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**PROCEEDINGS
OF
*THE INDIAN LEGISLATIVE COUNCIL***

ASSEMBLED FOR THE PURPOSE OF MAKING

LAWS AND REGULATIONS

VOL. LVIII

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GOVERNMENT OF INDIA.
LEGISLATIVE DEPARTMENT.

PROCEEDINGS OF THE INDIAN LEGISLATIVE COUNCIL ASSEMBLED UNDER
THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT, 1915.
(5 & 6 Geo. V, Ch. 81.)

The Council met at the Council Chamber, Imperial Secretariat, Delhi, on
Tuesday, the 24th February, 1920.

PRESENT :

The Hon'ble SIE CLAUDE BELL, K.O.S.I., C.I.B., *presiding*, and 60 Members,
of whom 53 were Additional Members.

**RESOLUTION RE APPOINTMENT OF HIGH COM-
MISSIONER FOR INDIA IN LONDON.**

The Hon'ble Mr. Kamini Kumar Chanda :—“ Sir, I beg to 11-3 A.M.
move the Resolution which stands in my name and runs as follows :—

‘ This Council recommends to the Governor General in Council that early steps be taken for the creation of the appointment of High Commissioner for India in London and his office, and that full consideration be given to the claims of Indians to appointments created in this connection.’

“ This is a matter which I venture to hope will not provoke much controversy and that possibly the Government will be pleased to accept it. In September 1918, my Hon'ble friend Mr. Kharade moved a Resolution in this Council for the appointment of an Agent General for India in London whose business it would be to deal with stores, look after Indian students and similar things. As Hon'ble Members may be aware the functions of the Secretary of State are two-fold. In one capacity he deals with political and administrative questions, and in another capacity he has agency work for the Government of India to do. My Hon'ble friend's idea was to separate the two functions and to make over the Agent's work to a representative somewhat on the lines of the Colonial Agents General. The Colonial Secretary of State, for instance, has no concern with similar work in England. My Hon'ble friend, Sir George Barnes, did not see his way to accept it and it was lost. Although the Government of India threw cold water on the subject, our friends did not lose courage and the matter was taken up in England. There were two Indian witnesses before Lord Crew's Committee, both of them come from what is known as the Moderate camp. I freely confess that I do not appreciate the distinction. I really do not realise what the term connotes. One of the witnesses, Mr. K. C. Roy, in his evidence strongly pressed this matter on the notice of the Committee. The Committee

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was pleased to accept the recommendation, and in their report of June 1919 they say :—

' We are satisfied that the time has come for a demarcation between the agency work of the India Office and its political and administrative functions, and that the step would commend itself to all classes of opinion in India as marking a stage towards full dominion status. Accordingly, we recommend that preliminary action should be taken with a view to the transfer of all agency work to a High Commissioner for India or some similar Indian Governmental representative in London. We suggest that, in the first instance, communications should be entered into with the Government of India with the object of transferring to the direct control of that Government, the Stores Department and also the Accountant-General's Department (subject to any necessary reservations, including the retention of work connected with higher finance), and that the Government of India should at the same time be invited to make suggestions for the transfer to their control of any other agency business, such as that transacted by the Indian Students' Department.'

The Council will see thus that the Committee adopted most of the suggestions that my friend Mr. Khaparde put forward. I cannot help feeling, Sir, that the Government of India, through a lack of perspective, missed the initiation of the scheme which might have been theirs. However, the matter is now placed beyond the stage of discussion, debate and deliberation, for not only has the Joint Parliamentary Committee made similar recommendations, but the matter has now found a place in the statute. In section 35 of the Government of India Act it is laid down :—' His Majesty may by Order in Council make provision for the appointment of a High Commissioner for India in the United Kingdom and for his pay, powers, duties and conditions of employment'. Therefore, what we are now concerned with is, when the Government of India is going to give effect to that enactment, or is it merely to remain a pious wish; we are concerned with when and how this department is to be set up. I submit that this is a matter in which the Government of India must follow the practice of the Dominions. It is well known that they have a representative who is called the Agent General in London and is drawn from a class of persons born and bred in the Dominions. I suggest similarly that this appointment should go to a qualified Indian who has won the confidence of his countrymen, and who will be able to fulfil the post with distinction to himself, with credit to the Empire and benefit to India. That is my submission and not only that, but I submit that in the making of all appointments in this connection, consideration should be given to the claims of Indians; we must try to make this office a really effective Indian organisation, run for India by Indians. With these words I commend the Resolution to this Council."

11-10 A.M.

The Hon'ble Mr. G. S. Khaparde :—" Sir, it is a matter of great satisfaction to me that the resolution which I moved in the Simla Session of 1918 has gone through the usual stages. First is the stage of ridicule, next is the stage of argument, and the last is the stage of acceptance; and this resolution of mine has gone through all these three stages. When I first proposed it, one of the Hon'ble Members, a friend of mine, could not understand what I meant then, and he thought that I was making a joke or something of that kind. That was the first stage. Then came the argumentation stage, in England and the last stage has now been reached regarding the formation of the India Office establishment about which my Hon'ble friend, Mr. Chanda, just read a passage. So it is accepted now that a High Commissioner will be appointed. I proposed the name of High Commissioner in 1918, but I thought then, as I think now, that the designation of Resident Minister would be a better one, because the term of Agent General was not then much in favour. However, I am entirely in sympathy with the Resolution moved by my Hon'ble friend, Mr. Chanda, particularly with that part of it where it says that full consideration be given to the claims of Indians to appointments created in this connection. My friend has confined his remarks merely to the person who would be chosen to become the High Commissioner in London. My idea goes still further than that. I say that not only the High Commissioner should be a duly qualified Indian, but his establishment should also be Indian.

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[24TH FEBRUARY, 1920.] [Mr. G. S. Khayarde; Mr. P. J. Patel.]

In the same speech which I made in Simla, I said that many ministerial officers are going to be appointed in the India Office, but most of them have not seen India at all and probably they would find difficulty in dealing with the subjects. So I propose that it should be made a condition precedent for employment in the India Office that those people who would be appointed in the India Office should spend a part of their time in the Secretariat here, and I also said, which I repeat to-day, that the people in the Secretariat here should get promotions and they should be sent to the India Office. I also said then, and I still say it, that I personally like that a large number of Indians should go to England, and a large number of English people should come to India so that an additional link between the two nations may be established, or to speak in the modern language, the two democracies of India and England may be brought together and made to understand each other. At any rate such a course would facilitate their coming to a common understanding. So I heartily support this proposition, and I would heartily recommend that the posts of High Commissioners and their establishment should be largely Indian, if not exclusively Indian. They should be as largely Indian as you can possibly make it. With these remarks I support the Resolution, and I hope that Government will see their way to accept this recommendation."

The Hon'ble Mr. V. J. Patel:—"Sir, I do not know whether it is really to the advantage of India to have a High Commissioner for India in London at this stage of our development. I say, I have my own doubts about the usefulness of the post, because, I believe, that so long as the High Commissioner is to be controlled by the Government of India, which is not controllable by the people of India, I doubt very much whether the High Commissioner will reflect and represent the opinions of the country at large. I quite see that there is a necessity for a High Commissioner in London from India, but the question is, whether he will serve any useful purpose and will really represent the views of the people at large, and I have my own doubts on this point. However, it is a settled fact that we are going to have a High Commissioner. The question has been settled in the Government of India Bill itself, and what my Hon'ble friend Mr. Chanda wants now is that the Governor General in Council should take early steps for the creation of the appointment of a High Commissioner for India in London. That is one thing that he wants, and the second thing that he wants is that full consideration should be given to the claims of Indians to appointments created in this connection. Well, as regards the first point, it may be mentioned that although the Government of India Bill has passed into an Act, the Act has not come into force yet. It requires yet a notification by the Governor General in Council. So long as there is no notification the Act or any part of it does not come into force at all, and if I understand my Hon'ble friend Mr. Chanda rightly, he wants that the Government should now issue a notification in regard to that particular provision of the Act. Perhaps the Council will remember that when the Government of India Bill was discussed in the House of Commons, Colonel Yate moved an amendment that the Bill should not come into force until the rules were all settled and passed by Parliament. To that the reply was that there were certain sections in the Bill which could come into force at once, and for which there was no necessity for waiting for the rules. I think it was Major Ormsby Gore who made a pointed reference to this particular provision in the Bill. I read a few lines from his speech. He said :—

"I think the Hon'ble member opposite is under a misapprehension as to what the effect of this amendment will be. The effect, as I read it, is that no part of this Bill can be put into force until all the franchise rules and things of that kind have received the affirmative assent of this House. That seems to me quite unreasonable. It is quite impossible for the new local legislatures or the proposed Ministries to come into force until these Rules have been approved by this House. But there are things in the Bill, such as the appointment of a High Commissioner for India. Does the Hon'ble and gallant gentleman want all this sort of thing held up pending the settlement of the Franchise Rules? It is really unreasonable that you should hold up a Bill, which is to receive the assent of

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the King Emperor, and prevent the coming into force of many of its important clauses while we are waiting for the machinery to come from India for the approval of this House of certain franchise and other Rules.'

"So it seems certain that the view of the House of Commons then was that this particular provision of the Bill should come into force immediately without waiting for the rules to come from India, and my Hon'ble friend Mr. Chanda now wants that a notification to that effect should issue, so that the appointment of High Commissioner could be made under it.

"The next point is that in making the appointment the claims of Indians should be taken into consideration. Well, I personally do not see much force in the demand, though I do not wish to oppose that part of my Hon'ble friend Mr. Chanda's Resolution. It does not matter whether you have an Indian or a European so long as the incumbent is not to be controlled by the representatives of the people. He will be guided, whether he is a European or an Indian, he will be controlled by the Secretary of State and the Government India, and he will have to follow the instructions laid down and orders issued for him from time to time by them. Rules will be framed under that section and those rules will be binding on him. However, I should certainly like to see an Indian appointed as High Commissioner, if Mr. Chanda thinks an Indian in that post will do much better than a European. With these observations, I support the Resolution."

11-20 A.M.

The Hon'ble Sir William Marris:—"Sir, I think the Council will gather from the fact that I have been asked to deal with this resolution by the Hon'ble Member for Commerce and Industry that this question of the appointment of a High Commissioner in London has not actually reached the positive constructive stage. I do not mean to say that we are vague about it or theoretical, but it is a case in regard to which we have not yet got a plan clearly thought out in detail. We have a definite idea of the nature of the office and general character of its functions, but we have not yet got, so to speak, the working drawings. We trust the time is by no means far off at which we shall have them, but we have not quite reached that point yet. Now, Sir, in the sense that questions relating to the operations of the Stores Department of the India Office and their re-action upon Indian industries have been for some time agitated, this question is not a new one, but in the further sense that such dissatisfaction as has been expressed at the arrangements for the purchase of stores has now become embodied in the concrete desire for a High Commissioner and the beginning of the emancipation of our business operations in England from the absolute control of the India Office, in that sense, Sir, this project is not a very old one. The germ of it lies in that paragraph of the Report on Constitutional Reforms which advised that the agency functions of the India Office should be segregated from their political and administrative functions and that the latter alone should be a charge upon Indian revenues. That report was published in July 1918. As the Hon'ble mover has told us, a month or two later the Hon'ble Mr. Khaparde moved his resolution for the appointment of what was then called an Agent General, whose functions would be primarily to undertake the purchase of stores, to act as Indian Trade Commissioner, to look after Indian students, to make purchases of silver, to take over the work of the Finance Committee of the India Office, and so forth. That resolution, Sir, was not accepted by this Council. I do not think the Hon'ble Mover put the matter quite fairly when he said that Government threw cold water on it. The fact was, as the Hon'ble Member in charge pointed out, and as was known to the Council at the time, that the Industrial Commission was then sitting and was very much concerned in this question of the production and purchase of stores, and that that Commission was likely to make proposals for the development of the production of stores in India in a way which the retention of the purchasing power in the hands of an Agent General might rather thwart than encourage. That was the view which the Hon'ble Commerce Member presented to the Council and which met with the acceptance of the Council. The Hon'ble Mr. Khaparde, however, made it plain that the

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duties of this officer in London might be a question of detail, and what he was largely driving at was the provision in London of a representative of Indian interests, who would not be under the control of the India Office, but an officer of the Government of India, and although the Resolution was not accepted by Government or Council, that was a point of view for which every one I think felt that there was much to be said.

"The next stage, Sir, was the report of the Orewé Committee on India Office organisation. They went a little further than the Montagu-Chelmsford Report and proposed a demarcation between the administrative and political and the agency functions of the India Office. They thought that the step would be acceptable to Indian opinion 'as marking a stage towards full Dominion status.' But when we look at their positive proposals we see that they fall short of this. What they recommended was that the direct control of the Stores Department of the India Office and some of the Accountant General's work of that office, (but not high finance), and other work that lent itself to such treatment, such as the business of the Indian Students Department, should be transferred to the new office. They thus left a perceptibly wide gap between the functions of the office which they contemplated and those of a full blown Dominion High Commissioner. And it is, I think, obvious that that distinction must be made so long as Parliament and the Secretary of State retain the responsibility for Indian affairs which the Government of India Act lays upon them. The Indian High Commissioner cannot exercise the diplomatic functions which Dominion High Commissioners do. I think that is clear. At all events the Joint Committee thought so, for they laid it down significantly that our High Commissioner's functions should be functions of agency as distinct from political functions analogous to those performed by Dominion High Commissioners. This inevitable decision cuts out from immediate consideration what to my mind is perhaps the most interesting feature of the subject, namely, the problems that arise in respect of diplomatic relations.—I mean the indeterminate position of the High Commissioner between the changing Dominion Governments and the great Departments in Whitehall. It is an interesting thing to an observer of political developments to notice that it has always been the aim of the Departments to treat these Dominion High Commissioners as the diplomatic representatives of the great Dominions in London and to deal with the Dominions through their High Commissioners. There has been, on the other hand, a perceptible reluctance on the part of the Parliaments of the Dominions to allow their representatives that status, and when Imperial matters of first importance have come up for discussion, that discussion has not been conducted, as might have been expected, through the High Commissioners, but the Premiers or leading statesmen of the Dominions have come over to participate at first hand in the deliberations. That, Sir, is not an aspect of the matter which immediately concerns us because it may not arise. But limited as the functions of our High Commissioner may be at the outset, it seems to me perfectly certain that the mere fact that we have a representative of our own in London will result bit by bit in new functions being given to him, and personally I should forecast at no very distant date an interesting question arising as to the powers of the High Commissioner and the rights of the Government of India to deal with him *vis a vis* of the Secretary of State.

"However, leaving these questions which do not immediately arise from the Resolution and confining ourselves only to the sure ground upon which we have to build, we may take it that the High Commissioner in London, an office which is shortly to be created, will at all events deal with the purchase of such stores as are required to be bought overseas. He will have associated with him an Indian Trade Commissioner, and he may or may not exercise functions connected with the supervision of Indian students.

