finance Member had made it abundantly clear that the settlements which are now being closed and made permanent were intended generally to be permanent and final arrangements with the provinces of their relations with the Government of India; also that the Imperial Government had certainly not got 22½ lakhs to spare; so that I assumed that the motion was simply a polite invitation to the other provinces to help Bengal. Apparently there has been no haste to accept this invitation and, to judge from the speech of the last Hon'ble Member, if the Hon'ble Mr. Sinha went over to Burma, he would meet with a rather hot reception!"

The Hon'ble MR. SINHA: "I would not care to go there."

The Hon'ble MR. MESTON: "In his speech, however, the Hon'ble Member has explained that it is not so much Bengal as a particular part of it that he would like to be the beneficiary of this additional money. He would be quite content, I take it, if Behar got a bigger slice of the family cake and the rest of the province got a little smaller one. That being so, I had hoped that some arrangement might be come to between the Hon'ble Member and the Hon'ble Mr. Basu. The Hon'ble Mr. Basu, from a notice which stands in his name lower down in the agenda, appears to be of opinion that Bengal gets too much, and I had some hope that he would be prepared to give the balance away to his friends in Behar. However, that arrangement also seems to have fallen through. This being so, I am afraid that I cannot hold out very much comfort to the Hon'ble Member. The Government of India could only help Behar by helping Bengal, and the amount of help which Bengal has already had is as much as it has been found possible to justify with reference to the needs of the rest of India. The current settlement of Bengal which was made in 1906 was described by the then Lieutenant-Governor as fair and liberal. It was very severely tried at the outset by the expansion of the scale of expenditure, an expansion out of all proportion to the growth of revenue; and those who were responsible for the provincial finances in 1907 and 1908 must have seen that they were making the position impossible and the provincial settlement a farce. Since 1908 wiser counsels, however, have prevailed, but it has become a matter of very great difficulty to repair the damage that was done in the past. For this reason Bengal was given wholly special treatment in the adjustment of the settlements which have now been concluded. The seven and a half lakhs which it gets has now enabled it to all practical purposes to budget for equilibrium next year if we omit abnormal and special charges. I may honestly say I wish it had been possible to give more assistance, because the difficulties that lie ahead are very many; but in the circumstances in which our Imperial finances now stand, it would have been only possible to help Bengal more liberally by taking from the other provinces, and this we could not afford to do. I said just now that I could not give the Hon'ble Member any comfort. Perhaps he will accept another gift which flows freely from the Finance Department—sympathy. We do sincerely sympathise with the Hon'ble Member and his colleagues from Behar. It was only a few weeks ago that the Hon'ble Mr. Haque told us that when stern duty calls him from his beloved country of Bengal across the border, he found it impossible to live in the stifling air of the United Provinces. To those of us who for various reasons prefer the air of the United Provinces and consider it decidedly more salubrious, it came as a surprise to be told today that when the Hon'ble Member goes home to Behar, even there he cannot live comfortably, because he comes into the domain of a stern step-father who starves and maltreats him. So our hearts do

[7TH MARCH 1911.] [Mr. Meston ; Mr. Sachchidananda Sinha ; Mr. Earle.]

go out to our poor friends in Behar, suffocated when they cross the border, maltreated when they return home; and we now understand the permanent gloom that settles upon them in this Council."

The Hon'ble MR. SACHCHIDANANDA SINHA: "Sir, I shall be very brief in my reply. I think I made it quite clear in my opening remarks that the reason why I pleaded for Behar was that that province now forms much the largest of the distinct ethnic territories composing the Lower Provinces which is now popularly named, or rather misnamed, 'Bengal'. I therefore made a demand on behalf of Behar, as one thoroughly justified by the facts and circumstances of the case I have already stated. In view of the remarks, however, of my friend—the Hon'ble Mr. Meston—who can offer me only his sympathy but no money, I do not think it necessary to attempt to meet his arguments in detail."

The resolution was put and rejected.

HIGH COURT FOR THE PUNJAB.

The Hon'ble MR. SACHCHIDANANDA SINHA:—"I move, Sir, 'that this Council recommends that the assignment made to the Punjab under the new settlement be so raised as to cover the cost of raising the status of the Punjab Chief Court to that of a Chartered High Court.' I assure the Council that it is not without a sense of trepidation that I rise to move *this* resolution, for fear of drawing upon me the wrath of my friend the Hon'ble Malik Umar Hayat Khan Tiwana, for being venturesome enough to move a resolution about *his own* province. When I moved a resolution about an Executive Council in the United Provinces he took me to task for my moving such a resolution while representing in this Council the Lower Provinces. I, therefore, think I am likely to come in today for a severe handling at his hands for my being so bold as to move a resolution about the Punjab itself. The only way to keep back from moving resolutions about the different Provinces and doing my duty by them, is for my friend to do the work himself and not to leave it to me. But if he does not choose to do so I have no other alternative but to move them in the Council.