"Well, Sir, what then is the position at the present moment? The position is that the Government of India of course intend to pursue this policy and to make this appointment, but at this actual moment a Stores Committee is in session to consider the question of the arrangements to be made for the

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[*Sir William Marris; Mr. Kamini Kumar Chanda; Mr. Sachchidananda Sinha; Sir Claude Hill; Sir William Vincent.*] [24TH FEBRUARY, 1920.]

purchase of stores in India. The question of the arrangements to be made for the purchase of stores in England must obviously depend upon what is seen to be possible and expedient as regards purchase in this country, for the most direct way in which we can stimulate production in this country is by purchase in this country; such production must come first; it must be furthered by every legitimate and prudent means. That, Sir, is the declared policy of Government and it has the support of Indian opinion. As soon, therefore, as the Stores Committee have advised upon this question the Government of India think that the time will be ripe to take up this matter of moving for the appointment of a High Commissioner and of definitely defining his duties. They are perfectly willing to give an undertaking that the question will then be considered, and it goes without saying that the further question which is raised by the Hon'ble Member's Resolution will receive the fullest consideration also. With this explanation, Sir, that we must first see one more step ahead of us before acting, the Government of India accept the Hon'ble Member's Resolution."

11-33 A.M.

The Hon'ble Mr. Kamini Kumar Chanda:—"Sir, I am grateful to the Hon'ble Sir William Marris for his kind acceptance of my Resolution with certain reservations.

"While I was listening to his very instructive and very interesting speech—it was several times the length of my few remarks—I was wondering whether I would not be justified in characterising the present attitude of Government as the same which was adopted in 1918, namely, that of throwing cold water upon the scheme. It is now two years since this matter was debated and recommended by the Orewé Committee, the Joint Committee and lately found a place in the Statute; still we are told that the time has not yet come, and that many other things have to be taken into consideration. However, I am pleased to hear that Government accepts my Resolution. I am prepared, Sir, to accept the attitude that we must go through several stages and that we shall have progressive realisation in this also as in other matters. I, therefore, express my gratitude for the attitude which has been taken up by the Hon'ble Member."

The Resolution was put and adopted.

RESOLUTION RE PROVINCIAL SERVICES.

11-34 A.M.

The Hon'ble Mr. Sachchidananda Sinha:—"Sir, at the time I gave notice of the Resolution* which stands in my name, the orders of the Secretary of State in regard to the recommendations of the Public Services Commission about the Provincial services had not been passed and there was no knowing when they would be passed. But yesterday, in reply to an interpellation, the Hon'ble the Home Member gave information that the orders had been passed which makes it unnecessary now for me to press this Resolution. I, therefore, ask for leave to withdraw it."

The Hon'ble Sir Claude Hill (presiding):—"The Hon'ble Mr. Sinha's Resolution is by leave withdrawn."

The Hon'ble Sir William Vincent:—"May I rise to a point of order, Sir. Has it not to be put to the vote?"

The Hon'ble Sir Claude Hill (presiding):—"It has not been moved."

The Resolution was by leave withdrawn.

*This Council recommends to the Governor General in Council that orders be passed without further delay on the recommendations of the Public Services Commission relating to the various Provincial services.

[24TH FEBRUARY, 1920.] [Mr. V. J. Patel.]

(RESOLUTION RE AMNESTY TO POLITICAL OFFENDERS.)

The Hon'ble Mr. V. J. Patel:—“Sir, I beg to move the following Resolution:—

11-35 A.M.

‘This Council recommends to the Governor General in Council that he may be pleased to give the fullest effect to the letter and spirit of the Royal Proclamation in regard to clemency to political offenders.’ *dt - 24.2.20.*

“Sir, the policy of His Majesty's Government is to introduce responsible government in India, and, in order that that policy might be carried out successfully, it is necessary that the officials, *i.e.*, those responsible for the government, and the people of India must work together. Now they must, I say, work together with a common determination for a common purpose, namely, the attainment of responsible government in India. This is possible if there is co-operation between the people and the officials. Now, in order to bring about the necessary co-operation, it is absolutely essential that all traces of bitterness between the people and the officials must disappear. Now, how are those traces of bitterness to disappear? Several ways were first hinted at by Colonel Wedgwood in the House of Commons on the 5th of December. Colonel Wedgwood in his speech on the third reading of the Government of India Bill, uttered these memorable words:—

‘This Bill is not enough. India is not vitally interested in this Bill. India is infinitely more vitally interested in the repeal of the Press Act, of the Seditious Meetings Act, the Rowlatt Act, and all the un-English Acts with which we have had to hold down India. India is much more interested in an amnesty for political offenders, for those hundreds of men who still lie in jail in India or who are banished all over the world. If this Bill is to be a success, if it is to work, remember that it must have the right atmosphere in which to work. Unless it has that right atmosphere, no amount of amendments, even if we carried them from the Labour benches, would put the matter right. No amount of amendments would unite the English and Indian peoples as they ought to be re-united. They have been severed—I will not go into the reason of it now—by people who did not know what England stood for. We have to bind them together. This Bill is not enough. Start from that, but for goodness' sake when this Act comes into force, when the new constitution is granted to India, see that it is accompanied by a full amnesty for all political offenders, and see, above all, that it is accompanied by a declaration of rights which will put the humblest Indian subject of the British Crown on the same footing as any of us here, and establish all those principles for which the English have fought in the past when they conquered their rulers.

‘Give us throughout the whole British Commonwealth a people divided neither by colour bars nor by any differentiation in the rights of men.’

“Those are noble words of a noble member of the House of Commons. Now, what do we find? A few days after that, I think about two weeks after that, comes the Proclamation from His Majesty the King-Emperor embodying one of the suggestions made by Colonel Wedgwood, namely, the general amnesty. Of course the Proclamation is not exhaustive as to the ways by which all bitterness can be obliterated; it refers to one of the ways, namely, general amnesty to all political prisoners. Now, Sir, the question is whether the fullest effect has been given to this command of His Majesty. Well, of course, if the fullest effect had been given there was no justification for the admission of this resolution. The very fact that His Excellency has been kind enough to admit this resolution is proof enough that the fullest effect has not been given. But, apart from that, it is necessary for me to give this Council a few facts and statistics to show that the letter and the spirit of the Royal Proclamation have not been observed. I take Bombay first. In Bombay 123 people were convicted by the Martial Law Commissioners. Out of these 123 I think 72 were released, and 51 are still rotting in jails. I know that the sentences of 18 of these 51 have been reduced, but I submit to this Council that it is not a question of reduction of sentences. What His Majesty the King desires is that all traces of bitterness should be obliterated, not reduced. Reduction of sentences, if it means anything at all, means reduction in the bitterness. What is required is a clean slate. I do not know on what principle the Government of Bombay acted in this matter. Of course there is that general discretion given to His Excellency the Viceroy that in extending

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the general clemency he should consider the question of public safety at the same time. That is a discretion which must be very wisely exercised. But nothing in the Proclamation admits of reduction of sentences surely. The discretion clause means that certain people whom the Viceroy thinks are people who could not consistently with public safety be released should not be granted amnesty. However, if I were the adviser of Government, which fortunately I am not, what I would do is this. I would advise His Excellency the Viceroy to ask all political offenders whether they wish to take advantage of the general amnesty clause or not. I assure you, Sir, and I assure this Council, that whatever else you may say against these people they are an honest lot; they mean what they say and they say what they mean, and if you ask them whether they wish to take advantage of the general amnesty clause, that is to say, whether they propose hereafter to begin with a clean slate and to have no bitterness whatsoever, and if they say 'yes,' I would advise His Excellency the Viceroy to trust those people, to take them at their word. Let us ask them, I say, whether they wish to take advantage of the general amnesty clause in the Royal Proclamation, and if they say 'yes,' trust them, confide in them, and they will not fail you; in fact, they had their convictions and they paid the price for them, and if they now say 'Well, in view of the changed circumstances, in view of the Royal Proclamation, we are willing to have all bitterness obliterated and to begin with a clean slate and co-operate with Government,' why not confide in them and grant them general amnesty?

"I was referring, Sir, to the cases in Bombay. Now in Bombay, as I say, there are 51 persons still left in jail out of 123. There are also other stray cases here and there in Bombay, the case of Mr. Horniman for example. The Secretary of State wrote to Mr. Horniman the other day that his case entirely depended upon the view that the Governor of Bombay would take. No doubt Mr. Horniman has been refused passports, but the letter that the Secretary of State wrote to Mr. Horniman is perfectly clear, that passports were refused, not because the passport officers in their discretion thought fit to do so, but because the Governor of Bombay had not yet consented to the return of Mr. Horniman to India; and after all we know exactly how things stand. We know what were the allegations against Mr. Horniman. They were only two as subsequently announced, one was that he published a newspaper telegram from the Delhi correspondent of the *Bombay Chronicle* just at or about the time when the riots took place in Delhi; that telegram stated that some soldiers in the firing used what he called soft-nosed bullets. Well it was subsequently found that no such bullets were used, and thereupon the same correspondent sent a telegram to Mr. Horniman withdrawing the allegation. That telegram was despatched to Mr. Horniman, I understand, on the 17th April, or thereabout, and Mr. Horniman was deported on the 26th, and for some mysterious reasons the latter telegram that was sent by the correspondent did not reach the *Bombay Chronicle* office till the 29th, and immediately it was given publication in the *Chronicle*.

"Sir, I do not know why the telegram did not reach Mr. Horniman in due course. Perhaps the Government alone can explain. Neither Mr. Horniman nor anybody can say how it was that the telegram which was despatched from Delhi on the 17th did not reach Bombay until the 29th. The deportation took place on the 26th. All these facts were brought to the notice of Mr. Montagu by the Directors of the *Bombay Chronicle*, they sent a cablegram explaining the whole situation and the fact that the telegram had been delayed. The second and the only other allegation was that the *Bombay Chronicle* was distributed free among the soldiers in the hope of exciting insubordination. Now that allegation is one that has been often characterised as false, by the *Bombay Chronicle* itself, and Mr. Horniman himself called upon the authorities to prove it. Nothing of the kind has been done. I think the authorities must now admit that the allegation was without foundation. These were the only two allegations on which Mr. Horniman was regarded by the authorities a person dangerous to public safety. This, Sir, is really not the way to invite co-operation. If you want co-operation you must be prepared on your side also for co-operation. It cannot be one-sided, it must be, as one of my friends has often stated, responsive. Then there are other cases in Bombay, the case of the Savarkar

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Brothers. They have offered several times to co-operate, but I will not discuss their case. I will leave it to my Hon'ble friend Mr. Khaparde. I have asked several questions for statistics of persons who come in under the amnesty clause; I have not got them yet. I cannot therefore give the Council the exact figures of all provinces, but I have some figures of Bengal prisoners. The Hon'ble Mr. Stevenson gave them in the Bengal Legislative Council; he admitted on the 3rd instant that out of 64 persons detained by executive order under Regulation III of 1818, only ten have been released. So that out of 64 persons 54 are still under detention. Sir, this is not the way to treat the Royal Proclamation. Then there is another lot of 52 persons who have been convicted for offences against the State; out of these 52 persons not a single person has been released, says the Hon'ble Mr. Stevenson on the 3rd instant. I am told a few have been released since, but I cannot say how many. And yet we are told that generous effect has been given to the amnesty clause in the Royal Proclamation. I know the case of a person in Bengal of the name of Kazi Abdul Gaffar. An exterrament order was passed against him by the Bengal Government. He applied for the extension of general amnesty to his case. His application has been refused. He has suffered in his business and has been ruined, and yet there he is; he cannot enter Bengal. Then in the Punjab 96 persons are still in jail. They have not been released. I saw a letter this morning sent by a gentleman from Peshawar to the Hon'ble Mr. S. Sinha, Member of this Council. The letter says 'Please draw the attention of Government to the distressed people of the Peshawar district, several newspapers have to pay heavy security, several persons are under trial under martial law for inability to furnish security, thousands of arms forfeited, people merely protested against the Rowlatt Act.' Now, Sir, I want the Government to take courage in both hands and grant a general amnesty according to the letter and the spirit of the Royal Proclamation. I am reminded of an incident that happened the other day at Jullundur. The District Magistrate, Mr. Hamilton, refused to renew licenses under the Arms Act to several people because the applicants had joined the Indian National Congress at Amritsar which passed 'certain seditious Resolutions.' That is indeed an effective reply to the Royal Proclamation! I hope there are not many Hamiltons in the I.O.S. I wish the people and the officials to forget the past and begin afresh. This is possible to some extent if fullest effect is given to the letter and spirit of the Royal Proclamation. One word more. The term 'political offenders' ought to be widely construed. I know different Local Governments put different construction on these words. The Burma Government, for instance, has passed orders in favour of persons dealt with under the Press Act, while other Local Governments have not done so. This is not a matter that should be left to each Local Government. The Royal Proclamation directs the Viceroy to grant amnesty; not the Governor General in Council or any Local Government. The Viceroy alone is charged with this duty. I hope and trust that the Viceroy will take courage and rise to the occasion and give the fullest effect to the Royal Command. With these words I move my resolution."

(The Hon'ble Mr. G. S. Khaparde:—"Sir, I take this opportunity of mentioning some facts which appear to me to be relevant to the case of the Savarkar Brothers which my Hon'ble friend Mr. Patel has left me to speak about, because I have seen some of their papers and put questions which have not yet come on the agenda. The elder brother is G. D. Savarkar. The younger brother is popularly known as barrister Savarkar because he went to England and qualified for the Bar. Now the elder brother in the year 1909 published a poem. That poem was considered bad or seditious or whatever you might call it, and the charge he was taken up under was attempting to wage war against His Majesty. The Sessions Judge who tried the case sentenced him to transportation for life and forfeiture of his property believing, as he expressed in his judgment, that he could not give a lesser sentence because the law provides either death or transportation for life. Then the case was taken in appeal to the High Court, and the High Court also held that the law was very clear on the point, that the Courts had no jurisdiction

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to give a lesser sentence. I thought that would be a case eminently fitted for being considered mercifully. The man has been in jail since 1909 in the Andamans. I believe he has already undergone ten years' imprisonment, and transportation for that period is a sufficient sentence for writing a poem. The funny part of it is that I do not think that one in a hundred has read that poem. Probably if anybody read it, he would not care to read it for a second time. But whatever it may be, I thought that it was a proper case for mercy, and I thought that the man would be released under the general amnesty, granted by His Majesty, but he has not been released. The case of his younger brother, barrister Savarkar as they call him, is rather a remarkable one, and most Hon'ble Members may probably remember it. He was a law student in London, and he was hauled up for some charge for writing something. He was extradited, and while on his way to India at Marseilles he jumped out of the port-hole and swam to the shore. I tell this to the Council because there is an important argument that admits of being based on this part of the case. He touched the land, he was on the land, when he was re-arrested. So he claimed that he was on the French soil and being under the protection of the French Government, he could not be legally re-arrested. He carried the matter further to the Hague Tribunal. In the meantime the man was arrested and brought to Bombay and placed before a Special Bench of the Bombay High Court. He pleaded that the Court had no jurisdiction, that his case was before the Hague Tribunal and until the Hague Tribunal decided the matter he prayed that his case may be postponed. The Judges of the Bombay High Court held, and I am not prepared to differ from their view, probably it is the correct view, that the Court could deal with him. Therefore he declined to take any part in the proceedings and trial and said that he would not cross-examine, that he would not put in any defence, and that he would allow the thing to go on and to take its own course as if he was absent. Well, the trial which may be said to be *ex parte* ended in his conviction. He was transported for life and his property was forfeited, and that man has been all along in the Andaman Jail. I thought that this was also a proper case for mercy. He is a young man who wrote something, probably very bad I quite agree. Judges of the High Court did not wait for the Hague judgment. Probably they were right because after all these are matters of opinion. There is, however, one fact very remarkable about these two brothers, and it is this. When the war broke out, these two brothers offered their services and added that if they were released they would enlist and go to the front and perform such duties as would be assigned to them. I have heard it, and, I believe, I have read it somewhere, that Napoleon used to like people of this kind who did not care for their own lives, and sent them to the front, and if they deserved any punishment, he thought he better leave that to the enemy. He put them on scout duty and generally assigned any other dangerous duties; so had the offer of these two brothers been accepted, I suppose the Empire would have benefited by taking advantage of their reckless nature. That was a grand opportunity I thought, and I also thought that the British Government would gladly release them and send them to the front and keep them employed on dangerous duties, but that opportunity also has passed. Then I thought that those two brothers would be released under the general amnesty, because after all these are young people, both of them were under 22 years of age, more or less, when they committed offences I believe, and I thought they would be fit subjects to be released more especially that they had applied to the Government, I believe in 1918, for enlistment expressing at the same time that whatever they had said or done had been recklessly done, and that if they were released they would remain very law-abiding subjects, and one of them who appears to have heard of the Government of India Act as it was being framed then, added that if that Act was passed, he would be a very loyal subject, he would do everything in his power to make it successful, and that he would give up his former ways. When this petition was brought to my notice

The Hon'ble Sir William Vincent:—"May I know the name of this person?"

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The Hon'ble Mr. G. S. Khaparde :—" He is popularly known as Barrister Savarkar."

The Hon'ble Sir Claude Hill (*presiding*) :—" The Hon'ble Member is dealing with the two Savarkar Brothers."

The Hon'ble Sir William Vincent :—" I did not catch the name of this man."

The Hon'ble Mr. G. S. Khaparde :—" Both of these brothers offered to become very loyal subjects and that they would make the Act successful and so on. I thought that when this Act was passed and when this general amnesty was proclaimed, the case of both these two brothers would come under the clause which I will read out from His Majesty's Proclamation. It says ' It is my earnest desire at this time that, so far as possible, any trace of bitterness between my people and those who are responsible for my Government should be obliterated. Let those who in their eagerness for political progress have broken the law in the past respect it in the future'. So I thought that the case of these two brothers would come under this clause, because these two people had broken the law, they had said foolish things, they had suffered for it, and now was the proper time to release them so that they might respect the law hereafter more especially as they had promised to do so. But unfortunately they have not yet been released so far as I know, and therefore, I thought it was a proper case to be mentioned in connection with this resolution.

" There is also a case of Maulvi K. M. Abdul Gaffar reference to which has already been made by my Hon'ble friend Mr. Patel. It is reported in fairly full detail in the *Amrita Bazar Patrika*, dated Monday, the 16th February 1920. I suppose all the details which led to his arrest and externment are not well known. The Council may remember that in 1918 there were some disturbances in Calcutta. After that he delivered a speech in Calcutta which was considered seditious. As a result of that he was asked to leave Calcutta. Then he came to the United Provinces. There they found it inconvenient to keep him; and they said ' we do not want you here,' but anyhow he applied again to the Bengal Government.

" But the Bengal Government would not have him back ; he has got a residence in Calcutta, and that is how the poor man is now hanging about without a domicile. There is another case of that same kind, Bahman, editor of the *Akwat*. That gentleman is also more or less in the same position not convicted of any particular offence, but his articles were considered as rather bad and he has been externed also. I state these cases in some detail to show that the complaint made by my Hon'ble friend Mr. Patel is not groundless, also in the hope that if these cases have escaped the notice of the Government of India (I have put down a question on that and there is a resolution on it which may come up later), and if their attention is drawn to them, they might receive the mercy that has been graciously proclaimed by His Majesty. With these words I heartily support this resolution brought by my Hon'ble friend Mr. Patel.")

The Hon'ble Mr. Sachchidananda Sinha :—" Sir, I would like to associate myself with the resolution moved by the Hon'ble Mr. Patel. I sent in, some time back, a question asking for information as to the numbers of the persons released in the various provinces under the Royal Proclamation of His Majesty. That question has not yet been disposed of, and I am, therefore, at this disadvantage that I do not know how the figures stand. Perhaps to-morrow we shall know exactly. But without going into details I should like to say, as I did when moving my resolution about the Royal Proclamation on the first day that this Council Session opened, that I do hope His Excellency the Viceroy will extend the Royal clemency as fully and as freely as possible. From the observations of Mr. Patel and Mr. Khaparde, I think there is yet

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considerable room for the exercise of the Royal clemency by His Excellency the Viceroy, and I do hope His Excellency will be pleased to extend it as fully and freely as possible."

12-18 P.M.

The Hon'ble Mr. K. V. Rangaswamy Ayyangar:—"Sir, there is no doubt that there has been a great change in the angle of vision even among the worst of sinners after the advent of the Reforms and after the recent Royal Proclamation. We have seen lately, I think in yesterday's papers, a summary of the book by one Hardy as has been wired to us by Reuter, which shows how thoroughly changed he is. We have also heard through private sources that Savakar has been writing to his friends and relations that he has changed his views, and he too is prepared to co-operate with the Government. When the process of reclamation of criminals connected even with heinous offences is to be tried, these methods should be first applied to these selfless political offenders. The Government should not be 'logical to the narrowness' in interpreting the Royal Proclamation also. Let it be royal and let the Government excuse all offenders and make a trial of them. England has withstood the tremendous forces let loose by the war, and she need not fear these small forces, even if it be that these forces do not show signs of being diverted in the right direction. I want that the quality of mercy should not be strained. We are thankful to the Government for the clemency shown to so many people, and we press for their sympathetic consideration that the other people who are not yet set free may be given pardon."

12-15 P.M.

The Hon'ble Mr. H. McPherson:—"Sir, before attempting to deal with various points which have been raised in the course of the present debate, I desire to explain to the Council what is the general attitude of His Excellency the Viceroy and of His Excellency's Government towards the Resolution. The powers conferred by the Royal Proclamation, like the Royal prerogative of mercy exercised by His Excellency under the Letters Patent of his high office are purely powers which are to be exercised according to the dictates of his own judgment. I am authorized by His Excellency to say that he has no objection whatever to the acceptance of this Resolution by the Council, if it be presented purely as a recommendation of a general nature for mercy. His Excellency is not present to-day, and I doubt whether he would be prepared to accept the Resolution if it be presented, on the other hand, as a sort of accusation or insinuation that the Royal direction contained in the Proclamation has been disobeyed. For my part, I am bound to say that the Resolution seems to me to be something of a superfluity, having regard both to the nature of the message contained in the Royal Proclamation, and to the action that has been taken by His Excellency to give effect to it. The direction in the Royal Proclamation to exercise the Royal Clemency to political offenders in the fullest measure, which in His Excellency's judgment is compatible with the public safety, is a direction from His Majesty the King Emperor, as, indeed, the clemency is to be exercised in his name and on his behalf. The direction is therefore binding on His Excellency and needs no commendation from the members of this Council. That the direction has received the fullest compliance and the most generous interpretation from His Excellency, I will now proceed to show, and I hope that what I have to say will convince this Council that there was really no necessity for the Hon'ble Mover to bring his Resolution though, as I have said before, His Excellency has no personal objection to its acceptance by Council.

"Before I proceed to explain what action has been taken by His Excellency under the Royal Proclamation, I desire to make clear to the Council that the policy of conciliation, which is so strongly emphasised by the Royal Proclamation, is not a new policy, but one which has been steadily pursued by His Excellency's Government and by Local Governments for a very long time back, and more particularly from the time when the strain and anxiety of the war were temporarily relieved by the Armistice of 11th November, 1918. I

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can perhaps best illustrate this by explaining what action was taken in Bengal during the year 1919 to relax the restraints which, in the interests of the public safety, had been placed upon the liberty of revolutionists and the movements of political offenders during the previous years of the war. During the twelve months of 1919 the Bengal Government after a careful scrutiny of individual cases released 22 persons who had been confined under the provisions of Regulation III of 1818, and cancelled the restraints which had been placed on the movements of 513 persons under the Defence of India Act and of 3 persons under the Ingress into India Ordinance—a total of 538 persons. I may illustrate the same thing from the Punjab, and here I am referring not to action taken in connection with the unhappy disturbances of April 1919—a subject to which I will return—but to action taken in connection with an earlier event, with what is known as the Ghadr Conspiracy. In the Punjab the Local Government during 1919 relaxed the restrictions imposed on 67 persons under the Defence of India Act and 467 persons under the Ingress into India Ordinance—a total of 534 persons. In other provinces of India there is less to record of indulgence because there was less of offence, but the grand total for all India of action taken before the amnesty to remove restrictions under the State Prisoners Regulations, the Defence of India Act, and the Ingress into India Ordinance covered 1,210 persons.

“I will now refer briefly to the action which prior to the proclamation of the Royal Clemency had been taken to extend mercy or to give relief to persons convicted in the Punjab disturbances. The Council will remember that in September last, the Hon'ble Home Member announced the intention of Government to have the cases of these persons still remaining under sentence of Martial Courts and any other cases that might be specifically referred to them examined by two High Court Judges who would submit their recommendations to the Government of India through the Local Government. In fulfilment of that promise two High Court Judges (Sir B. K. Mullick from Patna and Mr. Justice Ohevis of the Punjab) were duly appointed to undertake the work of examination. These two High Court Judges spent nearly two months on their task and made the most careful examination of all cases tried by Martial Law Courts in which sentences had not expired and of 51 cases tried by Martial Law Commissions. As a result of their labours 99 persons convicted by Martial Courts and 24 persons convicted by Martial Law Commissions were recommended for release. The Local Government was fully prepared to accept these recommendations, as were also the Government of India, but in fact they were for the most part anticipated by the action which was taken by His Excellency under the Royal proclamation on the wider recommendations of the Lieutenant-Governor of the Punjab. Apart from these recommendations, however, in all 333 persons who were convicted after the Punjab disturbances had been released by the Local Government before the amnesty was proclaimed, and had the recommendations not been largely forestalled by the amnesty the total number of releases before that event would have amounted to nearly 450.

“I have said enough, I hope, to prove that the policy of pardon and conciliation towards political offenders was the accepted policy of the Government of India before the Royal message of clemency was proclaimed in December last. That message merely placed the coping stone on the work already undertaken by the Local Governments and the Government of India.

“And, having said so much, I need hardly take the trouble of denying the insinuation, the baseless insinuation, which has been made in certain quarters, that the Royal message of clemency was something which was forced upon a reluctant Government by a masterful Secretary of State. On the contrary, the message was framed after due consultation with the Government of India and the general principle involved in it had their full concurrence.

“I come now to the action which has been taken by His Excellency to give effect to the direction of His Majesty, the King-Emperor, that the Royal clemency should be extended to political offenders in the fullest measure, which

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in His Excellency's judgment is compatible with the public safety. If I may be permitted to say so, no one is more keenly anxious than His Excellency that the new era which has been created by the passing of the Reforms Act, and has been ushered in by the gracious message of His Majesty should begin under the most favourable auspices, and that the political atmosphere should be purged of all traces of bitterness. His Excellency, therefore, started with the strongest predilection in favour of the most gracious interpretation of the terms of the amnesty, and I may also say that the Local Governments, whom His Excellency has necessarily consulted in giving detailed effect to it, have been equally animated with the same gracious spirit. There are, however, limitations to the scope of the Royal message. It is not, and was never intended to be, an 'Open Sesame' that would unlock the doors of all our jails and let loose upon society every prisoner, however dangerous his character, however unrepentant his disposition, however brutal his crime, and however remote might be the connection between his offence and things political. It was never the intention of His Majesty that under the amnesty indulgence should be extended to persons who under the thin disguise of political excitement have promoted or committed serious crimes of violence, such as murder and arson. Nor do the gracious words of His Majesty extend to persons whom Government know, or have reason to believe, to be utterly unrepentant of their former courses, men who have openly declared that from the moment of their release they will make it their business to rekindle the embers of revolution and to carry on war to the knife against the officers of Government. It would be an act of criminal folly on the part of Government to let loose on the public these mad dogs of the anarchist movement. We want no 'Red Terror' in India.

"And I must make it clear to the Council that there is another class of criminal to whom the Royal Proclamation has no application. The Royal Proclamation does not apply to non-political offenders who have been convicted by Tribunals created under the Defence of India Act, to such persons for example as the persons convicted after the Shababad riots in Bihar or the Katarpur riots in the United Provinces. It has been argued that the words used in the Royal Proclamation 'persons who for offences against the State or under any special or emergency legislation are suffering imprisonment or restrictions upon their liberty' cover these cases, because the trying Courts were Tribunals created by special or emergency legislation, but this is clearly and obviously a mis-reading of the passage. The offences for which these persons are suffering imprisonment are not 'offences under any special or emergency legislation.' They are for the most part offences under the Indian Penal Code—not offences against the State, but offences against private individuals, and there is not the smallest ground for extending to such individuals the benefit of the Royal clemency.

"And now having explained to what classes of cases the Royal Proclamation does not apply, I will explain what action has been taken to give effect to it.

"The first point to which I would draw attention is this, that His Excellency has in one important respect travelled far beyond the letter of the Royal Proclamation. A strict interpretation of the message would have confined its operation to convictions for offences under Chapter VI of the Indian Penal Code, and for offences under special or emergency legislation, but after consultation with Local Governments and with their concurrence, His Excellency, animated with the desire to remove all possible causes of bitterness, decided to extend the scope of the amnesty to a large circle of offenders convicted for other than State offences after the disturbances of March-April 1919. The number of such cases is very large. It runs to several hundred and the result of this extension of the spirit of the Proclamation may best be seen from its application to the case of the Punjab disturbances.

"I have the details in a reply which was prepared to a question asked by Dr. Sapru: and here I should like to express my regret that through the non-attendance in Council of Dr. Sapru yesterday certain statements which

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had been prepared in reply to his questions were not placed on the table and therefore did not become available to the Hon'ble Members who have taken part in the present debate. Here are the figures.

"The total number of persons convicted in connection with the Punjab disturbances was 1,779; of these, 712 had served their sentences by 1st January, 241 were released under orders passed before that date, 92 were released in connection with the proposals of the Reviewing Judges, 639 have been released under the amnesty, and 96 remain in jail.

"The Hon'ble Mr. Patel has drawn attention to the largeness of the figure 96, but I think that the Council will look at the matter in a different way. In view of the serious character of the disturbances and the many brutal deeds of violence which were committed during their course, the margin of retention is indeed very small, and the generous nature of the recommendations made by the Lieutenant-Governor of the Punjab in this matter will, I am sure, be gratefully recognised by this Council, and by those who are now pressing for the utmost possible effect to be given to the Royal Proclamation. I may add that His Excellency has lately received from Sir Edward Maclagan his recommendations on behalf of those who were convicted five years ago in the Ghadr conspiracy, and His Excellency has agreed to the immediate release of 45 such persons, while the cases of several others are still under consideration. In the case of Bombay, regarding which we have also heard complaints from the Hon'ble Mr. Patel, an equal measure of indulgence with the Punjab has been extended to those who were convicted after the disturbances of April last; and in all 72 persons have been released, while 19 have had their sentences very materially reduced.