"I do not think I shall be justified in taking the time of the Council in discounting upon the superiority of a Chartered High Court over a Provincial Chief Court. All that I want to point out to this Council is that this subject was taken up in the Punjab Provincial Council on the 8th of April last year, and in reply to the observations of an Hon'ble Member there—the Hon'ble Rai Bahadur Shadilal, the representative of the Punjab University—Sir Louis Dane, the Lieutenant-Governor, spoke as follows: 'The question of the raising of the Chief Court to a High Court has often been mooted, but it is a matter within the power of the Government of India. So far as I am aware, there has never been a local objection to the proposal. I would point out, however, that a High Court, with all its establishments, is an expensive luxury and would cost a great deal more than our present Chief Court.' It is clear from these remarks of His Honour the Lieutenant-Governor that the Punjab Government have no objection at all to the proposal and the only thing which stands in the way of the scheme being carried out is financial consideration. In view of the fact that there has been a strong feeling in the Punjab for years past, which has found expression in the Provincial Conferences and in the newspapers of the Province and also in the Provincial Council, that the Chief Court should be raised to the status of a High Court, I beg leave to move that, out of the large surplus expected by the Finance Minister next year, the Local Government be given a sufficiently large sum to enable it to have a Chartered High Court."

The Hon'ble MR. EARLE: "I do not think that I need trouble the Council with detailed remarks on this question. I do not propose to go into the comparative merits of a High Court or a Chief Court for the Punjab. The resolution of my Hon'ble friend is no doubt technically correct, but the subject-matter is one which could much more suitably be discussed in the Punjab Local Council.

[Mr. Earle; Mr. Sachchidananda Sinha; Mr. Gokhale; the President; Pandit Madan Mohan Malaviya.] [7TH MARCH 1911.]

It is a local subject and should be ventilated in the Local Council. The question of a High Court for the Punjab was taken up last in the year 1900. It was referred to the Government of India by the Local Government and by the Government of India to the Secretary of State. It was negatived by the Secretary of State and there the matter rested up to the present time. It can only be re-opened if the Local Government comes up again to the Government of India and makes a recommendation. Not only is this the case, but I think that the present time is a very inopportune one for raising questions of expenditure. We have lately submitted to a self-denying ordinance of economy, and, as far as I remember, when the Hon'ble Mr. Gokhale brought forward a resolution to that effect in this Council, my friend the Hon'ble Mr. Sinha did not dissent, and it seems a little inconsistent that he now comes forward and proposes a measure which will involve a very considerable expenditure of money upon the Local Government. We are unable therefore to accept this resolution."

The Hon'ble MR. SACHCHIDANANDA SINHA: "Sir, as I explained just now, the matter was brought forward in the Provincial Council of the Punjab, and I brought up the question here only in view of the observations of the Lieutenant-Governor. I am glad to know the view of the Government of India that if the recommendation comes up from the Punjab Government, the Imperial Government would consider the matter on its own merits, and I am prepared to leave it there for the present."

The resolution was put and rejected.

The Hon'ble MR. GOKHALE: "May I draw your attention, Sir, to rule 3 which says that the Council shall ordinarily rise at 4 o'clock, unless the President otherwise directs."

THE PRESIDENT: "We have a great deal of work before us, and I think we should, if we can, finish the first stage of the Proceedings today."

SHARE OF LAND-REVENUE (UNITED PROVINCES).

The Hon'ble PANDIT MADAN MOHAN MALAVIYA: "Mr. President, I beg to move that 'this Council recommends that the grant which it is proposed to make to the United Provinces for the relief of municipalities and town areas from Police-charges may not be made, and that instead thereof the Provincial share of Land-revenue may be raised in their case from three-eighths to one-half.'

"I will not detain the Council very long in explaining the grounds for this resolution. But it will be necessary to refer briefly to the history of the Provincial Settlements in order clearly to explain the position of the United Provinces. Now, Sir, we all know that when the Provincial Settlements were first introduced in 1870 there was no principle upon which they were based. The expenditure of the year which preceded was taken as the standard of expenditure and grants were fixed for the different provinces on that basis, but on a reduced scale. For we have to remember that when the measure was introduced one of the principal objects of it was a certain relief to the Imperial exchequer. The Resolution of 1870, which contained the first public expression of the views of the Government of India on the subject, stated among other things that 'the relief of the Imperial finances has been a principal object in the discussion of such measures on former occasions.' Sir Auckland Colvin, in introducing the Financial Statement of 1887, after referring to that Resolution, said:—

'That paragraph shows the important reserve as to the relief of the Imperial finances with which, at its inception, the system of decentralization was accompanied. The grants assigned, with certain branches of expenditure, to the several Local Governments were less than the grants made in the previous year for the same services; the balance was to be found, whether by economy or by local taxation, by Local Governments themselves.'

[7TH MARCH 1911.] [Pandit Madan Mohan Malaviya.]

"In the course of the Financial Statement for 1871-72 Sir Richard Temple made the position absolutely clear :

'The Local Governments,' said he, 'are to have a fixed annual allotment from the general exchequer for these particular services and are to appropriate as local income all receipts connected therewith. They are to regulate (subject to certain general rules) all the expenditure on those services. If the existing income, namely, Imperial allotment *plus* departmental receipts, shall suffice for the requirements of that expenditure, then that is well; if it shall not suffice, then the Local Governments are not to apply to the Government of India for increased grants. They must raise what they need by local taxation or by such like means (subject to our central control) if they fairly can. But if they find that they cannot fairly manage this, then they must necessarily do without the increased expenditure. However much the necessity for doing without the increase may be regretted, there is no help for it. This is the only way of following the good old rule of cutting coat according to cloth.'