"Taking India as a whole, the total number of persons who have benefited from the amnesty is 1,235, of whom 24 were State prisoners confined under Regulation III of 1818, 800 were restricted under the Defence of India Rules, and 182 under the Ingress into India Ordinance, while 52 were persons convicted of offences against the State, and 727 were persons convicted in the disturbances of March and April 1919. Some Hon'ble Members may say that there is another side to the shield; we have indeed heard a good deal in Council to-day regarding that other side—the persons who have been excluded from the benefits of the amnesty. I have already explained to what classes of cases the amnesty could not be extended, and it would be easy to show under which category each case of exclusion falls, but I will not attempt this task because I do not think that this is the time, or the Council floor the place, for discussion of individual cases. I will refer to one individual case only which has been brought forward by the Hon'ble Mr. Khaparde, the case of the Savarkar brothers. Mr. Khaparde came and spoke to me about that case some days ago, and I promised him then that the papers would be carefully examined again. I may add that I am prepared to make the same promise to any Hon'ble Member of the Council who desires to have some individual case re-examined, and I am sure that His Excellency will be pleased to hear any recommendations that may be made in individual cases. I will refer also to one group of cases to which attention has been directed, both in the Council and also in the public press—and consider the case of certain State prisoners in Bengal. Their case, I can assure the Council, has been given by His Excellency the Viceroy and the Local Government most careful consideration, and I am now in a position to state that, although this batch of detenus consists of persons against whom there is overwhelming evidence of most dangerous revolutionary activities, His Excellency has just been pleased to accept a recommendation of the Local Government for the release of 15 of their number who have displayed symptoms of repentance and have promised on release to abstain from further association with the revolutionary movement. The cases of the others are still under consideration, and I can say, on behalf of His Excellency, that as soon as ever it appears to him that any person now detained can be released without danger to the public safety, His Excellency will be ready to extend the Royal clemency to that person. I may add that it is his earnest hope that the generosity now displayed will secure the desired object of obliterating

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all trace of bitterness between those who in their eagerness for political progress have broken the law in the past and the Governments which are responsible for the maintenance of law and order. And may I, before I resume my seat, urge upon the Council the need for reciprocity in this matter. May I make an appeal to the non-official members of Council that they will urge upon those who have received the benefit of the amnesty, with whom they may come into contact, direct or indirect, or over whom they may have influence of any sort, the great need for moderation. The Council is well aware of the generosity which His Excellency displayed as soon as ever the Royal message came into his hands towards certain well-known leaders, like Dr. Kitchlew and Satya Pal in the Punjab, and the Ali Brothers. The response to this generosity was not, most will admit, very gratifying. The gentlemen in question went off in hot haste to Amritsar, and there many of them distinguished themselves by the violence of their invective against Government. There was in their speeches little evidence that the hope expressed by His Majesty for the obliteration of all traces of bitterness would be fulfilled. There was little display of that 'common determination among my people and my officers to work together for a common purpose' for which His Majesty the King Emperor appealed.

"There are, however, gradually increasing indications that the Royal message of clemency has not been in vain and that its wide and generous application has been appreciated even by those who clamour for its further extension, but I can assure members of Council that nothing is more likely to spur Local Governments to recommend, and His Excellency to accept, such an extension than the powerful example of those who have already received the benefits of the amnesty and prove by their moderation the wisdom and success of the policy of conciliation and forgiveness."

12-40 P.M.

The Hon'ble Mr. Surendra Nath Banerjea:—"Sir, I think I speak the sense of this Council when I say that we must congratulate the Hon'ble Member on the highly conciliatory statement which he has just made on behalf of Government. He has told us that His Excellency the Viceroy has no personal objection to the acceptance of the Resolution of my Hon'ble friend, and that His Excellency is prepared to extend the fullest measure of clemency which has been announced by His Majesty compatible with the public safety. I do not think that in the Resolution of my Hon'ble friend Mr. Patel there is the slightest insinuation against the Government of India. I hope I have correctly interpreted the meaning of the Resolution. I think from our places here many of us, I at any rate, have declared that the Royal act of clemency has been exercised in a generous manner, and furthermore, I venture to add, that this Royal measure could not have come into operation except with the concurrence and approbation of the Government of India and that His Excellency must have been consulted before the Proclamation was issued, so far at least as this matter was concerned. Mr. Patel deserves the thanks of this Council for bringing forward this Resolution and for the reason that it has elicited the statement which the Hon'ble the Home Secretary has just made. It does good to know what the popular view is and also what explanation the Government has to give with regard to the complaints which have appeared in the public press. We now know that more than 1,200 political prisoners have received their release under the Royal Proclamation, but several cases require further consideration. I understand that 13 of the prisoners in Bengal under Regulation III of 1818 have been amnestied, and that the cases of several others are being discussed. May I inquire if the case of Barendra Ghose has been considered? I hope my Hon'ble friend will be able to give me an answer in regard to that matter . . .

The Hon'ble Sir William Vincent:—"Barendra Ghose has been released and has reached Calcutta."

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The Hon'ble Mr. Surendra Nath Banerjee :—“I desire to congratulate the Government on that point. Barendra Ghose is a man of honour, and if he has made a declaration I am sure he will loyally co-operate in the interests of law and order. His case is one that has excited a considerable measure of public attention in Bengal, and I am glad to hear that he has been released. I hope that some of the prominent members of the Alipore Bomb Conspiracy have also been released under the Royal amnesty. I hope a similar measure of generosity will be shown to his brother Arabindo Ghose, who is now in Pondicherry. He is a most cultured man, he was the first man of his year at Cambridge in the classical tripos, and there is a feeling in Bengal that these two men should be released. If Arabindo Ghose is released, it will add to the general feeling of gratitude which has been created by the Royal amnesty. I desire to congratulate the Hon'ble the Home Secretary upon the statement he has made. I am perfectly sure that it will have a very conciliatory effect on the public opinion of the country. I have full confidence that the Royal Proclamation, so far as it relates to the amnesty of political prisoners, will be dealt with in the spirit of generosity which marks that historic document.”

The Hon'ble Mr. V. J. Patel :—“Sir, I am very glad that the 12-45 P.M.
Government have decided to accept this Resolution. At the same time, I am really sorry that my Hon'ble friend Mr. McPherson has chosen to take advantage of the opportunity to observe that Dr. Satya Pal, Dr. Kitchlow and the Ali brothers after their release have made objectionable speeches at Amritsar. I have read all the speeches of the three gentlemen, and so far as I can see, I see not one objectionable word in any of them. I do not understand what really the Government expect these released prisoners to do. If they expect them to co-operate with the Government in working the Reforms, they can understand, but if they expect them to hold their tongues and not educate public opinion in the matter of our grievances, which are many, then I join issue with the Government. We are not at all satisfied with the Reforms granted, and if the Government expects that we should not talk about further reforms or agitate to get our grievances redressed, well I am sorry such attitude we are not prepared to adopt. I should have been very glad if my Hon'ble friend had quoted chapter and verse from the speeches of the three gentlemen referred to; he has not chosen to do so, but speaking for myself I am bound to say that this complaint of my Hon'ble friend is groundless. I have already stated that I am glad the Government have accepted the Resolution. My Hon'ble friend Mr. McPherson tells us that this Resolution is somewhat in the nature of a superfluity. That statement, Sir, is wholly inconsistent with the attitude of Government on the Resolution. If it were in the nature of a superfluity, there was no reason for accepting it. If you had given full effect to the Royal Proclamation there would have been no need for a Resolution. I have placed facts before this Council which my Hon'ble friend Mr. McPherson has not thought fit to controvert. I have already stated that out of 123 persons convicted by the martial law orders in the Bombay Presidency, as many as 51 are still in jail. Are these dangerous persons? We are told by the Hon'ble Mr. McPherson that the same degree of clemency has been extended to the Bombay political prisoners as has been extended to the Punjab. That is absolutely incorrect in view of the fact that, in the Punjab out of hundreds of persons convicted, only 96 are in jail; in Bombay out of 123, as many as 51 are still in jail. He says he does not want to refer to or deal with individual cases. My Resolution of course is not intended for any individual case or cases. It is intended to secure general amnesty on the widest scale possible. I maintain that full effect to the letter and spirit of the Royal Proclamation has not been given. In Bengal, I am glad to hear that 15 out of 52 persons have been released. But there still remain 37 people, and out of 64 detained under the Bengal Regulation III of 1818, only 10 have been so far released. These are facts which my Hon'ble friend Mr. McPherson ought to bear in mind.

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Government must not do anything half-heartedly in this matter. I want Government to accept the principle I have suggested, namely, that the persons concerned should be asked whether they are willing to take advantage of the general amnesty clause, forget the past and begin afresh on a clean slate. If you accept that principle, I have no complaint to make. You ask them and if you are satisfied that they agree, let me again assure this Council that you will lose nothing by trusting them. How is His Excellency going to decide whether the release of a particular man is not consistent with public safety? How is His Excellency going to decide that point? His Excellency will naturally ask the Local Government; the Local Government will ask the Inspector General of Police, and the Inspector General of Police will ask his subordinates and so on. This is a most unsatisfactory way of dealing with the question, and, therefore, I suggest that the only solution is to trust these people, to take them at their own word. That is the principle that I still maintain and I hope it will be noted upon by the Viceroy. It has been admitted that there are 96 people in jail in the Punjab; as a matter of fact there are still 51 persons still in jail in Bombay. It is also admitted that 54 persons under the Bengal Regulation are still in detention, and only 15 have been released out of 52 convicted in the conspiracy cases in Bengal. These figures speak for themselves. I have not been able to get other figures from Government yet, but even on the figures I have quoted—and they are correct—because they have not been contradicted, I submit there is ample scope of action by His Excellency the Viceroy.

“There is, however, one point on which I should like to make a few observations. The other day this Council solemnly passed a Resolution expressing gratitude to His Majesty the King-Emperor for the Royal Proclamation. To-day we hear from the Hon'ble Mr. McPherson that this Royal Proclamation is nothing more or less than a continuation of the policy adopted by the Government of India; in fact the Royal Proclamation, he says, is the result of consultation between the Government of India and the Secretary of State. It does not come, according to him, spontaneously from His Majesty, the King-Emperor, but is really a continuation of the policy already adopted by the Government of India. Well, I am very sorry to hear this. It takes away all the grace and dignity of the Royal Proclamation. It belittles it. I always thought, and still think, that the Royal Proclamation came direct from His Majesty, the King-Emperor. I am not prepared to give credit to the Government of India that the initiative in regard to the issue of the Proclamation was theirs, or they had anything to do with it. I am not prepared to give credit to the Government of India at all in this matter. Well, if it was a continuation of the policy pursued by the Government of India and lays down no new principle or announces no new policy, there was really no necessity for the Proclamation at all. Where was the justification for it? People could have been released without the aid of the Royal Proclamation. Where was the difficulty, where was the need for a Royal Proclamation for releasing these people? I am very sorry, I repeat, that attempt has been made to take away the grace of the Royal Proclamation by stating that it is merely a continuation of the policy of the Government of India and nothing more. I hope and trust, however, that full effect will be given to the letter and spirit of the Royal Proclamation after the acceptance of this Resolution.”

12-56 P.M.

The Hon'ble Mr. H. McPherson:—“Sir, I have only a few words to say in reply to the remarks made by the Hon'ble Mr. Patel. As far as I have been able to hear him, he has merely reiterated statements which he made in his opening speech, statements which I have dealt with in my previous reply. I said then that I was not prepared to discuss with him the merits of individual cases, because I do not think this is the time or the place for such discussion. He has quoted to the Council certain figures regarding action taken in the various provinces, but so far as my information goes, his figures are not correct. He has, I think, said that about 50 persons are still in jail in Bengal who were convicted of offences against the State. My information is that in Bengal there were only six persons convicted of offences against the State, of whom three have been released and three are still in jail . . .

RESOLUTION *RE* AMNISTY TO POLITICAL OFFENDERS; 939
RESOLUTION *RE* AMENDMENT OF RULES FOR THE
RECRUITMENT OF THE PROVINCIAL SERVICES.

[24TH FEBRUARY, 1920.] [Mr. V. J. Patel; Mr. H. McPherson; Sir
Claude Hill; Mr. Sachchidananda Sinha.]

The Hon'ble Mr. V. J. Patel :—"Tried and convicted by the Martial Law Commissioners?"

The Hon'ble Mr. H. McPherson :—"There were no Martial Law Commissions in Bengal nor in Bombay. As regards the Bombay figures, Mr. Patel tells us that about 50 people are still in jail and have not been released. My information as regards Bombay is that 72 people have been released and that 19 only remain in jail, of whom 17 have had their sentences reduced from 7 to 8 years and two from 10 to 5 years. If there are any others in jail besides these 19, I can only surmise that they are persons who took a very prominent part in murder, arson or other serious crimes of violence, and were not recommended for release on that account, but I will make inquiries. I have already spoken about the Punjab figures. The number of persons who remain in jail is 96, and I have absolutely no doubt that this figure does not include anybody except persons who have committed most serious crimes, persons, for example, who took a prominent part in the murders that were committed in the course of the Punjab disturbances. I do not think I have anything more to add to what I have already said in reply to the Hon'ble Member's speech."

The Hon'ble Sir Claude Hill presiding :—"It is not very clear from the Hon'ble Mr. Patel's reply as to what he means. Does he intend to move his Resolution although he expresses regret that it is accepted by the Government? I should be quite clear on the point."

The Hon'ble Mr. V. J. Patel :—"It has been accepted by the Government, I understand."

The Resolution was put and adopted.

RESOLUTION *RE* AMENDMENT OF RULES FOR THE
RECRUITMENT OF THE PROVINCIAL SERVICES.

The Hon'ble Mr. Sachchidananda Sinha :—"Sir, I rise to 12-59 P.M.
move the Resolution standing in my name :—

This Council recommends to the Governor General in Council that he may be pleased to cancel rule VI of the rules recently promulgated for the guidance of Local Governments in framing rules for the recruitment of Provincial Services (Executive and Judicial) and so to amend rule VIII that a 'Barrister of England or Ireland or a member of the Faculty of Advocates in Scotland of not less than 5 years' standing may be eligible for direct appointment to offices in the higher grades of the Provincial Civil Services'.

"Since I gave notice, Sir, of this motion, I have been informed by my friend the Hon'ble the Home Secretary that the rules which I want to modify or amend have been in existence since 1910, and that they are not fresh rules at all. That may be so, but they were very recently re-published in the official gazettes and the newspapers, and I understand that the Government of India have provided that these rules are to be published by the Provincial Governments from time to time, and they are to keep them in view in making their own rules for the recruitment of the Provincial Services. That being so, I feel justified in trespassing upon the patience of the Council for a short time in making my submissions in regard to this Resolution. There are only two points which I raise in this Resolution—one is a minor matter and the other is of some importance. The minor matter is that the rules provide that if the Government desire to appoint to a purely judicial office a legal practitioner, he must be a barrister of England or Ireland of ten years' standing or an Advocate of Scotland of the same standing. Now considering that a member of the English, Scotch or Irish Bar is entitled to

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be a Chief Justice of a High Court if he be of five years' standing, there does not seem to be any reason for laying down that for a District Judgeship he should be a man of ten years' standing. The differentiation does not appeal to me on any ground of logic or reason, and I therefore ask the Government to retain the same rule for both, namely, if a barrister is made a High Court Judge after five years' standing, he may be appointed after the same period, provided he is otherwise duly qualified, to be a District Judge.

"The other matter to which I refer, namely, the cancellation of rule 6, is of some importance, and I shall bespeak the indulgence of the Council when I read out the rule. It is that: 'Europeans who are not statutory natives of India shall be eligible for appointment if qualified according to the above conditions with the sanction of the Government of India'. Now this is a rule to which I take exception. There is some misunderstanding in the minds of some of my official friends who have very kindly suggested to me that this question should not be raised at the present moment, it being inopportune as it raises a question of race or nationality, but I think that they are entirely mistaken. I am not raising any question of race or nationality. I frankly concede that in the Provincial Service, if a European be domiciled in the province, he has as much right to enter it as any Indian subject of His Majesty, but when a European is not domiciled in the province and is a total stranger, then I take exception to his being appointed in the Provincial Service. For the European who is not domiciled there are the large Imperial Services to which he may be appointed, but the Provincial Services are meant for those who are domiciled in the province. In my own Province of Bihar at Monghyr, there are a number of Europeans who have been settled there for generations and some of them have been appointed as Deputy Magistrates. I make no grievance of that at all; but I take exception to a man who is not so domiciled, who may be a native of Australia or South Africa, or any other part of the British Empire, being suddenly pitchforked into the Provincial Service. I think it raises a question of some importance. It is, therefore, not needful to raise any racial question, and I think the Hon'ble the Home Member will see the advisability of accepting my proposition that this rule should be cancelled. These are my submissions in brief with regard to these rules, and I do not think I need detain the Council any longer."

1-3 P.M.

The Hon'ble Sir William Vincent:—"I will deal very shortly with the Resolution which the Hon'ble Member has proposed as there are many other matters of greater importance before the Council. The rules which he seeks to modify are in no sense new rules. They have been in force, I think, for the last ten years, and so far as I am aware we have never received any complaint that they operate unfairly. Of the two rules which the Hon'ble Member seeks to modify, the first is rule VIII which runs as follows:—

'The Government of India retain power in very special cases to make direct appointments to offices in the higher grades of the Provincial Civil Services, and whenever the Government of India exercise this power in the case of judicial officers, it will be confined to barristers, advocates, or pleaders of the High Courts who have shown distinguished ability in the exercise of their profession for not less than ten years and have a thorough knowledge of the vernacular'.

"As a matter of fact I am informed that the power under that rule has rarely, if ever, been exercised at all, and some Local Governments, the Local Government of Bengal for instance, are in favour of abrogating that rule altogether. The Government of Bengal say in a letter which I have before me:—"The Governor in Council would propose that this power should be abrogated. It is seldom used and when it is used suspicions of jobbery and favouritism are always aroused". So that, far from relaxing that rule, the only proposal before us, is to do away with it altogether. Where barristers or pleaders of standing are appointed, we contemplate appointing them not to higher places in the Provincial Service, which would be a great hardship to men who have worked their way up the ladder of those Services, but rather to other posts.

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"The second rule of which the Hon'ble Member complains is rule VI, which says :—

'Europeans who are not statutory natives of India shall be eligible for appointment if qualified according to the above conditions, with the sanction of the Government of India'.

"If I understand the Hon'ble Member correctly, he wishes to abrogate that rule, is not that so?"

The Hon'ble Mr. Sachchidananda Sinha:—"Yes."

The Hon'ble Sir William Vincent:—"Well, his intention is of course to prevent the appointment of Europeans who are not domiciled to Provincial Services. The effect of the recommendation which he makes would be exactly the opposite. This rule does not authorise the appointment of Europeans, but merely places a limitation on such appointments. If you remove the rule, you remove the limitation. That I conceive is not what the Hon'ble Member intends. There is another rule which provides that persons appointed to the Provincial Services 'ordinarily shall be natives of India', and that and not the rule to which he refers is really the restricting rule on the power of the Local Government.

"There is only one thing more that I need add and that is, that these appointments to the Provincial Services are clearly a duty which will shortly be delegated, subject to any general principles that may be enunciated by the Secretary of State, to Local Governments, and I do not think that this a matter in which the Government of India at this juncture should interfere in any way, and I suggest to the Hon'ble Member that he need not press this Resolution."

The Hon'ble Mr. Sachchidananda Sinha:—"Sir, I shall be very short in my reply. In regard to the first point, namely, the appointment to the Provincial Services of Barristers of five or ten years' standing, my impression is, unless I am greatly mistaken, that the Public Services Commission have recommended that a large number of legal practitioners, barristers and vakils, should be employed as judicial officers in the various provinces under the new scheme 1.5 P.M."

The Hon'ble Sir William Vincent:—"As District Judges, not in the Provincial Service, I think."

The Hon'ble Mr. Sachchidananda Sinha:—"Well, I had that in view when I made my suggestions that the rule should be so designed as to place them on the same footing in qualification as High Court Judges, namely, a standing of five years, but if the rule is to be abrogated so far as the Provincial Services are concerned, I shall be quite content to leave the matter at that."

"In regard to the other point, that of the appointment of non-domiciled Europeans in the Provincial Services, the Hon'ble Sir William Vincent makes out that the abrogation of the rule would be to do something just the reverse of what I desire. If I am guilty of that I shall be very sorry for myself and for my resolution. However, I will not pursue that line of argument because Sir William says, that before long, this matter will be delegated to Provincial Governments, who will be at liberty to make such rules as they will deem right and proper. In that view I shall not press my Resolution, but ask leave to be allowed to withdraw it."

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

912 POINT OF ORDER; RESOLUTION RE FREE IMPORT OF GOLD.

[*Sir Claude Hill; Mr. V. J. Patel; Rao Bahadur B. N. Sarma.*] [24TH FEBRUARY, 1920.]

POINT OF ORDER.

The Hon'ble Sir Claude Hill (presiding):—“The next two Resolutions,* those standing in the names of the Hon'ble Mr. Chanda and of the Hon'ble Mr. Patel, Nos. 10 and 11, deal with a question which has already been the subject of discussion at a meeting of this Council on the Resolution of the Hon'ble Mr. Khaparde and they are therefore under Rule 25 (1) not open for discussion on the present occasion. On meeting again

The Hon'ble Mr. V. J. Patel:—“May I explain, Sir?”

The Hon'ble Sir Claude Hill (presiding):—“I am afraid not; I have given my ruling.

On meeting again at half past 2, the Council will therefore proceed to the discussion of the Hon'ble Mr. Sarma's Resolution.

The Hon'ble Mr. V. J. Patel:—“Will you not, Sir, hear me on the ruling that you gave?”

The Hon'ble Sir Claude Hill (presiding):—“No, Mr. Patel.”

At this stage the Council adjourned for Lunch.

RESOLUTION RE FREE IMPORT OF GOLD.

2-30 P.M.

The Hon'ble Rao Bahadur B. N. Sarma:—“Sir, I beg to move the following resolution:—

‘This Council recommends to the Governor General in Council that gold imports into India be freed from all restrictions.’

“The Resolution closely follows the recommendation of the Committee appointed to inquire into Indian exchange and currency and deals with a subject of extreme importance from the financial point of view. I may, Sir, without hesitation say that the consensus of opinion in India has been always in favour of absolute freedom in respect of the inflow and outflow of precious metals into and from India. I do not think, subject to correction, there is any difference of opinion between the British Chambers of Commerce and the Indian Chambers of Commerce in this respect. Almost every one who thought about it recommended that gold should be allowed to be freely imported into India. The Currency Committee state this at page 29 of the Report:—

‘Under the Gold Import Act all gold imported into India has to be tendered to Government, at a specified rate based on the exchange value of the rupee and the premium on gold. The export of gold is not prohibited, but owing to the fact that gold commands a substantial premium in the Indian bazaar there is no tendency for it to leave the country under existing conditions. The provisions regarding the import of gold were avowedly enacted under the stress of war and were only intended to be temporary. It is, in our opinion, desirable that the entry of gold into India should be freed from regulation or control by the Government. We accordingly recommend that the Gold Import Act should be repealed as soon as the change in the Statutory ratio of the rupee to the sovereign, to which we refer below, has been effected. Movements of gold to and from India would of course continue, as in the past, to be reported for registration and statistical purposes.’

* 10. ‘This Council recommends to the Governor General in Council that the whole Council do go into Committee to discuss the rules and regulations to be made under the Government of India Act and make recommendations.’

11. ‘This Council recommends that the Governor General in Council may be pleased to appoint a Committee consisting of the Hon'ble Pandit Madan Mohan Malaviya, the Hon'ble Mr. Surendra Nath Banerjee, the Hon'ble Mr. Sinha, the Hon'ble Khan Bahadur Ibrahim Haroon Jaffer, the Hon'ble Mr. Sastri, the Hon'ble Mr. Khaparde, the Hon'ble Mr. Paton, the Hon'ble Sir G. M. Chitnavis, the Hon'ble Sir Fazulbhoy Currimbhoy, the Hon'ble Mr. Sarma, the Hon'ble Mr. Chanda and the mover to examine the draft rules, regulations and standing orders under the new Government of India Act and to advise generally on all matters connected with reforms.’

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"One of the reasons which they give for coming to a decision immediately on the various questions referred to them rather than postponing giving a decision until some more permanent feature became discernible in the monetary and commercial transactions of the various countries was that delay would mean a continuance of Government control which they deprecate in the most emphatic terms. This is what they say at page 26:—

'The postponement of a decision which is synonymous with the continuance of the existing uncertainty would be open to serious criticism, and would entail the prolongation of Government control over exchange and over the import of the precious metals into India.'

"So they were emphatic in their opinion that, as early as possible, gold should be freely allowed to enter India. The only qualification which they made, and wisely too, was to defend the interests of persons who held sovereigns in India; those that held sovereigns in India were entitled to receive Rs. 15 per sovereign, whereas under the new régime it would be only Rs. 10 and consequently some little time had to be given to those who hold sovereigns in order that they may receive rupees if they care to do so in exchange for their sovereigns. I think that that was the only object with which the Commission said that the necessary steps would have to be taken before free import of gold into India was permitted. I think sufficient time has elapsed between the date of the publication of this report and now for people who hold sovereigns to tender them for conversion into rupees or notes if they cared to do so.

"The Secretary of State as usual accepts the recommendations about which there is some doubt in India, but does not see eye to eye with the report on those recommendations on which there is practical agreement between the report and the people of India; and the reason that he gives is that any sudden change would lead to a shock to the commercial and financial system of India and other countries, and therefore, in the interests of India itself, there should be regulation so that the country may be gradually accustomed to cheap gold. I shall deal with that later, as to whether there is any substance in that argument and as to whether our interests would not be really jeopardised if this decision of the Secretary of State be adhered to. Sir, there is a feeling throughout India that during the war the Government had wittingly or unwittingly to pursue a policy which jeopardised to a large extent the true interests of India in the interests of war and in the interests of the British Empire, especially of the United Kingdom. We know that we did make sacrifices and we cheerfully underwent them. I am not here mentioning that in a spirit of boastfulness or carping criticism, but with the object of showing that there would be a continuous perpetuation of the evils which were inherent in a system of Government control as was pursued during the war. During the war the Government officials, especially those in charge of finance, seemed to be particularly unhappy when there was a large trade balance in favour of India because they found it extremely difficult to finance the exports of this country and the exchange problem was a considerable strain upon them. I fear that that disposition prevails even now. The Finance Minister last year when introducing the budget echoed that sentiment. We find on turning to the figures that during the five years 1914-15 to 1918-19, 182 crores was the value of the excess exports over imports including in the term imports treasure which was imported into India on private account. In 1914-15 it was 27 crores, in 1915-16 it was 30 crores, in 1916-17 it was 45 crores, in 1917-18 17 crores, and in 1918-19 it was 61 crores. How was it financed? Ordinarily if India had her freedom, she might have got gold in payment of this balance of 182 crores, or might have invested part of this money in foreign countries; it might have got silver in part; but there were restrictions imposed by the Government on the import of gold and silver and the net result was a considerable reduction in the quantity of precious metals which flowed into India.

"I think the Indian Chambers of Commerce went into this question fully. Whereas the United States and other neutral countries were adding considerably to their gold stocks during that period, India was really undergoing a

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gold famine, as it were. The amount of gold allowed to come to India was extremely small; it was 26 million in gold and 35 million pounds in gold and silver during this period on private account. How was the 182 crores balance financed? Well, it is difficult to venture on any specific answer to that question. I hope the Hon'ble the Finance Member will dissipate our doubts in the matter. Dealing with one of these years, the Currency Controller's Report states that the balance, namely 18 crores, was in so far as it was not adjusted by invisible imports of that year represented by credits in foreign countries due to India on private account. It is curious that the total amount of exports up to the end of 1919 agrees very nearly with the total amount of notes printed in India and the amount of metals absorbed during the period. The value of exports during the 9 months of 1919-20 was nearly 9,776 lakhs. The total amounting to Rs. 280 crores, 36 lakhs. It is curious that the number of notes printed in this period was 122 crores in notes and the absorption of metals during this period was 146 crores, the total making up 267 crores. This 267 crores is approximately the same as the 280 crores mentioned above and a margin will have to be left for invisible imports. Instead of India being allowed to get gold she was given 122 crores of paper and some silver in the shape of rupees, included in the 146 crores absorbed. It is curious that against 122 crores of notes Government invested securities in 82 crores in Securities and Treasury balances which unhappily resulted in a loss of 37½ crores. We did not get gold though we were entitled to get it. Currency was inflated although a portion of the metals was absorbed, having done its work. I do not think therefore that we can congratulate ourselves upon the devices employed for the purpose of effecting these transactions, although we must honestly confess there was nothing else perhaps to be done in the circumstances. That was during the war. The Armistice came about at the end of 1918 and we are now 16 months from it. The United States removed their embargo upon the export of gold as far back as June 1919 and eight months thereafter we are told that the time has not yet come when the Indian Government can allow gold to be freely imported into India to pay for India's goods, should India decide that that is the best investment of her balance of trade. The Chamberlain Commission and the Currency Commission emphasised the fact that India must be allowed to be paid readily for her goods in whatever shape or form she liked to receive it. Why should there be this artificial restriction placed on the import of gold which led during the war to such disastrous consequences? I do not think that even up to August, 1919, there was any appreciable addition to the gold stocks. I think it was later that the Secretary of State did buy gold for the benefit of India and has been sending gold to India. But the question arises why should we require the interposition of the Secretary of State in India's free settlement of trade? This is a question which the Government will have to answer. So far as we can see the measures adopted were absolutely detrimental to the true interests of India because India did not get what she wanted during that period. Turning again to the year 1919-20 we find that the exports were 97 crores in excess over the imports and 33 crores were the Council sales. Then we have curiously enough 30 crores as the amount of notes issued, the difference between 183 and 153 crores, the figure at which it stood in April 1919 and altogether we have 63 crores, and I suppose the rest is in the shape of invisible exports and the absorbed silver. There are at present 39 crores of rupees and 45 crores of gold in stock and I do not know whether the sovereign is valued at Rs. 15 or Rs. 10. If the gold in the paper currency is valued at Rs. 15, then it means we shall have to write-off at least one-third. So long as the notification or rule fixes the sovereign at Rs. 15, I am afraid there will be a loss and we shall have to adjust our figures of the value of gold where the price of the sovereign is reckoned at Rs. 10. This again is an absolutely anomalous position for the Government to value sovereigns at Rs. 15 when it is really Rs. 10 or below that. I think that is absolutely anomalous and wrong from a financial point of view. Then again what does it mean? It means that a person who wants to buy gold in

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India from the Indian Government has to pay a heavy tax to the Government up to 40 per cent, while his brother outside India escapes the tax. Outside India a tola of gold is Rs. 15 or below, whereas in India you would have to pay Rs. 21 or Rs. 23 or Rs. 26 and therefore, I submit, that this is an indirect tax upon the Indian; whether it is for the benefit of the State is another matter. I do not think the Government is justified in taking this money in the form of indirect taxation from the tax-payer. Therefore, I submit, that from this point of view also the continuance of control is assailable. You receive gold in London and sell Council Bills to India for various purposes. The loss falls on the Indian exporter so long as you have that rigorous control.