"I have quoted this at length to show that the Government of India originally fixed the provincial grants with a view to obtain relief from the constant demands made upon the Imperial Government. I have also shown that the grants were fixed without any reference to the revenue or population of a province, but entirely on the basis of the expenditure incurred in that province in the previous year. The first allotments were fixed on the basis of the budget grants for 1870-71. There were obvious objections against this mode of fixing the allotments. Sir Richard Temple urged that the objections had not been overlooked, but he pleaded that any other method that could be devised would have stirred up controversies and difficulties which would have caused an indefinite postponement of the whole measure.

"To the objection that the grants for 1870-71 had been fixed very economically and therefore afforded too low a standard for future allotments, Sir Richard Temple did not seriously demur. He only said that those grants were really as much as the Government of India could possibly afford at the time, and that they were not likely to be able to afford more for some time to come. The next time when the arrangements were revised in 1877 a modification was introduced in them. But even then, in the result, a retrenchment of about 5 per cent. was made, and in the case of the North-Western Provinces a retrenchment of about Rs. 54,000 was made. In other words, the Local Government was expected to undertake the management of the new expenditure with a new grant of 8½ lakhs less than the Imperial grant hitherto assigned for provincial purposes. Thus both in 1870 and 1877 we did not get an amount quite as much even as we had been spending in the year preceding the year of the revision of the settlement. We got something less on each occasion, and when the arrangement came to be revised in 1881-82, we did not fare much better. No doubt the finances of the Government of India were then in a flourishing condition, and our provinces received the benefit of a remission of taxation. But for the rest, 18 lakhs were taken away from us even in that year. This arbitrary arrangement went on for many years. But we find that a certain principle had been introduced in the provincial settlements in the year 1895-96. The Government of India had evidently laid down that a certain proportion of the land-revenue, *viz.*, one-fourth, should be allotted to Local Governments to meet certain kinds of expenditure, and from that time the share of land-revenue allotted to different provinces has been increased from time to time. At this moment the share of land-revenue allotted to every province except my own province is one-half. It used to be three-eighths in the case of the United Provinces and the Punjab until last year. This year the Government of India have raised it to one-half in the case of the Punjab, but unfortunately the people of the United Provinces have not received the same consideration. So that throughout the whole of the British Indian Empire there is no province now in which less than one-half of the land-revenue is allotted to the Provincial Government to meet provincial expenditure. In the case of Burma the revenue has actually been raised to five-eighths.

"Now, Sir, I submit that there is no reason why the United Provinces should not be allowed to appropriate half of its land-revenue for provincial purposes. I have shown that in the beginning there was no principle on which provincial settlements were based, because they were based merely upon the grants

of the previous year. What happened was this. Those provinces which had come earlier under the British Government, provinces in which the civil administration had become very much more advanced than in the North-Western Provinces, were spending actually proportionally a much larger sum in 1870, and when the assignment was made in their case it was made upon the basis of the figures of their expenditure. The United Provinces Government happened to be spending much less at the time, and a much lower standard of expenditure was perpetuated in their case. But the Government have subsequently evolved certain principles which regulate the assignments to the various provinces. The Secretary to the Government of India stated before the Royal Commission on Decentralization what these principles are. The Commissioners say in their Report :

‘ The object and principal effects of these settlements have been stated to us by the Financial Secretary to the Government of India in these terms :—

“ The general principles which underlie the financial settlements made by the Government of India with a Local Government are as follows :—

“ That the Government of India shall retain certain administrative services which it is inexpedient to hand over to Provincial Governments and that they shall reserve the revenue from those services and such a share of the other public revenues as shall be adequate to the expenditure falling upon them.

“ That the remaining administrative services of the country being entrusted to Provincial Governments, each Local Government shall receive an assured income which will be independent of the needs of the Government of India and sufficient for its normal expenditure.

“ That this income shall be given in the form of a definite share of the revenue which the Local Government collects, in order that the Local Government's resources may expand along with the needs of its administration.

“ And, lastly, that so far as possible, the same share of the chief sources of revenue shall be given to each province to ensure a reasonable equality of treatment.”

“ Now, Sir, this last statement is most important so far as the question before the Council is concerned. I take it that it has been the object and the policy of the Government of India to allot the same share of the chief sources of revenue to each province in order to ensure a reasonable equality of treatment. I ask for nothing more than that effect should be given to this policy in the case of the United Provinces, and that as every other province has been allowed half of its land-revenue, the United Provinces should be allowed half of their land-revenue, for provincial purposes.