" From the year 1899-1900 when coinage was restricted down to the year 1916-1917, council bills to the extent of about 615 crores of rupees were sold. The average rate of silver at the time was 27d. per oz., and the 1s. 4d. rate would work out to between 41 and 42 pence per ounce. That means to say there was an indirect tax upon the exporter alone, not upon the whole of India, but upon the exporter alone to the extent of about one-third, that is about 315 crores over 19 years. I would ask if that is just, though part of it went to the general tax-payer; but is it just that the exporter, who is generally an agriculturist, should pay this indirect tax? That is another question, but the reason why I brought up this question, is that control is very closely allied with the functions of selling councils. Then when you sell councils in order to maintain exchange and facilitate export of specie what do you find? You are selling gold here at the rate of Rs. 23 a tola according to the tender prices. You wish gradually to bring it down no doubt. But at the same time in selling reverse councils you ship virtually gold out of British India for the benefit of those who wish to transmit money at the rate of Rs. 10 per sovereign. That is to say, the man who sends his money out of India has got a considerable benefit, if my reasoning is right or sound, over the man who purchases gold in India, and I submit, Sir, that this is also an indirect method of stopping the free influx of gold into India. Besides, you have not got a single farthing of gold in the Gold Standard Reserve to meet reverse councils which should be sold only when exchange is weak. The Currency Report recommends that the location of the paper standard reserve should be India, therefore not an ounce of gold has any business to be in England in the paper currency reserve. Then how are we to meet these reverse council bills? You can meet them only with the gold that the Secretary of State gets for his council bills or otherwise purchase it from the Indian tax-payers money. Well, then, what ought to be sent out here, is utilised for the payment of reverse councils. These complications are leading indirectly to the Government encouraging export of money from India showing an apparent partiality to one class of persons—I hope I am not wrong in my general reasoning—the man who pays for gold in India is the loser, and the man who sends money out of India gains considerably. I think, Sir, all these difficulties would only arise by reason of your controlling the import of gold. Why should you do it, I ask? It is said that gold is controlled in order that there may be no shock. Let us analyse the position. You find that the imports from the United Kingdom and the rest of the British Empire are greater than the exports to those parts. That is, it is we who have to send gold to adjust the balances against us to the United Kingdom and the rest of the British Empire. So we do not ask for any gold to flow into this country in trading with those countries. It is other countries like the United States, Japan, France, Italy and Australia that take largely goods from us, and it is here that there is excess of exports over imports, and as London is a free market and the centre of world trade adjustments, gold has to be shipped from these foreign countries to whom we export goods in such large quantities to London to be transmitted to India; if India wants gold, there should be no restrictions. So the countries which give us gold, if India desires gold, is not the United Kingdom, but it is the United States, Japan and other foreign countries. And why should we not have gold from these countries in exchange for our goods? If they wish to pay in gold for our goods, why should Great Britain interpose and say that there will be a shock to other countries. I submit, Sir, that the balance of trade in 1918-19

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was in the case of the United States 12 millions in our favour. I think Mr. Dalal has worked out and has shewn the figures for the pre-war year that £88 million was the balance of trade due to us from other countries and 47 millions against us to the United Kingdom, Java, etc. So that it is other countries that in that year had to pay 41 million pounds. Similarly, you will find on analysis that these 97 crores, which was the excess of exports over imports into India during this period of nine months, is largely due to us from other countries and not from the United Kingdom. What is done is that the gold which is due to us from other countries is intercepted. Council bills are sold to us, that means to say paper money or silver is given to us, and a number of mutual adjustments are made to the detriment of India. I think this is the view which was taken by Mr. Dalal on this point, and I think on this point, although we may not agree with him in all his contentions, he is perfectly correct. He says: 'The real reason for this latter practice is not so much to meet the convenience of trade as to retain the power of diverting payments of India's foreign balances from gold to silver.' Then again 'these revolutionary changes are to be explained by the particular bent of the policy followed—a policy of making India accept payment in India of the balances due to her as far as possible in the form of rupees.' And then the rest of it in paragraph 68 is to the same effect. 'It is a policy which is settled and managed in London, and which necessarily operates in the markets of London and India. That the interests of the London markets have not been without influence in shaping the policy may be gathered from the enormous sums of money or investments belonging to the Indian currency which have been accumulated there.'

"So, I submit, there is absolutely no reason whatsoever for any shock to any other country by reason of our demanding gold. After all, we do not demand so much gold. We did demand about 20 millions on an average during the pre-war period quinquennium, and after all there is a limit to it. It is limited by the excess quantity of goods we supply after meeting all the countries' liabilities and investments, and Hon'ble Members will find on analysis that about 5 annas 4 pies worth of precious metal per head was imported into India during the last five years on private account. There are 163 million women in India, and if you divide it amongst them, I think it will give less than a rupee per head, about 11 annas, taking a sovereign to be 16 rupees, and if you turn to the figures for Europe and America you will find that the average consumption in jewellery and on private account in arts and industries is far larger per head than in India. There is of course a small class of people here who wear heavy jewellery, and I shall never encourage in the slightest degree the habit of wearing jewellery, but you will find on analysis that India has not absorbed more gold than she justifiably may and that is the view taken by the Currency Commission also. Therefore, I submit, Sir, there is absolutely no danger, either to India or other countries if she imports gold freely and there is also a chance of our getting gold now because European countries have a minus balance the imports being larger than exports and do not require gold unless it be to back up a floated currency which would be impossible for them to do except by the adoption of other measures. Therefore, I submit, we have got a fair chance of getting gold if only we are permitted to get gold freely. Government may say, 'We are getting gold and selling it, therefore wherein lies your difficulty?' My difficulty is that first of all you are imposing taxation on buyers, secondly, it is leading ultimately to the export of capital from India, and my third difficulty is, that the Secretary of State has grievously erred in setting at naught the recommendations of the Currency Committee and centring control with the attendant complications. If the Government say that they wish gradually to bring down the price of gold in India, my submission is that if your figures are correct, you have nearly succeeded already because the minimum tender the other day was Rs. 16 per tola, and if that be so, one of the reasons urged for the continuance of the Gold Import Act has disappeared.

The Hon'ble Sir Claude Hill (*presiding*):—"I do not want to hurry the Hon'ble Member, but he has exceeded his time and perhaps he will bring his remarks to an early conclusion."

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The Hon'ble Rao Bahadur B. N. Sarma:—"I therefore submit, Sir, that the Secretary of State should accept the unanimous wishes of the people of India, expressed from all quarters, that there should be free import of gold into India, and should act upon the recommendation of the Currency Committee and not find excuses which after all are supposed, subject to explanation by the Government of India, to be really meant to improve the condition of the money market or the exchange market in London."

The Hon'ble Sir Fazulbhoy Currimbhoy:—"Sir, I rise to support the resolution of Mr. Sarma. I had thought of bringing the matter before the Council before now, but I was informed that it was the intention of Government to introduce a Gold Import Bill, and therefore to avoid a discussion a second time, I refrained from bringing in a formal resolution. But as a resolution has been brought in I strongly support it. 2-2 P.M."

'Sir, this question of gold imports has been carefully considered by the last Indian Currency Committee and the findings of the Committee are :

(a) The quantity of gold taken by India for all purposes before the war (£19 million pounds sterling annually) was not disproportionately large in relation to her economic condition ;

(b) India is entitled to require payment for her produce in the form most acceptable to her people ;

(c) India's capacity to draw gold from the other countries depends in the last resort on the desire of her customers to secure her produce and so long as they continue to take it, India will be in a position to demand gold, in so far as she may prefer payment in this form to the import of commodities or the investment in foreign securities of credits due to her ; and

(d) the entry of gold into India should be freed from regulation or control by Government.'

"The whole position has been summed up thus, and the conclusions are absolutely sound. In the light of this analysis of the Indian trade conditions the apprehension that exports of gold to India would be stopped by foreign countries is groundless. Our demand will be backed by the whole strength of our economic position. The United States of America is now the chief exporting centre, and for long years will remain so. And in her trade relations with that country India is in an exceptionally strong position. There is normally a heavy balance of trade in India's favour. In 1913-14, that is at a pre-war period, the value of Indian exports to the United States exceeded that of her imports from there by £11½ million pounds sterling. During the war American exports to India increased both in volume and value, but this improvement has not materially affected India's favourable balance of trade. It remains to be seen how far the improvement will be maintained with the restoration of normal conditions of production and shipment in the belligerent countries of Europe, and the establishment of trade relations with enemy countries. With increased demand for her produce within the country, again due to the expansion of her industries, India will be in a better and stronger position in her dealings with foreign countries, the United States of America included. With all these factors in her favour, it is extremely unlikely that India will be refused gold by America. India's position in her trade relations with Japan, another gold-using country, is equally strong. For the matter of that, as pointed out and substantiated by a specially prepared table by Mr. Dalal in his minority report on our currency problems, out of 77 foreign countries engaged in trade with India, only in five is the balance against her. The net balance in her favour in 1913-14 exceeded forty million pounds sterling. This exceptional position of India in her foreign trade insures to her a power to enforce liquidation of her credit in gold. The embargo on exports of the metal has been removed in the principal centres.

"It is not fair to India to restrict her gold imports on the plea of the need of the conservation of the world's stock of gold for legitimate purposes of currency. The fact cannot be emphasised too much that India has been

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wrongly and unjustly described as the sink of gold. Sir Babington Smith's Committee have found that the Indian demand for gold is not excessive. Sir Stanley Reed, in his able memorandum before that Committee, exposed the unsoundness of the contention in the following passage :

'This attempt to fasten upon India an exceptional and invidious responsibility for the consumption of gold cannot be too vigorously combated. India is still an illiterate country, whose credit and banking facilities are miserably unorganised and where the practice of holding small savings in gold and silver ornaments is centuries old. Yet its normal demand for the Industrial arts and for the satisfaction of the social customs of three hundred and fifteen millions of people was met before the war by about ten millions of gold annually. The United States of America was reported recently to be absorbing a million sterling gold per month for industrial purposes. Yet no one says that the United States is a bottomless sink in the matter of her gold absorption. It is stated that in England one of the most flourishing trades during the war was that in cheap jewellery in which form the working classes invested a substantial proportion of their increased earnings. Every country in the world uses gold and silver for industrial and domestic purposes, and it induces a sense of angry injustice to find that the Indian demand for the precious metals, for precisely the same purposes, is perverted into senseless hoarding, especially when the history and conditions would justify a far larger gold absorption than the Western nations with their general literacy and highly organised credit systems can claim.'

It is true the Government has been selling gold in moderate quantities by tender, but that raises another point of vital interest to the people. Government is making a profit of 40 to 45 per cent. upon these transactions. This heavy profit is paid by the people and is an indirect taxation for which justification is wanting.

"The whole point now before the Council is, whether in these circumstances the gold market should at once be thrown open to India or not? It is entirely wrong from our point of view, as also on grounds of equity and natural justice, that India must be made to wait. Indian public opinion strongly deprecates further delay in making imports of gold free and unrestricted, and Indian public opinion in such matters especially ought to count with the authorities.

"Besides, free imports of gold will help us to have a gold currency. All our coins are token coins on a gold basis. Only gold is wanted to start a sound Gold Currency. Japan took advantage of her strong economic position to have a Gold Currency. Why should not India make use of her present opportunity in a similar way? The Currency Committee too favour a Gold Currency with a Gold Mint for India. That is the only sound policy to follow, and the removal of all restrictions and control from gold imports is the most effective way to give effect to it. The sooner therefore gold imports are made free the better for the country. The debtor countries of Europe have still a Gold Currency. There is no talk of a change in their currency standard even with their huge financial obligations. There is no sound reason for preventing India, a creditor country, from adopting a Gold Currency. The argument that the free import of gold into India at this stage will disturb the world's finance, does scant justice to our interests which are of paramount importance to us and ought to be of paramount importance to this Government.

"With import of gold the exchange will find also a natural corrective. Sir, with these few words I support the resolution. I will bring forward other arguments when the Bill is to be passed."

8-10 P.M.

The Hon'ble Mr. W. E. Crum:—"Sir, if the last words of Mr. Sarma's Resolution had been 'as soon as possible' I would certainly have supported it. At present I am not prepared to support it without hearing the arguments that will be brought forward from the Government's point of view, because I think that they must have sound arguments for the policy they are adopting at present. I entirely agree with what the Hon'ble Sir Fazulbhoy Currimbhoy and the Hon'ble Mr. Sarma have said of the right of India to be paid for her exports in whatever way she wishes. If she wishes to be paid in

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gold she certainly ought to be paid in gold. A special point was made of that in the Bengal Chamber of Commerce's report to the Currency Commission, and the Currency Commission have accepted that point and have agreed that India should be paid in whatever way she demands. But I think that perhaps Mr. Sarma and Sir Fazalbhoy Currimbhoy made a little bit light of the effect that the absolute free import of gold into India would have on the world's commerce, and it is from that point of view that I would like to hear Government before I definitely give my vote to the Resolution. Generally, in principle, I think we are all agreed that, as soon as possible, India should be allowed to import gold and silver as freely as she requires and wishes."

The Hon'ble Mr. W. M. Hailey:—"Sir, I have naturally listened with the very greatest interest to the case presented by the Hon'ble Mr. Sarma, in the preparation of which I realise that he has devoted a great deal of independent study. I fully sympathise also with the point of view taken up by the Hon'ble Sir Fazalbhoy Currimbhoy. I know that Bombay feels strongly on this question of the free import of gold. At the same time, in listening to them I wondered to myself how much real difference there was between the attitude of Government and their own attitude. Let us, if I may, clear the ground a little bit in the first place on general principles. There might have been a time when perhaps economists and perhaps some others might have laid emphasis on the argument that India is a sink for gold, that its craving for gold is insatiable and unreasonable, and that it does an injury to the world to attempt to satisfy that craving. They might have argued that gold is only imported for the purposes of hoarding and that hoarding is an economic evil. Well, Sir, there will certainly be no tendency at present to base our case purely on such arguments. We recognise now—I think everybody recognises now—that India has, as the Hon'ble Mr. Crum says, a right to take payment in any form she wishes. If there is hoarding, well it is a thing we deprecate and which we would like to argue people out of; but knowing the lack of banking facilities in the country we cannot help sympathising with the desire of the people of the country to keep some store of value in the shape of gold. The Chamberlain Commission laid down very clearly the attitude of an independent body of thinkers on that point. It deprecated, I am bound to say, the use of gold in currency, on the ground that it was not an economic use, but it wrote as follows on the subject of the use of gold in India:—

"The line between gold in hoards and in circulation is an indefinable one, but the hoarding habit is sanctioned by the experience of centuries in India and by religious and social laws and customs with which the Government of India have neither inclination nor power to interfere. Any attempt to refuse gold to meet these legitimate demands would be unjust and foredoomed to failure and could only cause alarm and instability. The proper line of advance consists not in actively discouraging the use of gold for currency but in encouraging the use of notes."