“ Fortunately, Sir, both our contributions and our needs justify and support the recommendation which I request the Council to make. So far as our contributions are concerned, looking back to the last forty years and more, the Council will be satisfied that the United Provinces have been contributing the largest share of the land-revenue. Madras has occasionally come up to our standard; but on the whole the land-revenue contribution of the United Provinces has stood at the top, has headed the list throughout the country. In 1882 we contributed over £5,765,000; in 1887 we contributed £5,797,000; in 1897 we contributed over 6 crores; and in 1911 we are contributing 6 crores and 69 lakhs. As I have said before, Madras has only occasionally come up to the same figure and has sometimes exceeded it, as in the present year; but it is indisputable that, of all provinces, the United Provinces have on the whole contributed the largest share of land-revenue to the Government of India. I submit, Sir, that this is a very strong reason why those Provinces should have been allowed to appropriate at least half the amount of those revenue to be spent in the Provinces. It is their misfortune that they have not been allowed to do so. The Central Provinces contribute only 185 lakhs of land-revenue; Eastern Bengal and Assam contributes only 203 lakhs; Bengal contributes 293 lakhs; the Punjab, only 337 lakhs; Bombay, 536 lakhs; Madras, 675 lakhs; each of these Provinces gets half the amount of its land-revenue for provincial expenditure. Burma contributes only 436 lakhs, and receives $\frac{1}{4}$ th of it for such expenditure. But the United Provinces, which contribute 669 lakhs, get only three-eighths of the land-revenue for provincial purposes! I submit, Sir, that there is absolutely no reason which would justify this inequality of treatment in the case of the United Provinces.

[7TH MARCH 1911.] [Pandit Madan Mohan Malaviya.]

"It is not that we are receiving more under other heads of revenue which can make up for the loss under this head. The following comparative Statement will show at a glance both the contributions of the different provinces and the proportion of their total revenues allowed to them for provincial expenditure.

Statement showing the Total Revenue (1911-12)—excluding purely Imperial heads and Interest, Post Office and Telegraph, Mint, Railways and Military.

	Imperial.	Provincial.	TOTAL.	Percentage of Provincial share to Total.
	Rs.	Rs.	Rs.	
Central Provinces . . .	1,01,03,000	2,53,77,000	3,54,80,000	71.52
Burma	2,31,42,000	4,92,58,000	7,24,00,000	68.03
Eastern Bengal and Assam. . .	1,51,28,000	3,22,42,000	4,73,70,000	68.06
Bengal	3,25,25,000	5,41,80,000	8,67,05,000	62.49
United Provinces	5,15,24,000	5,61,67,000	10,76,91,000	52.16
Punjab	3,22,40,000	3,99,36,000	7,21,76,000	55.33
Madras	5,82,01,000	6,45,07,000	12,27,08,000	52.57
Bombay	2,89,99,000	6,60,57,000	9,50,56,000	69.61
TOTAL	25,18,62,000	38,83,24,000	64,01,86,000	60.66

"We thus see that the Central Provinces are allowed 71.52 per cent. of their contributions for provincial expenditure, i.e., that the provincial share of the total revenues contributed by the provinces is 71.52 in the case of the Central Provinces. It is 69.61 in the case of Bombay; 68.03 in the case of Burma; 68.06 in the case of Eastern Bengal and Assam; 62.49 in the case of Bengal; 55.33 in the case of the Punjab; 52.57 in the case of Madras; but it is 52.16 only in the case of the United Provinces!

"Looking again at the aggregate amount contributed by each province, we see that the United Provinces contribute more than any other province except Madras, where large receipts from the excise-revenue have recently swelled the total figures; but excepting Madras, which contributes about a crore more, the United Provinces contribute the largest total figure, viz., Rs. 10,76,91,000. Therefore, when the total amount which is contributed by the United Provinces is not less than that contributed by any other province except Madras, and when the share of land-revenue which we contribute is larger than that of every other province except Madras, the land-revenue share of the United Provinces should in justice be raised to one-half. The average percentage of provincial share to the total revenue for all the eight major provinces is 60.66, that is, over 8 per cent. more than for the United Provinces, and if the resolution which I have the honour to recommend is accepted by the Council and the Government of India, that is to say, if one-eighth of the total land-revenue of the United Provinces is added to our share to raise it to one-half of the total revenue, we shall only get near the average total for the whole country, i.e., near about 61 per cent.

"I have spoken so far of our contributions; I submit also that our needs justify our demand, and even more. The result of the smaller amounts that have been allotted to us has been this, that while the other provinces have largely gone ahead of us in every direction, in every matter which directly concerns the welfare of the people, we have lagged sadly behind. For instance, Bengal has a population of about only 8 millions more than the United Provinces and it contributes on the whole nearly 325 lakhs less to the Government of India. But it is allowed to spend much more in almost every department than the United Provinces. On general administration Bengal spends Rs. 24,24,000, while the United Provinces can only spend Rs. 19,16,000; on education Bengal spends Rs. 70,26,000, the United Provinces only Rs. 48,95,000. On medical relief Bengal spends 80 lakhs, the United Provinces only Rs. 28,04,000. On

[Pandit Madan Mohan Malaviya.] [7TH MARCH 1911.]

scientific and other minor departments Bengal spends Rs. 14,69,000, the United Provinces spend only Rs. 12,91,000. On miscellaneous matters Bengal spends Rs. 6,03,000, while the United Provinces spend only Rs. 1,46,000. On civil works Bengal spends Rs. 78,92,000, while the United Provinces only spend Rs. 68,71,000. So that, looking at some of these principal heads of expenditure, we find that Bengal is spending much more than the United Provinces can under the existing arrangements. And yet, instead of having improved our position, the recent revision has put us in a specially unfavourable condition. Instead of our receiving a larger allotment, we have actually been required to make a recurring assignment of 19·76 to the Imperial Government.

"What is worse, however, is that it is not only in the matter of the provincial settlements that we have not been justly treated. Even in the matter of lump grants made from time to time to the various provinces, we find that the United Provinces receive a much smaller share than the other provinces. In the Budget for 1911-12, of the 90 lakhs that have been allotted to Education, we find that the United Provinces get only Rs. 15,91,000, while Bengal gets Rs. 24,50,000. We find that the United Provinces gets only Rs. 10,50,000 for Sanitation, while the needs of those provinces are much greater than the needs of any other province, as I will presently show. Thus, out of a total of 117 lakhs, while Bengal gets Rs. 84,50,000, the United Provinces get only Rs. 26,41,000. I am taking only two provinces for the purposes of comparison, not because I grudge my friends of Bengal the larger share that they get, but because I want that the share of the United Provinces should be increased in order that the Government of those provinces should be in a position to do its duty by the people entrusted to its care. The same thing happened in 1907, when to start new settlements lump grants were made; 50 lakhs each were given to Bengal, Bombay and Madras and even to the Punjab, and only 30 lakhs to the United Provinces. So also out of the 40 lakhs that were recently set apart for education, 10 lakhs were given to Bengal, 8 lakhs to Madras, 6 lakhs to Bombay, and only 5 lakhs to the United Provinces. It is particularly unfortunate that the United Provinces should have received throughout less than their fair share of the revenue: and now that the Government of India are in a position to do justice to their claims, I submit that that justice should be done. The result of these smaller allotments has been particularly unfortunate. Let us take the case of Sanitation. The United Provinces used to be very much healthier than many other provinces of India; but for the last 10 years we find that the death-rate there has been going up very high. In 1908, the ratio of deaths in each 1,000 of the population for India as a whole was 38·21; for the United Provinces it was 52·73. Now, Sir, there is no other province in India which has been so unfortunate. Our sister province of the Punjab was stricken very badly and had a death-rate of 50·7 in the same year; but we were worse off than even the Punjab, with a death-rate of 52·73 per thousand. In 1899, the death-rate in the United Provinces was 33·19: in the course of the past 10 years, during which we have lost a very large number of people from plague alone, the death-rate has risen so high; from one end of the provinces to the other Municipal Boards and District Boards stand in need of much more assistance for Sanitation and Medical Relief; but the Local Government has not money to give them and cannot help them unless the Government of India put more money into the hands of the Local Government.

"I may refer also to the needs of Education. The United Provinces were the pioneers in the matter of primary education. Mr. Thomason, the Lieutenant-Governor of the United Provinces, introduced primary education there in the forties, and they were held up as a model to other provinces. But now they have to bear the reproach of being the most backward province in the whole of India, the North-West Frontier Province perhaps being excepted. The reasons for it are obvious. If we cannot get money enough to spend on education, education cannot make sufficient progress. How strong has been the cry for education will be seen by a reference to what has been said from time to time by the Directors of Public Instruction in the United Provinces.

[7TH MARCH 1911.] [*Pandit Madan Mohan Malaviya.*]

I would invite the attention of the Council to only one such remark. Writing a few years ago, our late Director of Public Instruction said :—

‘It is scarcely reasonable to expect education to be spread so widely or, if as widely spread, to be so efficient in a province with a small public expenditure as in another which spends more than three times the amount in proportion to the population. To remove the inequality and to raise the United Provinces up to the Bombay standard of liberality, we need to increase our public expenditure on education from 38 lakhs (the amount shown in my last report with our share of the 35 lakhs grant added) to 117 lakhs, *i.e.*, we ought to come in for a further provision of nearly 80 lakhs a year, on the supposition that progressive Bombay stands still : but, allowing for the inevitable expansion there, it would seem that measures are called for to spend in those provinces before very long not less than a crore of rupees annually in addition to the present outlay. If these figures are true, it will not do to put them aside because they are startling. It will be necessary to consider them, to become familiar with them, to acknowledge their irresistible logic, to take action to redress any existing inequitable inequalities that may have to be admitted when every possible allowance has been made for circumstances that may justly be held to modify the case.’

“These remarks are almost as true now as when they were made. In another place actually Mr. Lewis said :—

‘There is a demand in perhaps all districts for more schools, and more schools ; but they cannot be opened because the funds are exhausted. When a people cry out for education and cannot get it, we may well, with Carlyle, count it a tragedy.’

“Now, Sir, if the people of the United Provinces had not been contributing large enough sums to the Government of India to permit of the required increase on Education and Sanitation, etc., I might not have been justified in pressing the resolution for the consideration of the Government. But we know that they do. And if the Government will only be pleased to recognise the justice of allowing the United Provinces to retain half the share of the land-revenue for provincial purposes, as they have recognised it in the case of other provinces, the most pressing requirements of the United Provinces will be fairly met.