"Then you have heard also what the Currency Committee said on the same subject. I am not sure if my Hon'ble friend quoted the passages I have particularly in mind, but it is very much to the same effect. They say:—

"It must be remembered, however, that the population of India exceeds 315 millions, and that the use of gold (or, alternatively, of silver) plays an important part in social ceremonies sanctioned by religion and tradition. Presents of gold and silver ornaments are obligatory at weddings and on other ceremonial occasions and so forth. It has always been the habit in India to use the precious metals as a store of value and to hold savings in this form; nor, until banking and investment facilities have been expanded, and the habit of using them has been acquired by the people of India, is it easy to see in what other form savings can be accumulated."

"Our own conclusion certainly is that India ought to have a free import of gold as soon as that can be provided for without injury to other interests, and that, in effect, was exactly the recommendation of the Currency Committee. Where Mr. Sarma differs from our present attitude is in thinking that the moment for removing all restrictions has arrived. I think he believes that there is still at the back of somebody's mind, perhaps the Secretary of

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State's mind or perhaps our mind, some malign desire to deprive India of the gold to which it has a right. There is no such desire at all, but the fact is that at present there is in India an internal premium on gold, and as long as that premium exists, it would be impossible to carry out the policy of the Currency Committee as enunciated in paragraph 65 of their Report, which is to maintain the restriction until the parity of 10 rupees to a sovereign is attained. If we allowed free import of gold at the present moment what would be the result? It would be a result which, I think, Mr. Sarma himself would deprecate. It would be profitable to bring in gold on private account; there would be an enormous demand on the part of profiteers for Reverse Councils in order to pay for it. Now, in maintaining the restriction on gold in order to carry out the policy of the Currency Committee's Report, are we doing any present harm to India? As I have said before, the Report contemplates a temporary restriction only, and the Government only contemplates temporary restrictions. Government is now importing gold freely. Is India able to absorb the whole of the gold that Government imports? No. At the last sales the whole of the gold offered at auction was not bid for. Again, is India suffering in the point of price? No, certainly not. Gold has never been as cheap in India for many generations as it is to-day. I put it to the Council that it is clear that by keeping on the restriction purely as a temporary measure, in order to carry out the policy of the Currency Committee's Report, we are doing at present no injury to India at all.

" Mr. Sarma told us that by our present policy of selling Reverse Councils we were doing a further injury to India because we were sending India's gold out. Now, I was not able to follow his argument in this respect. We are not sending out gold from India. Perhaps when that later stage of discussion comes on, that is, when the Gold Import Act is brought up for discussion, he will be kind enough further to elaborate that argument. At present I have not been able—perhaps it is my fault—to follow it fully.

" Sir Fazulbhoj Ourrimbhoj said that we are making large profits from the sale of gold; Mr. Sarma referred to the same point. I think if he would realise that we are paying at the rate of 120 shillings in London for the gold, he would revise somewhat his idea of the percentage of profits that we are making on that account. I do not think that either of the Hon'ble Members who have addressed themselves to this point are justified in saying that India has suffered severely in the past by our policy in respect of gold. The imports of previous metals into India have been enormous. It is calculated that India has absorbed in the last 60 years something like 350 million pound worth of gold. There was of course a temporary cessation of imports during the war, owing to the restriction imposed by us. Mr. Sarma attacked that policy, but he was good enough to say at the end of his attack that he himself could see no other way of financing ourselves during the war than in the manner adopted by us. Let me quote against him the opinion of the *Times of India*, a paper which is not always favourable to our currency policy. In discussing the Report of the Currency Committee, the *Times of India* purposely asked its readers not to go back on what was done during the war. It was, the paper said, impolitic to go back on that policy now, because no other policy was possible at the time. We are not dealing with past measures, we are dealing merely with the future; we are dealing with the question whether it is wise at the present moment to allow the free import of gold into India in view of the existing internal premium on gold, and we are merely suggesting that the restriction should be kept on until the internal premium has disappeared.

" My Hon'ble friend reminds me that I did not say whether the Government could or could not accept the resolution. If the Hon'ble Mr. Sarma would be willing to agree that the resolution should be modified by providing that the restriction shall be removed as soon as possible, the Government will be very glad to accept it, and they would at the same time be perfectly prepared to bring before the Secretary of State the opinions expressed by the non-official members of the Council who have spoken this afternoon."

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The Hon'ble Rao Bahadur B. N. Sarma :—“ Sir, I am thankful to the Hon'ble Mr. Hailey for his appreciation of our difficulties which urge us in bringing forward this resolution at the present stage, and I am thankful that he has promised to consider whether it would not be possible to address the Secretary of State to remove, at the earliest possible moment, the restrictions on the import of gold. But, Sir, ‘at the earliest possible moment’ is a somewhat elastic term, and I have never felt any doubt that the Government would abolish these restrictions at what they consider to be the earliest possible time. If the Hon'ble Mr. Hailey gives some indication as to the period within which he expects to do this—I will not say do it to-day or to-morrow—but if he can say when he expects these restrictions will be removed, I think I may see my way to drop the resolution. Of course the resolution is entirely in the hands of the Government. 8.34 P.M.

“ But may I say, Sir, that the arguments that were advanced by the Government really strengthen the position for which I stand. As far as I remember the recommendations of the various Chambers of Commerce and public men who appeared before the Currency Committee were in favour of an immediate removal of the restrictions. The Secretary of State must, therefore, have represented his view before the Committee, if he had any views on the matter, showing how it would be impossible to carry out the wishes of the people. The question must have been considered by the Committee in the light of the representations of the Government and the question must have been threshed out before the Committee came to a conclusion on the matter. The Committee state that they deprecated delaying the report although exchange was fluctuating in a remarkable manner, absolutely unforeseen by any one; they deprecated delaying on the ground that that would mean the continuance of Government control over the imports of gold and over exchange. I take it, therefore, Sir, that either the Secretary of State did not raise any objection, or had no arguments to advance to convince the Commissioners, and his arguments were not considered of sufficient value, as to justify the Committee coming to a different conclusion. Consequently, some strong arguments have to be urged now by the Secretary of State before he can justify his position that the Gold Import Act should be continued and that restrictions should be continued for some time. And what are the arguments? It is said that there is a premium on gold; exactly, that is the reason why these restrictions ought to be removed; the premium will continue as long as there is a dearth or scarcity or famine of gold, and the Government sales do not come up to the people's requirements. If they can buy what they want at Rs. 10 per sovereign as they hope to, if the market were free, why should they pay at the rate of Rs. 16 or Rs. 15? There is a lot of smuggling also going on. Therefore the premium on gold would depend upon the quantity of sales by the Government, and if the Government should sell large quantities without making any profit, or if the people are allowed to buy in an open market, then there would be no premium on gold, and therefore I cannot see how this argument of the existence of a premium on gold in India can be used for the purpose of perpetuating a premium on gold. Then, Sir, if my remark was correct that the last tender was 16 rupees a tola which was accepted the other day, the time is fast approaching when the nominal value and the market value will approximate together. Therefore, I submit there would be no necessity for any further continuance of that. The Hon'ble Mr. Hailey says ‘India cannot absorb all the gold; we have seen that from the fact that she is not able to buy all the gold we are tendering.’ That is exactly the argument which I would use for the purpose of showing that there will not be a shock to the world. If the people of India cannot absorb the gold that is being sold, surely they are not going to grab all the gold available in the world and create a famine in the rest of the world. Therefore, that argument strengthens my position that India would not dislocate the markets of the world. 5

“ Then it is said that India is getting gold as cheaply as at any time. That may be correct from a relative point of view; but if owing to circumstances over which nobody has any control the relative values of gold and silver and other articles have so altered as to enable the people of India to buy gold at

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the rate of Rs. 15 a tola, what is the use of arguing that Government are selling at the rate of Rs. 18 or Rs. 20, a much cheaper rate than they paid some time ago? The question is, are they buying at the rate which is ruling in the outside world? The answer is no. Why should there be any difference? I submit, therefore, that the argument that the people in India are not so badly off and that they are getting gold as cheap as they did at any time, is no argument in favour of their not getting it as people outside India are getting it at the present moment.

"Then it was said that reverse councils would be demanded in order to buy gold. I really could not follow that argument. Of course, if the people of India were going to buy gold they would not export gold; they must pay in goods or silver; silver they cannot send. The purchasing power would be limited by the goods they export, and reverse council need be sold only when there is an adverse trade balance, which means she has nothing where-with she can pay for gold. Then again, those who send their capital outside India, are not those who buy gold for private use?

"I do not believe that the trade balance which is now 97 crores in our favour is going against us by reason of a few crores of rupees of gold being purchased by the middle or upper classes. So I do not think much of that argument. Then it was said that India was not treated badly in the past. Nobody has said so except in the matter of the sales of council bills. In 60 years she has absorbed 350 millions and that is a very tiny fraction of the whole quantity; it comes to about 3 annas per head per year at 15 rupees per tola. I do not think that that is a magnificent sum. India has not been indulging in luxuries in absorbing 3 annas per head per year. So I do not think there is much in that argument either. The reason why I have brought up this discussion is to strengthen the hands of the Government of India both in the interest of the people of India and the Secretary of State. Perhaps I should not draw a distinction between the Secretary of State and the Government of India. But there is no harm in our expressing our feelings that we wish to strengthen the hands of Government in the struggle. I wanted this Resolution to be discussed before the Gold Import Act was introduced. I hope the Government will see their way to remove the restrictions at the earliest possible moment, i.e., in the next few weeks."

The Hon'ble Sir Claude Hill (*presiding*):—"Do I understand the Hon'ble Mr. Sarma to accept the four words 'as soon as possible'?"

The Hon'ble Rao Bahadur B. N. Sarma:—"No, Sir."

The Hon'ble Mr. W. M. Hailey:—"I am sorry Mr. Sarma is unable to accept my suggestion in that respect."

The Hon'ble Rao Bahadur B. N. Sarma:—"If the matter is open to consideration I shall accept it, if no definite conclusion has yet been come to. If there is any chance."

The Hon'ble Sir Claude Hill (*presiding*):—"Order, Order."

3-54 P.M.

The Hon'ble Mr. W. M. Hailey:—"It is of course quite impossible for me, it is quite impossible for anyone here or anywhere to prophesy exactly when the moment will come when the internal premium on gold will disappear? For the information of Members of this Council I may point out the extent to which we have been able to reduce that premium by our sales of gold. When we started the price was about Rs. 32 a tola; it has gone down now to Rs. 21 a tola; and it has of course still to go down to a little under Rs. 16 a tola before the parity is established. Judging, however, from recent sales of gold it will not be long before the internal premium shows a further reduction. When it does go down to the ten-rupee parity, Mr. Sarma may be assured we shall recommend that the restriction be removed. I did not perhaps fully elaborate the point which Mr. Sarma has referred to regarding the effect of the immediate removal of the restriction on gold. Of

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course when you refer to gold you refer to it in two forms, that of sovereigns and that of bullion. Australian gold, for instance, is imported entirely in the form of sovereigns. Until we have established the ten-rupee parity it would obviously be dangerous to allow the free import of sovereigns into India—that would place an obligation on us of giving Rs. 15 for every sovereign introduced—a sum in excess of its present bullion value. Mr. Sarma himself would recognize this to be a very dangerous obligation. But with regard to the free introduction of bullion I put the matter as follows. So long as gold is at a premium above Rs. 10 to the sovereign, it would be profitable to bring in gold on private account and to pay for this by reverse Councils. There would be a fictitious and non-trade demand for reverse Councils which would be enormously increased by profiteers. That is the exact point I wish to put to Mr. Sarma."

The Hon'ble Sir Claude Hill (Presiding):—"Do I understand Mr. Sarma to accept the words 'as soon as possible' I must ask him to say yes or no."

The Hon'ble Rao Bahadur B. N. Sarma:—"I would rather have the Resolution put."

The motion was put and the Council divided as follows:—

<i>Ayes—22.</i>	<i>Noes—36.</i>
The Hon'ble Sir Gangadhar Chitnavis.	His Excellency the Commander-in-Chief
" Mr. W. E. Crum.	The Hon'ble Sir Claude Hill.
" Mr. S. N. Banerjee	" Sir George Lowndes.
" Mr. S. Sastri.	" Sir George Barnes.
" Mr. R. Ayyangar.	" Sir William Vincent.
" Mr. B. N. Sarma.	" Mr. Shafi.
" Mir Asad Ali, Khan Bahadur.	" Mr. W. M. Hailey.
" Sir Dinshaw Wacha.	" Sir Arthur Anderson.
" Mr. V. J. Patel.	" Sir Thomas Holland.
" Mr. E. H. Jaffer.	" C. F. de la Fosse.
" Sir Fazulbhoj Currimbhoy.	" Mr. E. M. Cook.
" Raja Sir Rampal Singh.	" Mr. H. Sharp.
" Mr. Abdur Rahim.	" Mr. H. McPherson.
" Nawab Ali Chaudhuri, Khan Bahadur.	" Mr. A. H. Ley.
" Mr. S. Sinha.	" Sir William Marris.
" Chandhuri Muhammad Ismail Khan.	" Mr. R. A. Mant.
" Khan Sahib Shah Nawaz Bhutto.	" Major-Genl. Sir A. Bingley.
" Sir Umar Hayat Khan.	" Mr. E. Burdon.
" Sir Zulfikar Ali Khan.	" Sir Sydney Crookshank.
" Sardar Sundar Singh.	" Mr. H. R. C. Dobbs.
" Mr. G. S. Khaparde.	" Sir John Wood.
" Mr. K. K. Chauda.	" Surg.-Genl. W. R. Edwards.
	" R. B. L. M. Chatterjee.
	" Mr. G. B. Clarke.
	" Mr. H. Moncrieff Smith.
	" Mr. A. P. Muddiman.
	" Mr. C. A. Barron.
	" Mr. N. B. Marjoribanks.
	" Mr. K. C. De.
	" Mr. L. F. Morshead.
	" Mr. C. A. Kincaid.
	" Mr. P. G. J. Pison.
	" Mr. H. A. Casson.
	" Mr. A. E. Nelson.
	" Mr. B. C. Allen.
	" Mr. G. F. S. Christie.

The Resolution was therefore rejected.

[Rao Bahadur B. N. Sarma.] [24TH FEBRUARY, 1920.]

RESOLUTION RE COUNCIL BILLS.

The Hon'ble Rao Bahadur B. N. Sarma:—"Sir, in view of the Press Communiqué issued last night, I do not wish to move this resolution now:—

'This Council recommends to the Governor General in Council—(a) that Council Bills be sold in London only in so far as it may be necessary to do so to meet the requirements of the Secretary of State for India, and (b) that Revenue Council Drafts be sold only for *bona fide* trade purposes.'