“I submit, Sir, that the matter deserves the consideration of the Government at this moment because the Hon'ble Member has informed us that the provincial settlements are going to be made permanent. In fact, the words used by him are almost frightening. He has told us that, apart from the requirements of famine and war, the settlements now made will be fixed, rigid and permanent. A look at the Financial Statements and the proceedings of the Council of the United Provinces for the past few years will show that our Lieutenant-Governors and the Financial Secretaries of the United Provinces, and numerous Members of the Council there, have been urging year after year to our representatives here, a larger allotment for provincial expenditure. It has been clear that the allotment made is barely sufficient to enable the Government to carry on the administration. There is no margin worth the name left for development, and I am constrained to say that if the settlement is to be made permanent on the existing basis, the result will be disastrous so far as the progress of the people of the United Provinces are concerned. I, therefore, earnestly appeal to this Council to consider the justice of our case and to admit it. There is no doubt that this is just the time when the Government can, as they ought to, remedy the injustice from which we have so long suffered. As I have shown from quotations from the speeches of previous Finance Members, when the Government started the provincial settlements on the basis of the budget of 1870, they practically admitted that the standards of expenditure fixed were low, but pleaded that they could not afford to give more at the time. The Government now are, and they have long been, in a position to set the matter right, and I hope that they will do so. For many years past the contributions of the people of the United Provinces have largely contributed to the surpluses of the Government of India. These surpluses have in no small measure been the result of the toil of the tillers of the soil ; and I submit that their condition requires the sympathetic consideration of the Government. The raiyats in the United Provinces do not at present enjoy much of the advantage of education ; the sanitary condition of the villages in which they reside is simply deplorable ; the medical relief provided for them is very inadequate ; the general enlightenment which has relieved the lot of some other sections of His Majesty's subjects has not touched them ; and altogether their condition is pitiable. If famine comes, they fall easy victims to it unless the State

[*Pandit Madan Mohan Malaviya ; Nawab Abdul Majid ; Mr. Holms.*] [7TH MARCH 1911.]

comes to their aid. If disease comes, it takes a heavy toll from among them. I believe there have been between 12 to 15 lakhs of deaths during the last few years from plague alone in the United Provinces. At the present moment we are losing 11,000 souls every week from plague. I submit, Sir, that in view of these facts the Government of India should be pleased, as the responsible guardian of the people of the country, to consider whether their condition cannot generally be improved by the expenditure of a larger share of the revenues which are raised from them, on purposes which directly and vitally affect them. I am not asking for any contributions from other provinces: my provinces have been contributing large enough revenues to enable all legitimate expenditure to be met from them. All that I ask is that the Government of India, which takes possession under the Statute of all the revenues raised in the provinces, should be pleased to consider the justice and the mercifulness of leaving to the people such a portion of those revenues as is necessary to provide for their domestic progress and social advancement. It should consider the justice of leaving to them at least the same share of the revenue as it has thought it fit to leave to other provinces. I plead, Sir, for nothing more than justice to my provinces, and I hope I shall not plead in vain. I commend the resolution to the consideration of the Council in the earnest hope that it will receive the support of all the Members present and that it will commend itself to the Government of India."

The Hon'ble NAWAB ABDUL MAJID: "Sir, I support the resolution which has been brought forward by my Hon'ble friend Mr. Malaviya. There is no doubt that the United Provinces at the present time are in need of much assistance. In every department and on every side there are growing needs, and needs for which the province requires much. Unless, as has been suggested by the Hon'ble Mover of the resolution, something is done, I think there are many things and things which are very important which will be left undone in the United Provinces. It has been urged very strongly by the Hon'ble Mr. Malaviya that the other provinces receive a ratio of their income in a much larger proportion than the United Provinces. Well, if that is so, why should not the United Provinces receive the same treatment as the other provinces receive at the present time? If other provinces receive one-half of their land-revenue, then I would submit to this Council that the same indulgence should be shewn to the United Provinces also. If the United Provinces have not received fair treatment in the past, then surely it is time, especially when, as has been announced by the Finance Minister, a permanent settlement is going to be made, that something should be done for the United Provinces also, and they should receive the same treatment as the other provinces are receiving at the present time."

The Hon'ble Mr. HOLMS: "Sir, it was not till a late hour yesterday evening that I saw for the first time the text of the resolution which my Hon'ble friend has moved today, and it will be understood that I have had no opportunity of communicating with the Government of the United Provinces and ascertaining their views on the resolution; so any remarks which I have to make will represent solely my own personal views. To begin with, I must say that I dissociate myself from the remarks which my Hon'ble friend has made in bringing forward the resolution regarding the apportionment of the large non-recurring grants for certain purposes. I am not prepared to say that the United Provinces has not received fair treatment in this matter. Next I would gratefully acknowledge the more favourable treatment which the United Provinces has received of late years from the Government of India in the matter of its finances. I cannot share with the Hon'ble Member his very gloomy views of the economic position of the United Provinces: I think they are over-coloured. I am unable to follow him also in the view he has taken of the figure of fixed adjustment; for there seems to me some want of appreciation on his part of the financial aspect of this matter. When I have said all this, I have to express my sympathy with the object with which the resolution is brought forward—that of obtaining for the United Provinces a larger share of the revenues raised in the province than it now enjoys. Speaking last year I said that I understood that the

[7TH MARCH 1911.] [Mr. Holms ; Mr. Meston.]

United Provinces Government had under consideration the question of making a representation regarding a revision of their Financial Settlement, and I am not in a position to say whether, after having read the Financial Statement, that Government will abandon that intention. I had delved into the Financial Statement and got some figures together to show what are the surpluses contributed by each province for purely Imperial purposes, that is, mainly for the Army, for the cost of the Government of India itself and the Government of India departments and for certain home charges; and I propose at a later stage of the budget discussion to mention these figures. The two other provinces regarding whose finances resolutions have just been moved base their claims to preferential treatment, one on the ground of the good financial character which it bears with the Government of India, the other on the ground that it is now on the verge of bankruptcy. The United Provinces' claim may rest on the unblemished financial character which I have no doubt the United Provinces bears in common with many other provinces; but it is mainly based on the very large proportion of its resources which it contributes to the purely Imperial needs of the Government of India. With regard to the figures which I have got out, it may be interesting to mention the case of the two provinces whose resolutions have just been before us. The surplus which is contributed or will be contributed according to this budget by the eight large provinces for purely Imperial purposes is twenty-one crores of rupees in all. Of this twenty-one crores the United Provinces contributes, I make it, over 4½ crores. However, absolute figures I do not think are of much use in a matter of this sort. The real test is to take the figure of surplus per head of the population and the figure per square mile of area. Eastern Bengal contributes 7 annas per head of its population towards the surplus for purely Imperial purposes, Bengal contributes 8 annas, and the United Provinces one rupee per head of its population. I do not want to dwell on this aspect of the case. I merely draw the attention of the Council to these facts as indicating that it is possible that the proposals of the Government of India for a final settlement of the finances of the United Provinces may not commend themselves entirely to the Local Government as being a complete and final settlement of the matter. I recognize fully that at this stage it is impossible to add as large a sum as the Hon'ble Member proposes to add to the resources of one province without taking it away from the other provinces. For this reason I do not feel myself able to support the Hon'ble Member's motion."

The Hon'ble MR. MESTON: "Sir, the strength of this appeal must have impressed the Council. It is by no means the first time on which the grievances of the United Provinces finances have been pressed in this Council and elsewhere, and we may listen to the Pandit's dying swan song on the subject with the respect which it deserves. Perhaps I may be permitted to say that, if my own personal affection for the province and its people and my early associations with it had been the only considerations, I would have asked my chief to get somebody else to undertake the unpleasant duty of opposing this motion. But as it is, I do feel that there are stronger considerations involved, for I am convinced that the United Provinces have not been at all unfairly treated in the settlement which has now been made. A good deal of what the Hon'ble Member has said is based on a misconception of the purpose of the settlement—a misconception which is probably not unnatural considering the complexity of the subject. The proposal which he puts forward is that one-eighth of the land-revenue should be transferred from the Imperial to the Provincial share in addition to what the province already receives. This of course would have to be met by a counterbalancing assignment of the figure which Mr. Holms has just given, 79 lakhs, and that would have the effect of raising the adjusting figure of the province to a very high minus figure indeed, a result which apparently the Hon'ble Pandit would strongly object to, but which would have the effect (though it would take time to explain why) of giving the province a far larger proportion of the share of growing revenue than any other province in India. With all my partiality for the province, I really cannot support that.

"What the Hon'ble Member wants, however, is not what I have been describing, but a gross addition of about 80 lakhs to the spending power of

[Mr. Meston ; Pandit Madan Mohan Malaviya.] [7TH MARCH 1911.]

the province in order to meet the many needs which the Pandit has been eloquently describing. As I have said, I am afraid this implies some misconception of the intention and theory of the financial relations between Local Governments and the Imperial Government. The Hon'ble Member has spared me the necessity of explaining what that theory is. He quoted it at length from the evidence given to the Decentralization Commission. I do not think he quite understands it; for he went very far wrong, as the Hon'ble Mr. Holms has pointed out, about the *minus* assignment, and he also laid far too much stress on the principle of equality among the different heads of revenue. The fact that one province gets half of the land-revenue and another gets five-eighths, while the United Provinces has only three-eighths, is really irrelevant. The great point is to get such a share of the growing revenue as will be equal to the normal requirements of the province, and to see that the ratio of growth in that share of revenue is roughly equivalent to the ratio of growth in its expenditure. Whether it gets that growth of revenue from its land-revenue or from excise or from stamps, or from any permutation and combination of them, is not important. What is really required is that we should give the province a sufficient share of its own revenues to enable it to meet its current requirements, calculated with a reasonable margin. The United Provinces have got this, and what they now have to do is so to regulate the development of their expenditure that it does not exceed the pace of the growth in their revenue. Their progress, I must admit, will not be so rapid as some of us would like to see. But certain provinces have, and must always have, relatively smaller spending powers than certain others. I must admit that Madras, the Punjab and the United Provinces are unquestionably the three which have in the past been forced to exercise the greatest economies. Inequality there has been, and inequality I am afraid there must always be to some extent; but it is not nearly so bad as the Hon'ble Pandit would have us to believe. For it must be remembered that our settlement system has tended steadily to remove the inequalities between the different provinces which the Hon'ble Member has complained of. There have been periodical re-settlements for the last thirty years, and in this interval there has been a steady advance in the equipment of every single province. The pressure has been constant in the direction of greater efficiency and greater comfort. The supervision and the control of the Central Government have had the same tendency. All these influences have reacted on each successive settlement and have inevitably worked towards levelling up the scale of expenditure in the different provinces. At every periodical review the poorer Governments have pressed their grievances, and the haggling of the last thirty years has now established a rough equality. In this way I genuinely think the United Provinces have unloaded a considerable share of grievances which at one time they possessed. In old days they suffered for their own virtue. In later days they have been certainly making up lost ground.