The Resolution was by leave withdrawn.

RESOLUTION RE CONTROL OF FOODSTUFFS.

8-45 P.M.

The Hon'ble Rao Bahadur B. N. Sarma:—"Sir, the resolution that stands in my name reads thus:—

'This Council recommends to the Governor General in Council that the control over foodstuffs, particularly rice, as between province and province and district and district in the same province wherever it exists at present, be abolished.'

"Sir, this is a question which has been agitating the minds of the masses of India much more acutely than the classes or the classes are aware of. There is hardly a village in the whole country which does not look forward to a satisfactory solution of this foodstuffs problem, and I therefore hope, Sir, that the Council will be able to arrive at correct conclusions on the subject. It is also a question involving the correct determination of very large and vital principles with regard to the relations between the several provincial administrations of India and the principles agreed upon would have to be reduced to practice not at some remote time, but in the immediate present. The question I would ask my Honourable colleagues and the Government alike is, are we to treat the several provinces of India as united only for purposes of defence and collateral purposes, or are we to look upon the whole country as really one wherein the people would have to be benefited by or to suffer alike from a bad crop, high prices or other inconveniences resulting from the fluctuations of the season? If the various provinces can, subject to a loose control by the Government of India, determine for themselves the policy as to whether they should build up a protective wall round themselves whenever they feel that there is a scarcity and that the result of a rise in prices would be to inconvenience their population, if you are to allow the Councils and the people of the various provinces to embark on such a policy, I am afraid we shall be doing something egregiously wrong and detrimental to the union of the people and the treatment of India as a single unit. I have been noticing that the various Provincial Governments have been, in dealing with this and other cognate matters connected with the subjects of other administrations, treating themselves as if they were semi-independent units subject, no doubt, to the advice and control of the Government of India, but entitled to be practically free to do what they wished and justly aggrieved whenever their wishes were not acceded to. I have dwelt upon it at such length, because I often hear the cry that the people of a particular province would be seriously inconvenienced by the depletion of its foodstuffs if an adjoining province which is more unhappily circumstanced gets foodstuffs from there. I hope, therefore, Sir, that a correct solution will be found and that, as far as possible, equality of treatment will be given to all His Majesty's subjects throughout India, and all should benefit or suffer equally from high prices. At the present moment I cannot say as to whether it is due to the stupidity and ignorance of our commercial men, to the difficulties in the way of transport or other obstacles placed by inter-provincial regulations that the prices of foodstuffs within the several provinces and even the limits of a single province present such grave differences and discrepancies,

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There seems to be absolutely no principle or data by which you can account for these differences, and it is unfortunate that sometimes it so happens that it is just in those places where the rate of wages is low that pressure is the hardest. I will allude a little to details so that I may not be considered to be dwelling upon vague formalities and surmises. Let us take the latest figures from the Supplementary Gazette of India, for February 1914. I suppose when they speak of rice, wheat, etc., the qualities are the same or are approximately equal. You will find from those figures that—let us take the prices in 1920—in the case of wheat the price was Rs. 5-9, Rs. 5-13, Rs. 5-14 in Peshawar, Lyallpur, etc., whereas in Nagpur it is Rs. 9-13-7 per maund of 82 lbs. There is a difference of Rs. 4-4 per maund, and surely no merchant's profits or transport charges could possibly account for such a vast difference. Taking again rice, the price of rice was Rs. 5-13-1 in Rangoon, Rs. 10-10 in Ferozepore, Rs. 10-3 in Poona, and Rs. 8-6-11 in Madras, and, I think, it is really much more in Madras. There again you find a fluctuation of nearly as much as Rs. 4-13 between Rs. 5-13-4 in Rangoon and Rs. 10-10 in Ferozepore. Take Jowar for instance. It was Rs. 4-7 in Lahore and Rs. 8-6 in Bombay, a difference of nearly Rs. 4 per maund. Take again Bajri. It was Rs. 5 in Lyallpur and Rs. 7-8 in Ahmedabad. Take Gram which was Rs. 5-0-9 in Peshawar and Rs. 10-2-4 in Poona, and it is curious that even between adjoining places that prices are grossly dissimilar. In Ahmednagar the prices fell from Rs. 10-15-3 in 1919 to Rs. 5-11 whereas in Ahmedabad it fell from Rs. 11 (the original difference being only 9 pies) to Rs. 7-8. And my experience of the Madras Presidency also confirms me in the existence there of surprisingly great variations in adjoining districts. In the districts of Kistna and Guntur rice is sometimes 6 or 7 seers to the rupee, while on account of control in neighbouring districts it is 4 seers nominally, really 3 to 3½ seers to the rupee. What is the result? A lot of smuggling, a lot of profiteering and innumerable evils which the Government cannot possibly check. I know that during the previous year the Government had to deal with exceptional circumstances. There was such a tremendous shortage in food crops that unless the Government took over the control people might have died by thousands, on account of inability to obtain food, even though they were ready to pay for it. And I am not asking the Council now to consider the question whether the Government were right in the past in regulating the control and the various steps they took for that purpose. The question now is, is there any reason for a continuance of control during the year 1920? I think it is believed generally that the crops were fairly good throughout India, and that there is enough food in Burma and India to supply the reasonable requirements of the people. I proceed on that assumption subject to correction. It may be that the depleted stocks cannot be replenished immediately from this year's harvests, and that therefore steps must be taken to prevent export, so that the depleted resources may be replenished. I can understand that, but the point is whether, if the premises are correct, namely, that there is enough food to go round India, there is any justification in controlling the movement of foodstuffs by giving licences to particular individuals for carrying on trade either in rice, wheat or other articles of human consumption. That is the real point, and my submission is that, although I admit that the wages in different parts of the country vary so enormously that a price which may be considered to be reasonable in one quarter may be extremely unreasonable in another quarter, yet we must look forward to levelling down prices and levelling up wages also, so that there may not be this disparity, and so that the real economic deficiencies, the real economic difficulties may not be slurred over, may not be hidden from our vision by artificial devices. Of course, if a coolie in the Punjab gets one rupee a day and a coolie in Madras gets 4 annas a day, if there is a free circulation of food from Madras to the Punjab, there would be great hardship; but, Sir, I submit the Government would then have to deal with the situation on a different footing, and I do not think there is any justification in a year which is not a year of famine for taking these artificial distinctions and exercising control. Firstly, the Government will not be able to exercise any efficient control. If you control, you must control well, you

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must have a sufficient organisation throughout the country so as to minimise the chances of corruption, of profiteering and to avoid a hundred other evils following in the wake of licensed control not properly controlled---and, I think, it must be candidly admitted that the Government has not such a machinery and will not have such a machinery as to really take the place of the retail trade of the country. Then what is the alternative in a normal year? I submit you must leave to the ordinary channels of trade to arrange these deficiencies, and if you find that in any particular place the rate of wages is abnormally low, and the people have no living wage, other remedies must be provided, either by finding employment for the people and raising their wages, by encouraging emigration of a portion so that the wages may be raised, or in such other ways as may be necessary to adopt. These are the immediate problems which confront the Governments of the provinces and the Government of India, and the fear lest exports of a few thousand tons from one province to another may jeopardise the safety of the people should not be pushed too far. As a matter of fact in Madras where district control has been kept up for some time the evils are supposed to be the worst felt. I think it is the people themselves who are clamouring for freedom from control. Of course it may be an ignorant cry. I am not saying Government should immediately listen to that cry and follow it because a large number of people are raising it, if there is no substance in it. But the Government must be aware of this, that unless they can find cogent reasons for stepping in, they should not allow the ignorant coolie or peasant to be under the impression that the Government are taking this control for the benefit of any section of the community, and, rightly or wrongly, I may inform the Government that the racial question has unfortunately also been brought into this in more places than one. I shall not allude to it further, but as I have said already the mere fact that Government are likely to be misunderstood is no reason whatsoever for deterring them from a policy if that policy is the only sound policy that may be followed. But my submission is that the policy of control is not a sound policy at present on other grounds as well . . .

The Hon'ble Sir Claude Hill (*presiding*):—"May I point out to the Hon'ble Member that as the Council will be adjourning before 4-30, if he takes his full half hour in moving the resolution, there may be difficulty in getting in his reply."

The Hon'ble Rao Bahadur B. N. Sarma:—"I therefore submit, Sir, there is absolutely no reason for continuing this control any longer, that all control as between district and district should be immediately abolished and steps should be taken to induce the Governments, if necessary by command, to draw no distinction between any parts of India, including Burma.

"We find, unfortunately, that even with a bumper crop, prices are rising. They were greater at any rate when I left Madras than they were last year. There is deep misery among the people and it behoves the Government to take every step possible to ameliorate the condition of the peasantry so that this discontent may not deepen and be a source of trouble to the people as well as to the Government."

The Hon'ble Mr. R. A. Mant :—"Sir, I do not think I need detain the Council long, as the hour is getting late, because I can say at once that I am in complete agreement with most of what the Hon'ble Mr. Sarma said. He said, he did not wish to go into the question whether our control was justified at the outset or not, and so I propose to deal with that very briefly. As the Council will remember you, Sir, explained in the statement which you made to this Council at this time last year that we were forced to adopt control by the shortage of railway wagons and locomotives. We were never in love with the system and we always said that we would get rid of it as soon as we could. As regards the actual working of the system it has been summed

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up in the report by Mr. Innes, the Foodstuffs Commissioner, which was published last November. Mr. Innes said :—

'It is probable that the measures taken tended to reduce speculation, to conserve supplies, to keep down prices in exporting provinces and to facilitate price control in importing provinces.'

I do not know whether the Hon'ble Mr. Sarma and other members have perused that report of Mr. Innes. If they have, I think they will admit that at any rate we made the best of a bad job in our administration of control, and I think a great deal is due to Mr. Gubbay and Mr. Innes who worked out the details of it. However, as I said, we have never been in love with the system. When I addressed this Council last year on the subject of high prices, I said that we would abolish control as soon as possible, and all I want to tell the Council now is, the extent to which we have not been able to abolish it completely. The Hon'ble Mr. Sarma referred to inter-district control. I take that first. We treated that as rather a domestic affair and left it to Local Governments. The Government of Madras was the only Government that used the system extensively and had an elaborate system of district control. I daresay a good many of Mr. Sarma's criticisms arise from his experience of the working of control there. I am not competent to say whether it is a good thing or a bad thing. We were recently informed by the Director of Civil Supplies in Madras, that it is proposed to abolish the system this month or at any rate at the beginning of March, so, I think, we can leave it at that. The only other provinces in which complete control is maintained over exports and imports of food-grains from or to the province are the North-West Frontier Province and Baluchistan. There have been obvious reasons why special measures should be taken to keep down the price of food-grains there while there was trouble on the frontier, and Government could not resist the advice of the local officers that it would be inadvisable to withdraw control in those areas. The next case is that of wheat and gram which are two staple food-grains in the Punjab. We have removed control over those grains except in the Punjab, and the United Provinces. The Punjab represented that in maintaining restrictions on exports from the North-West Frontier Province, we had deprived them of one of their sources of food supply, as they normally import gram from the North-West Frontier Province, and they represented also the possibilities of trouble in the Punjab, which I have no doubt, Hon'ble Members can appreciate and that it was desirable there also to keep down prices. We have agreed to maintain restrictions on the exports of gram and wheat from the Punjab for the present, but the matter will be re-considered as soon as the new crop comes into the market, and the recent course of prices in the Punjab is encouraging. There has been a fall in the price of wheat, and I hope that we shall be in a position shortly to remove restrictions there. In the United Provinces we have been forced to move in the same vicious circle. The United Provinces said 'if you allow the Punjab to stop exports of wheat and gram, we shall be drained of these grains and so you must allow us to restrict exports too.' So, if we can remove the restrictions in the Punjab, we shall also be able to remove them from the United Provinces.

"There remains only the question of rice. Hon'ble Members are aware, I think, of the arrangements which have been made for controlling the Burma rice crop, whereby the consumer in India and Burma gets his rice at barely half the price that it would fetch in the outside world. India takes large quantities of this rice from Burma, and we have hitherto considered it necessary to control local distribution in order to see that the consumer reaps the benefit of the cheap prices at which we are getting rice from Burma. I am not sure that we could not remove control over rice; it is a matter which is being considered by a Committee of this Council on high prices and of which the Hon'ble Mr. Sarma is a member, and I hope that he will give us his advice in greater detail at the next meeting of that Committee. I must say that I should have felt happier if he had brought forward some arguments to show that the effect of removing control would be to reduce prices generally. He quoted instances of inequality between different localities, and he made rather a large

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assumption when he said that he supposed that the standard quoted was the same. Well, that is just one of our difficulties in dealing with these statistics relating to different provinces. They are collected by the Director of Statistics and published in the Gazette, and we really have not detailed information as to quality, and, I think, it is almost certain that the variations to which the Hon'ble Member alluded are largely explained by differences of quality. We have recently arranged to get figures from the Director of Civil Supplies which will be compiled on a uniform basis, and we shall in future be in a better position to judge to what extent prices are going up or down.

"It really then comes to this. The main question which we have to decide—and I am going to ask this Council not to decide it to-day, but leave it to the committee which they appointed last September—is whether we can without danger remove control altogether. The question really is, what will the effect be on prices? It is quite possible that it will cause in the beginning a rise in prices in many localities. My own belief is that eventually they would stabilise and equalise at a lower level, but it is a matter that wants very careful consideration, and I do not think we ought to decide it here and now without consideration of details. Our policy so far has been to move very cautiously in this matter of removing control. It has been the experience of the military authorities, I believe, that demobilisation presented almost as difficult problems as mobilisation, and there has been the same experience in Europe in the process of de-control. I understand that in some cases the removal of control forced up prices so suddenly that the control had to be re-imposed. Now, I think, Hon'ble Members will agree that we do not want any chopping and changing of that kind here. We must foresee exactly the effect of any step we may take and be sure that it will succeed. For these reasons, I will accept the Hon'ble Mover's resolution if he will qualify it by adding at the end the words 'as soon as practicable.'"

4-14 P.M.

The Hon'ble Rao Bahadur B. N. Sarma :—"Sir, the Hon'ble Mr. Mant has invited me to struggle with him at the Committee sitting and try to induce him to agree with me on this question of control. I think across the table in a small committee room there is a chance for much greater success than by challenging Government here on this Resolution. There is a real difficulty, Sir, and we have tried to work it out in practice. This control of Burma rice costing Rs. 5-13-3 in Rangoon and about Rs. 9 in Madras is absolutely unaccountable; neither freight nor profit can account for it, and we know what is going on behind the scenes; and I think it is really to the interest of all that there should be no control, but I shall not go at greater length into it here, and I shall for once seek the gratification of having a Resolution accepted, and accept the modification suggested."

The Hon'ble Sir Claude Hill (*presiding*) :—"Before putting the Resolution with the additional words to the Council, I should like to say that Mr. Sarma will find, as Mr. Mant has tried to explain to him, no disagreement in principle between the Government of India and himself on the question at issue here."

The Resolution, as amended, was then put and adopted.

The Council adjourned until Wednesday, the 25th instant, at 11 o'clock.

A. P. MUDDIMAN,

Secretary to the Government of India,
Legislative Department.

DELHI:

The 4th March, 1920.