"My own connection with the province in provincial finance began when the present Lord MacDonnell ruled the province. He was not six months in office before he saw the financial poverty of the province and set to work to secure more generous treatment, and those who are acquainted with Lord MacDonnell's methods may be quite sure that he got it. The next re-settlement after that was in 1904, when the negotiations and the battles of the province were fought by the Hon'ble Mr. Holms; and here again those of us who have ever had to do business with Mr. Holms need no assurance from me that he got his money's worth. The last re-settlement of the province was in 1907, when Sir John Hewett himself bearded the Government of India at Simla, and after days of hot negotiation and discussion concluded a bargain which left very little to be desired. The further readjustment which has now taken place has also been on lines of more elasticity and more liberality; and I sincerely believe that the result will be steady and advancing prosperity for the United Provinces. I must oppose this resolution."

The Hon'ble PANDIT MADAN MOHAN MALAVIYA: "Sir, if I have given expression to more gloomy views regarding the condition of my people than is justified by facts, I should certainly be sorry for it. No one can be more pleased and thankful to know that that condition is really better than I have

[7TH MARCH 1911.] [*Pandit Madan Mohan Malaviya ; Sir Guy Fleetwood Wilson ; the President.*]

described it. But I venture to think that anybody who will go through the province now, anybody who will enquire into the present condition of the people there, will largely, if not entirely, support what I have said. My Hon'ble friend has said, Sir, that there has been a great improvement in the provincial assignments made to the United Provinces. I gratefully acknowledge that it has been so, but my point of complaint is that, although this has been done, the position of the United Provinces is yet extremely unsatisfactory. My Hon'ble friend admits that there has been inequality in the treatment of the different provinces. But he also says that such inequality there must be ; I do not agree that the Government cannot remedy this inequality. I submit, Sir, there that is no reason why the inequality should not be remedied when both the contributions of the province and the needs of the province justifies such a measure, and when the finances of the Government of India permit of such inequality being remedied. The fact that there has been a mistake in the past is no justification for perpetuating that mistake. With all the improvement which has been made in our position and to which my Hon'ble friend has referred, the provinces do not yet get a fair share of the revenues—do not get sufficient revenues—to be applied to purposes which directly affect the vital interests of the people. I have mentioned some of the most pressing requirements of the people ; I do not wish to take up the time of the Council by repeating what I have said. I submit that the fact that other provinces are receiving one-half of the land-revenue is by itself a strong enough justification in support of the view that I have submitted to the Council. My Hon'ble friend has said that, if we get what I ask for, it would raise the share of the United Provinces to an excessive degree. I submit, Sir, that, as I mentioned before, if the one-eighth share of our land-revenue, which would come to about 80 lakhs, will be given to our province, that would bring us very near to the average percentage of the provincial share for all India, which is about 61. If we get 80 lakhs, we will not be better off than several other provinces, and yet not as well off as some other provinces, for instance, the Central Provinces, which are receiving 71 per cent., or Bombay, which receives 69 per cent., or Eastern Bengal and Assam, which receives 68 per cent. But the worst of it is that, if we do not get what we want, there is not sufficient margin left to us for providing for the progress of the province in all the directions in which an advance should be made.

"I have done my duty, Sir, in submitting this resolution to the Council and to the Government, and I hope that the Government of India will be pleased to reconsider the matter, notwithstanding the fact that their present attitude does not seem to be favourable to it. If the Government will not increase the share of the provincial revenues, the fate of the United Provinces will be most deplorable."

The Hon'ble SIR GUY FLEETWOOD WILSON : "I have listened with great interest to the very exhaustive and somewhat exhausting statement of the Hon'ble Pandit Malaviya ; but I am sorry to say that I adhere to the view which I had already formed, which was that all the claims of all the provinces have received the most careful, the most painstaking and the most sympathetic treatment. I may say that the whole question was under review for many months at Simla, and I do not think there was any feature in any of these readjustments which was not approached with the desire to do justice to each and every province, and which was not gone into over and over again.

"I am sorry it is not possible for me to accept the resolution."

The resolution was put and rejected.

THE PRESIDENT : "Gentlemen, I fear there is no chance of getting through the next resolution before 5 o'clock ; so it will be convenient that we should now adjourn. The Council is adjourned till 11 to-morrow morning."

J. M. MACPHERSON,
*Secretary to the Government of India,
Legislative Department.*

CALCUTTA ;
The 17th March 1911.